

2010

Iota a Utah limited liability company, and California Benefit Inc., a California corporation v. Davco Management Company L.C., a Utah Limited liability company : Unknown

Utah Court of Appeals

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IN THE UTAH COURT OF APPEALS

IOTA LLC, a Utah limited liability
company, and CALIFORNIA BENEFIT,
INC., a California corporation,

Plaintiffs-Appellees,

vs.

DAVCO MANAGEMENT COMPANY
L.C., a Utah limited liability company,

Defendant-Appellant.

**ADDENDUM TO APPELLEES'
BRIEF**

Utah Court of Appeals No.
20100855-CA

Appeal from the Fifth District Court of Washington County, State of Utah

The Honorable James L. Shumate

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**FILED
UTAH APPELLATE COURTS**

AUG 22 2011

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TABLE OF CONTENTS

| | |
|-------------|--|
| ADDENDUM 1 | Iota's Deed of Trust |
| ADDENDUM 2 | California Benefit's Deed of Trust |
| ADDENDUM 3 | 2005 Real Estate Purchase Contract |
| ADDENDUM 4 | Fax from Darcy Thompson to Richard Murset |
| ADDENDUM 5 | Profit and Loss Statements |
| ADDENDUM 6 | Iota's 2006 Real Estate Purchase Contract |
| ADDENDUM 7 | Iota's Promissory Note |
| ADDENDUM 8 | California Benefit's Promissory Note |
| ADDENDUM 9 | Warranty Deed Conveying Casa Sonoma Apartments from Darwin Fisher to DAVCO |
| ADDENDUM 10 | Casa Grande Profit and Loss Statement |
| ADDENDUM 11 | Denial of Loan Application for Casa Grande Apartments |
| ADDENDUM 12 | Withdrawal of Loan Application for Casa Sonoma Apartments |
| ADDENDUM 13 | 3/26/08 e-mail from David Fisher to Rich Murset |
| ADDENDUM 14 | Trust Deed in Favor of Fab5 Management LLC |
| ADDENDUM 15 | 06/03/08 e-mail from Richard Murset to David Fisher |
| ADDENDUM 16 | 06/20/08 e-mail from David Fisher to Richard Murset |
| ADDENDUM 17 | 07/21/08 e-mail from David Fisher to Richard Murset |
| ADDENDUM 18 | September, 2008 -- Stop Payment Checks |
| ADDENDUM 19 | 09/30/08 letter from Richard Murset to David Fisher |
| ADDENDUM 20 | 09/24/08 letter from David Fisher to Richard Murset |

| | |
|-------------|--|
| ADDENDUM 21 | 10/02/08 e-mail from David Fisher to Richard Murset |
| ADDENDUM 22 | 10/03/08 e-mail from Richard Murset to David Fisher and 10/08/08 e-mail from Richard Murset to David Fisher |
| ADDENDUM 23 | Summary of Activities of David Fisher and DAVCO from 09/01/08 to 02/20/09 |
| ADDENDUM 24 | Notice of Trustee's Sale |
| ADDENDUM 25 | Trustee's Deeds for Casa Sonoma and Casa Grande Apartments |
| ADDENDUM 26 | Chart on Damages for Casa Sonoma and Casa Grande Apartments |
| ADDENDUM 27 | Summary Appraisal Report for Casa Sonoma and Casa Grande Apartments |
| ADDENDUM 28 | Testimony of Darcy Thompson |
| ADDENDUM 29 | Testimony of Richard Murset |
| ADDENDUM 30 | Testimony of David Fisher |
| ADDENDUM 31 | <i>Bennett v. Bennett</i> , 2005 UT App 528 (per curiam) (unpublished) |

Tab 1

ADDENDUM “1”

921
WHEN RECORDED, RETURN TO:

Parsons Behle & Latimer
One Utah Center
201 South Main Street, Suite 1800
Salt Lake City, UT 84111
Attn: Drew Gilliland
114291
Tax Parcel Nos. SG-763 & SG-762-B

DOC # 20060046174

Trust Deed Page 1 of 21
Russell Shirts Washington County Recorder
10/04/2006 03:32:05 PM Fee \$ 50.00 by INWEST TITLE SERVICES INC
PENGAD 800-631-6985
PLAINTIFF'S EXHIBIT 3
180502481

DEED OF TRUST, SECURITY AGREEMENT
ASSIGNMENT OF RENTS AND LEASES,
AND FIXTURE FILING

THIS DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND LEASES, AND FIXTURE FILING (the "Deed of Trust") is made and entered into effective as of the 29th day of September, 2006, by and among DAVCO MANAGEMENT COMPANY, L.C., an Utah limited liability company ("Trustor"), in favor of INWEST TITLE SERVICES, INC. ("Trustee"), for the benefit of IOTA, LLC, an Utah limited liability company ("Beneficiary").

RECITALS:

A. Trustor is or is about to become the owner of fee simple title in and to certain real property located in Washington County, Utah, as more particularly described on Exhibit "A" attached to and incorporated by reference in this Deed of Trust (the "Property").

B. Pursuant to the Note (as defined below), Beneficiary has extended financing to Trustor for the purchase of the Property in the maximum principal amount of ONE MILLION THREE HUNDRED FORTY-ONE THOUSAND THREE HUNDRED NINETY-FIVE DOLLARS (\$1,341,395.00), to be secured by the Property and such other items as set forth herein.

NOW, THEREFORE, upon the terms, covenants and conditions set forth in this Deed of Trust, and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, TRUSTOR HEREBY CONVEYS AND WARRANTS TO TRUSTEE, IN TRUST, WITH POWER OF SALE, and hereby grants to Beneficiary, as a secured party, a security interest in the following described real and personal property:

GRANTING CLAUSE I:
REAL PROPERTY

All right, title, interest and estate of Trustor in and to the Property.

GRANTING CLAUSE II:
ASSIGNED CONTRACTS

All right, title, interest and estate of Trustor, now owned or hereafter acquired, in and to the following to the extent applicable to the Property or the Improvements (as defined in Article I of this Deed of Trust):

895909.2
9/29/06



(1) All contracts and agreements relating to the planning, design, engineering, or architecture of the Improvements;

(2) All drawings, models, plans, specifications, budgets, cost estimates, bid packages, bids, and other related documents relating to the development or construction of the Improvements;

(3) All contracts and agreements relating to the installation, construction or demolition of any of the Improvements, including all retainages, payment and performance bonds, and performance escrows described in or required by any of the foregoing;

(4) All contracts and agreements relating to the development of the Property or the Improvements, including all contracts with government authorities granting entitlements or development rights with respect to the Property, appraisals, soils reports, feasibility studies, environmental assessment reports, and engineering, mechanical and wetlands reports;

(5) All contracts and agreements between Trustor and any utility company, water company or user association, or telecommunications company for the purpose of: (a) furnishing electricity, natural gas or oil, telephone, sewer, water, cable television, internet or other such services to the Property; (b) providing hook-ups, connections, lines or other necessary laterals or tie-ins to the Property and the Improvements constructed or to be constructed on the Property, including any "will serve" letters benefiting the Property; or (c) granting any such utility or other company access to the Improvements or to space in or on the Property or the Improvements to provide service to the Property;

(6) All contracts and leases granted by Trustor, as lessor, to any individual or entity for the use of roof-top space or other areas on the Improvements or the Property for the placement of telecommunications equipment, antennae or transmission devices, or for the placement of billboards, signs or other advertising media;

(7) All contracts and agreements for marketing, leasing, advertising, use, or sale of the Improvements or any portion of the Improvements;

(8) All contracts and agreements relating to the management of the Property and the Improvements, or with any franchisor relating to the operation or use of the Improvements;

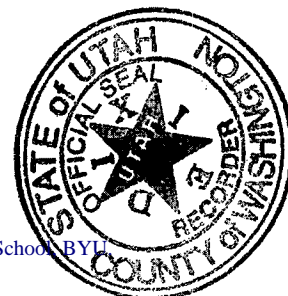
(9) All security deposits, connection fees, prepayments, reservation fees and other payments made by Trustor with respect to any of the foregoing; and

(10) All modifications, amendments, substitutions and replacements of any of the foregoing.

GRANTING CLAUSE III:
AWARDS

All right, title, interest and estate of Trustor, now owned or hereafter acquired, in and to:

(1) All awards made for the taking by eminent domain or by any proceeding or purchase in lieu thereof of the Property or any portion of the Property or of any Improvements



now or hereafter situate thereon or of any estate or easement in the Property (including any awards for change of grade of streets); and

(2) The proceeds of insurance paid on account of partial or total destruction of the Improvements now or hereafter located upon the Property or any portion thereof (regardless of whether or not Trustor is required to carry such insurance under this Deed of Trust or any other Loan Document).

GRANTING CLAUSE IV:
CONSTRUCTION MATERIALS

All right, title, interest and estate of Trustor, now owned or hereafter acquired, in and to all building materials, supplies and inventories acquired by Trustor and delivered to the Property for use in connection with or for incorporation into the Improvements on the Property.

GRANTING CLAUSE V:
EQUIPMENT

All right, title, interest and estate of Trustor, now owned or hereafter acquired, in and to:

(1) All machinery, equipment, goods, supplies, appliances, floor coverings, furnishings, window coverings, security systems, communications systems and equipment, artwork, light fixtures, and other articles of tangible personal property of Trustor used or acquired for use on the Property; and

(2) All attachments, accessories and accessions thereto and all substitutions and replacements thereof and all parts therefor.

GRANTING CLAUSE VI:
FIXTURES AND INTERESTS

All right, title, interest and estate of Trustor, now owned or hereafter acquired, in and to:

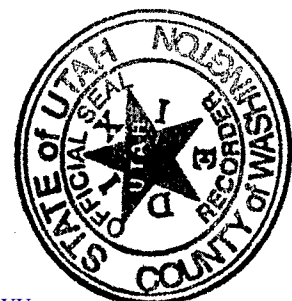
(1) All buildings, improvements, renovations, works, structures, facilities and fixtures, including any future additions to, and improvements and betterments upon, and all renewals and replacements of, any of the foregoing and which are owned or acquired by Trustor and which are now or hereafter shall be constructed or affixed or constructively affixed to the Property, or to any portion of the Property; and

(2) All easements, licenses, streets, ways, alleys, roads, passages, rights-of-way, waters, watercourses, water rights, ditches and ditch rights (whether now owned or hereafter acquired by Trustor and whether arising by virtue of land ownership, contract or otherwise), of any kind and nature, relating to or in any way appurtenant or appertaining to the Property or any portion of the Property.

GRANTING CLAUSE VII:
INTANGIBLES

All right, title, interest and estate of Trustor, now owned or hereafter acquired, in and to:

895909.2
9/29/06



(1) All general intangibles of every nature and intellectual property owned by Trustor pertaining to the Property or the Improvements including, without limitation, any software, and any trade names, service names, trademarks, service marks, marketing materials, telephone numbers, domain names and any other names, numbers or materials used to identify, advertise or promote the Property or the Improvements; and

(2) All now existing or hereafter acquired chattel paper, accounts, deposit accounts, payment intangibles, letter of credit rights, supporting obligations, good will and other intangible personal property owned by Trustor and pertaining to the Property or the Improvements.

GRANTING CLAUSE VIII:
PERMITS AND LICENSES

All right, title, interest and estate of Trustor, now existing or hereafter acquired, in and to all permits, franchises, privileges, grants, consents, licenses, authorizations and approvals heretofore or hereafter granted by the United States, by the State of Utah or by any departments or agencies thereof or any other governmental or public bodies, agencies or authorities (including, without limitation, Washington County, Utah) to or for the benefit of Trustor and utilized in connection with the development, construction or operation of the Improvements.

GRANTING CLAUSE IX:
RENTS, ISSUES, ETC.

All right, title, interest and estate of Trustor, now owned or hereafter acquired, in and to all sales proceeds, rents, subrents, issues, royalties, income and profits of and from the Property or any portion of the Property.

GRANTING CLAUSE X:
TENEMENTS AND HEREDITAMENTS

All right, title, interest and estate of Trustor, now owned or hereafter acquired, in and to all and singular the tenements, hereditaments, rights, privileges and appurtenances belonging, relating, or in any way appertaining to any of the Property, or any portion of the Property, or which shall hereafter in any way belong, relate or in any way appertain thereto (including, without limitation, any and all development rights, air rights or similar or comparable rights), and the reversion and reversions, remainder and remainders, and estates, rights, titles, interests, possessions, claims and demands of every nature whatsoever, at law or in equity, which Trustor may have or may hereafter acquire in and to the Property or any portion of the Property.

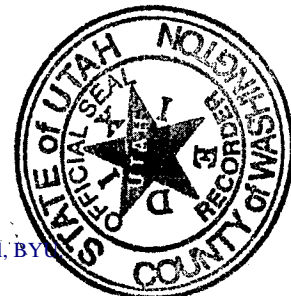
GRANTING CLAUSE XI:
PROCEEDS AND PRODUCTS

All cash and noncash proceeds and all products of any of the foregoing, including, without limitation, insurance proceeds.

ARTICLE I
DEFINITIONS

Unless the context clearly indicates otherwise, certain terms used in this Deed of Trust shall have the meanings set forth below:

895909.2
9/29/06



"Event of Default" means the occurrence and continuance of any one of the events listed in Section 11.1 of this Deed of Trust.

"Hazardous Materials" includes, but shall not be limited to, substances defined as "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," or "toxic substances" or words of similar import under any applicable local, state or federal law or under the regulations adopted or publications promulgated pursuant thereto, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601 et seq.; the Hazardous Materials Transportation Act, as amended, 49 U.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act, as amended, 42 U.S.C. 6901 et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251 et seq.; Chapters 2, 3, 4, 5 and 6 of the Utah Environmental Quality Code, Title 19, Utah Code Annotated (1953), as the same may be amended from time to time; and in all rules adopted and regulations promulgated pursuant to any of the foregoing.

"Impositions" means all real property taxes and assessments, general and special, and all other taxes, assessments and other governmental, municipal or other charges or impositions of any kind or nature whatsoever (including, without limitation, charges and assessments on water or water stocks used on or with the Property and levies or charges resulting from covenants, conditions and restrictions affecting the Trust Estate) which are assessed or imposed upon the Trust Estate, or become due and payable, and which create or may create a lien upon the Property or any portion of the Property, equipment or other facility used in the construction, renovation, operation or maintenance of the Trust Estate.

"Improvements" means any improvements, now or hereafter constructed on the Property, and owned by Trustor.

"Loan" means the loan advanced by Beneficiary to or for the account of Trustor in the principal of ONE MILLION THREE HUNDRED FORTY-ONE THOUSAND THREE HUNDRED NINETY-FIVE (\$1,341,395.00).

"Loan Documents" means the Note, this Deed of Trust, one or more guaranties, all other deeds of trust given by or for the benefit of Trustor to Beneficiary as security for the Note, and any and all other documents between Trustor and Beneficiary evidencing or securing the Loan, as the same may now be or may hereafter be amended or modified.

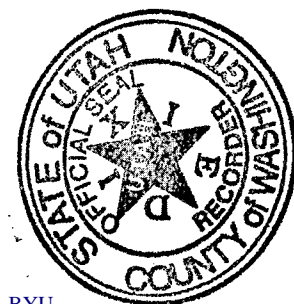
"Note" means the Term Loan Promissory Note, dated the same date as this Deed of Trust, in the principal amount of ONE MILLION THREE HUNDRED FORTY-ONE THOUSAND THREE HUNDRED NINETY-FIVE (\$1,341,395.00), executed by Trustor, as maker, in favor of Beneficiary, as payee, together with any and all amendments and modifications thereto.

"Obligations" means the obligations of Trustor described in Section 2.1 of this Deed of Trust, the payment and performance of which are secured by this Deed of Trust.

"Permitted Encumbrances" means those liens, encumbrances and matters affecting the Property listed on Exhibit "B" attached to and incorporated by reference in this Deed of Trust.

"Personalty" means all tangible and intangible personal property of Trustor listed in Granting Clauses II through XI of this Deed of Trust used in connection with the Property or incorporated into the Improvements.

895909.2
9/29/06



"Property" means that certain real property situate in Washington County, Utah, described in Recital A above and referred to in Granting Clause I of this Deed of Trust, as more particularly described on Exhibit "A" attached to this Deed of Trust.

"Senior Encumbrance" means that certain Trust Deed recorded January 28, 2005, in the official records of Washington County, Utah as Entry No. 924140 in Book 1709 on Page 538, which secures a note in the original amount of \$500,000.00, in favor of LaSalle Bank National Association with the trustor thereunder being IOTA, LLC, an Utah limited liability company. The trustee thereunder is Guardian Title.

"Trust Estate" means all of the items, documents, interests and properties referred to in Granting Clauses I through XI of this Deed of Trust.

ARTICLE II OBLIGATIONS SECURED

2.1 Obligations. This Deed of Trust is given for the purpose of securing the following Obligations of Trustor:

(a) The payment and performance of each and every obligation of Trustor, evidenced by the Note, including, without limitation, the payment of principal of and interest on the Loan;

(b) The payment and performance of each and every agreement and obligation of Trustor under this Deed of Trust, and under any other instrument given to evidence or further secure the payment and performance of any obligation of Trustor under the Loan, and all of the other Loan Documents; and

(c) The payment of all sums expended and advanced by Trustee or Beneficiary pursuant to the terms of this Deed of Trust, together with interest thereon as provided in the Note.

2.2 Extensions and Renewals. Any extensions of, renewals of, modifications of, or additional advances of the Loan, or any of the Obligations evidenced by the Note, regardless of the extent or subject matter of any such extension, renewal, modification or additional advance, shall be secured by this Deed of Trust.

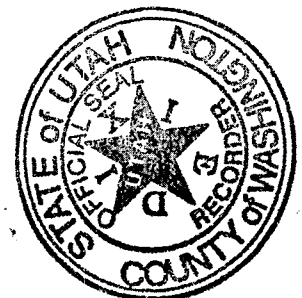
ARTICLE III REPRESENTATIONS AND WARRANTIES

3.1 Property. Trustor represents and warrants to Beneficiary as follows:

(a) Except for the Permitted Encumbrances, Trustor is, or simultaneously with the execution of this Deed of Trust shall become, the owner of fee simple title in and to the Property;

(b) Trustor possesses all requisite power and authority to execute and deliver this Deed of Trust;

(c) Except for the Permitted Encumbrances, Trustor shall defend title to the Property against all claims and demands whatsoever;



(d) To the best of Trustor's knowledge, upon funding of the Loan, the Property will be free and clear of and from any and all liens, claims, encumbrances, restrictions, encroachments and interests whatsoever, in favor of any third party, other than the Permitted Encumbrances;

(e) The lien created by this Deed of Trust upon the Property is a valid and subsisting first position lien against the Trust Estate, subject only to the Permitted Encumbrances;

(f) Any and all obligations incurred by Trustor in connection with the acquisition of all or any portion of the Property are current and without default on the part of Trustor; and

(g) To the best of Trustor's actual knowledge: (1) the Trust Estate is not in violation of any federal, state or local law, ordinance or regulation relating to industrial hygiene or to environmental conditions on, under or about the Trust Estate, including, without limitation, soil and ground water conditions; (2) there are no Hazardous Materials constructed, deposited, stored, disposed, placed or located in, on or under the Trust Estate; and (3) Trustor has not received notice from any federal, state or local agency or department regarding the noncompliance by Trustor or the Trust Estate with respect to any federal, state or local law, ordinance or regulation governing the use, handling, storage, generation, transportation or disposal of Hazardous Materials or the mere presence of Hazardous Materials on the Property.

3.2 Personalty. Trustor represents and warrants to Beneficiary as follows:

(a) Trustor is the owner, or upon acquisition thereof, will be the owner of all Personalty used by Trustor in connection with or incorporated into the Improvements on the Property;

(b) The Personalty is, or upon acquisition of title thereto by Trustor will be, free and clear of all liens, claims, encumbrances, restrictions, charges and security interests in favor of any third party other than the Permitted Encumbrances;

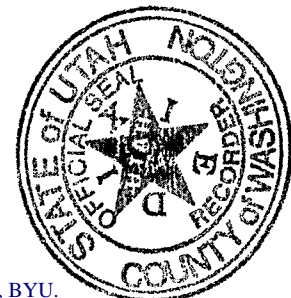
(c) Trustor will not create, permit or suffer to exist, any lien, claim, encumbrance, restriction, charge or security interest in or to the Personalty without the prior written consent of Beneficiary; and

(d) Trustor shall defend the Personalty and take such other action as is necessary to remove any lien, claim, encumbrance, restriction, charge or security interest in or to the Personalty superior to the security interest in Beneficiary created hereunder, except the Permitted Encumbrances.

ARTICLE IV
MAINTENANCE OF TRUST ESTATE

Trustor shall: (a) maintain the Trust Estate at all times in good condition and repair; (b) not commit any waste of the Trust Estate, or, except with the prior written permission of Beneficiary, remove, damage, demolish or structurally alter any of the Improvements now on the Property, or to be constructed on the Property hereafter; (c) complete promptly and in good and workmanlike manner the Improvements, or any other improvements on the Property, which may for any reason be constructed; (d) restore promptly and in good and workmanlike manner any of the Improvements, or any portion of the Property, which may for any reason be damaged or destroyed; (e) comply at all times with all laws,

895909.2
9/29/06



ordinances, regulations, covenants and restrictions in any manner affecting the Trust Estate; (f) not commit or knowingly permit any act upon the Trust Estate in violation of law; and (g) do all acts which by reason of the character or use of the Trust Estate may be reasonably necessary to maintain and care for the same, the specific enumeration herein not excluding the general. None of the foregoing shall prohibit Trustor from installing tenant improvements in connection with Trustor's leasing of space in the Improvements.

ARTICLE V INSURANCE

5.1 Insurance. Trustor or Trustor's general contractor, as applicable, shall secure and at all times maintain and promptly pay when due all premiums for the following types of insurance:

(a) During any period of construction, builder's risk extended coverage insurance against loss or damage by fire, lightning, windstorm, hail, explosion, riot, civil commotion, motor vehicles, aircraft, smoke, theft, vandalism, malicious mischief, and other risks from time to time included under extended coverage policies in an amount not less than one hundred percent (100%) of the full replacement value of the Improvements. All policies secured and carried in accordance with this Section 5.1(a) shall contain the "Replacement Cost Endorsement," a lender's loss payable endorsement 438 BFU naming Lender as loss payee, and shall name Beneficiary as an additional insured.

(b) During any period of construction, workmen's compensation insurance against liability arising from claims of workmen with respect to and during the period of any work on or about the Property.

(c) Following any period of construction, insurance against loss or damage to the Property, the Improvements and all Personalty used in connection with the Property by fire, vandalism, malicious mischief, and any of the risks covered by insurance of the type now known as "fire and extended coverage" in an amount not less than One Hundred Percent (100%) of the full replacement value of the Improvements. Such insurance policy or policies shall contain the "Replacement Cost Endorsement," a lender's loss payable endorsement 438 BFU naming Beneficiary as loss payee, and shall name Beneficiary as an additional insured.

(d) If the Property is located in a special flood hazard area as identified by the Federal Insurance Administration, federally subsidized flood insurance covering the risk of damage to the Improvements and Personalty located or to be constructed on the Property caused by flooding in the total amount of the Loan or for the maximum amount of subsidized insurance available, whichever is less. In lieu of such flood insurance, Trustor shall submit to Beneficiary evidence satisfactory to Beneficiary that no part of the Property is, or will be, within an area designated as a flood hazard area by the Federal Insurance Administration.

(e) Public liability and property damage insurance applicable to the Trust Estate in the minimum amounts of Two Million Dollars (\$2,000,000.00) per person and Two Million Dollars (\$2,000,000.00) per occurrence for public liability and Two Million Dollars (\$2,000,000.00) per occurrence for property damage. Such liability insurance shall be issued by one or more insurance companies reasonably satisfactory to Beneficiary and shall name Beneficiary as an additional insured.

(f) Equipment and machinery insurance covering vessels, machinery, piping, and other equipment, provided the Improvements contain equipment of such nature, and



insurance against loss of use arising from any such breakdown, in such amounts as are reasonably satisfactory to Beneficiary.

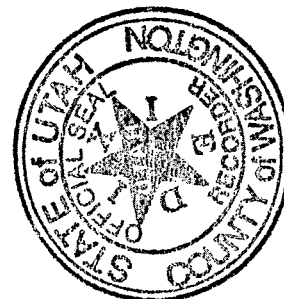
(g) Such other insurance and in such amounts as may from time to time reasonably be required by Beneficiary against the same or other hazards.

All policies of builder's risk, fire and extended coverage and other casualty insurance required by the terms of this Deed of Trust shall contain an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act or negligence of Trustor which might otherwise result in forfeiture of the insurance. The policies shall provide that the insurer will waive all rights of set-off, counterclaim or deduction against Trustor.

5.2 Policies and Premiums. All policies of insurance shall be issued by insurance companies which have a company rating of not less than "A" and a financial performance rating of not less than "7" by A.M. Best Co. in "Best's Insurance Reports." All policies of fire and extended coverage and other casualty insurance shall have included therein a standard mortgagee protection clause. Trustor shall furnish Beneficiary with an original policy of all policies of required insurance or an original certificate of insurance together with a true and correct copy of each such policy. All such policies shall contain a provision that such policies will not be cancelled or materially amended or altered, including reduction of coverage, without at least thirty (30) days prior written notice to Beneficiary. If Beneficiary consents to Trustor providing any of the required insurance through blanket policies carried by Trustor and covering more than one location, then Trustor shall cause the insurance company to furnish Beneficiary with an endorsement to such policy which sets forth the coverage, the limits of liability, the name of the carrier, the policy number, the expiration date and a statement that the insurance company will not cancel or materially modify or alter the coverage evidenced by the endorsement without first affording Beneficiary at least thirty (30) days prior written notice. In the event Trustor fails to provide, maintain, keep in force or deliver and furnish to Beneficiary the policies of insurance required by Section 5.1, Beneficiary may, but without any obligation to do so, procure such insurance for such risks covering Beneficiary's interest, and Trustor shall pay all premiums thereon promptly upon demand by Beneficiary. If Trustor fails to pay any premium after demand by Beneficiary, Beneficiary, at Beneficiary's option, may advance any sums necessary to maintain and to keep in force such insurance. Any sums so advanced, together with interest thereon at the default rate as provided for in the Note, shall be secured by this Deed of Trust.

5.3 Occurrence and Notice of Casualty. In the event of loss or damage to the Trust Estate, or any portion of the Trust Estate, Trustor shall immediately give notice thereof to Beneficiary. Beneficiary may, but without any obligation to do so, make proof of loss, and each insurance company concerned is hereby authorized and directed to make payment for such loss directly to Beneficiary. The insurance proceeds or any part thereof shall be deemed part of the security for the Obligations and shall be applied to restore or repair the portion of the Trust Estate damaged, provided that any insurance proceeds not so applied may be applied by Beneficiary, at Beneficiary's option, to reduce the indebtedness secured by this Deed of Trust (whether or not then due and payable). Except to the extent that insurance proceeds are received by Beneficiary and applied to the indebtedness secured by this Deed of Trust, nothing herein contained shall be deemed to excuse Trustor from repairing or maintaining the Trust Estate as provided in Article IV of this Deed of Trust or restoring all damage or destruction to the Trust Estate, regardless of whether there are insurance proceeds available or whether any such proceeds are sufficient in amount. The application or release by Beneficiary of any insurance proceeds shall not cure or waive any default or notice of default under this Deed of Trust or invalidate any act done pursuant to such notice.

895909.2
9/29/06



5.4 Disposition of Policies on Foreclosure. In the event Beneficiary exercises the power of sale provisions of this Deed of Trust or takes any other transfer of title or assignment of the Trust Estate in extinguishment in whole or in part of the Obligations, all right, title and interest of Trustor in and to the policies of insurance required by Section 5.1, shall inure to the benefit of and pass to the successor in interest of Trustor or the purchaser or grantee of the Trust Estate.

ARTICLE VI
INDEMNIFICATION AND OFF-SET

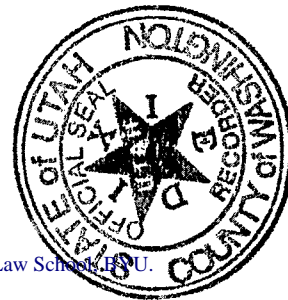
6.1 Indemnification by Trustor. Trustor hereby indemnifies and holds Beneficiary harmless in accordance with the following:

(a) If Beneficiary is made a party defendant to any litigation (except litigation wherein Trustor asserts a claim against Beneficiary and prevails) concerning this Deed of Trust or the Trust Estate or any part of the Trust Estate or interest therein, or the occupancy thereof by Trustor, then Trustor shall indemnify, defend and hold Beneficiary harmless from any and all liability by reason of such litigation, including reasonable attorney fees and costs incurred by Beneficiary in any such litigation, whether or not the litigation is prosecuted to judgment. If, following the occurrence and continuance of an Event of Default, Beneficiary commences an action against Trustor to enforce any of the material terms, covenants or conditions of this Deed of Trust or because of the breach by Trustor of any of the material terms, covenants or conditions, or for the recovery of any sum secured hereby, Trustor shall pay the reasonable attorney fees and costs actually incurred by Beneficiary in such action. The right to such attorney fees and costs shall be deemed to have accrued on the commencement of such action, and shall be enforceable whether or not such action is prosecuted to judgment. If Trustor breaches any material term, covenant or condition of this Deed of Trust, Beneficiary may employ an attorney or attorneys to protect Beneficiary's rights hereunder and in the event of such employment following any breach by Trustor, Trustor shall pay Beneficiary reasonable attorney fees and costs in an amount equal to the amount of such fees and costs actually incurred by Beneficiary, whether or not an action is actually commenced against Trustor by reason of such breach.

(b) If Beneficiary is held liable or could be held liable for, or is subject to any losses, damages, costs, charges or expenses, directly or indirectly on account of any claims for work, labor or materials furnished in connection with or arising from the construction, repair or reconstruction of any of the Improvements, then Trustor shall indemnify, defend and hold Beneficiary harmless from all liability or expense arising therefrom including reasonable attorney fees and costs.

(c) Trustor, to the full extent permitted by law, shall indemnify, defend and hold harmless Beneficiary, Beneficiary's directors, officers, employees, agents, participants, successors and assigns from and against any and all loss, cost, expense or liability incurred in connection with any and all claims and proceedings (whether brought by private party or governmental agency) for bodily injury, property damage, abatement or remediation, environmental damage or impairment, or any other injury or damage resulting from or relating to any Hazardous Materials located under or upon or migrating into, under, from or through the Property, which Beneficiary may incur due to the making of the Loan, the exercise of any of Beneficiary's rights under this Deed of Trust or under any other document evidencing or securing the Loan, or otherwise. The foregoing indemnity shall apply: (1) whether or not the release of the Hazardous Materials was caused by Trustor, a tenant or subtenant of Trustor; and (2) whether or not the alleged liability is attributable to the handling, storage, generation, transportation or disposal of Hazardous Materials or the mere presence of Hazardous Materials on the Property.

895909.2
9/29/06



The obligations of Trustor under this Section 6.1(c) shall survive the foreclosure of this Deed of Trust, a conveyance in lieu of foreclosure, the repayment of the Loan proceeds and the discharge and release of the lien and encumbrance of this Deed of Trust.

6.2 Off-Set. All sums payable by Trustor under this Deed of Trust shall (unless otherwise specifically provided in this Deed of Trust) be paid without notice, demand, counterclaim, set-off, deduction or defense and without abatement, suspension, deferment, diminution or reduction. The Obligations and liabilities of Trustor hereunder shall in no way be released, discharged or otherwise affected (except as expressly provided herein) by reason of: (a) any damage to or destruction of, or any condemnation or similar taking of the Trust Estate or any part thereof; (b) any restriction or prevention of or interference with any use of the Trust Estate or any part thereof; (c) any title defect or encumbrance or any eviction from the Trust Estate or any part thereof by title paramount or otherwise; (d) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Beneficiary, or any action taken with respect to this Deed of Trust by any trustee or receiver of Beneficiary, or by any court, in any such proceeding; (e) any claim which Trustor has or might have against Beneficiary; (f) any default or failure on the part of Beneficiary to perform or comply with any of the terms, covenants or conditions of this Deed of Trust or of any other agreement with Trustor; or (g) any other occurrence whatsoever, whether similar or dissimilar to the foregoing.

ARTICLE VII IMPOSITIONS

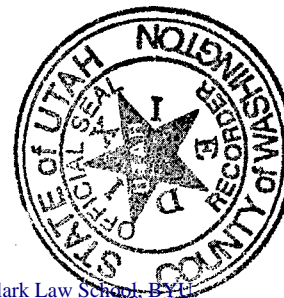
7.1 Payment of Impositions. Subject to Section 7.3 of this Deed of Trust, Trustor shall pay, prior to delinquency, all Impositions. However, if, by law, any Imposition is payable, or may at the election of the taxpayer be paid in installments, Trustor may pay the same together with any accrued interest on the unpaid balance of such Imposition in installments as the same become due and before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and interest.

7.2 Evidence of Payment. Trustor shall, upon request by Beneficiary, furnish to Beneficiary, within thirty (30) days after the date upon which such Imposition is due and payable by Trustor, official receipts of the appropriate taxing authority, or other proof satisfactory to Beneficiary, evidencing the payments thereof.

7.3 Right to Contest. Trustor shall have the right, before any date set for forfeiture, whether at tax sale, foreclosure on a tax lien or otherwise, to contest or object to the amount or validity of any Imposition by appropriate legal proceedings, but such contest shall not be deemed or construed in any way as relieving, modifying or extending Trustor's covenant to pay any such Imposition at the time and in the manner provided in Section 7.1, unless Trustor has given prior written notice to Beneficiary of Trustor's intent so to contest or object to an Imposition, and unless, at Beneficiary's option: (a) Trustor shall demonstrate to Beneficiary's satisfaction that the legal proceedings shall conclusively operate to prevent the sale of the Trust Estate, or any part thereof, to satisfy such Imposition prior to final determination of such proceedings; or (b) Trustor shall furnish good and sufficient undertaking and sureties as may be required or permitted by law to accomplish a stay of such proceedings.

7.4 Tax on Deed of Trust. If at any time after the date hereof there shall be assessed or imposed: (a) a tax or assessment on the Trust Estate in lieu of or in addition to the Impositions payable by Trustor; or (b) a license fee, tax or assessment imposed on Beneficiary and measured by or based in whole or in part upon the amount of the outstanding Obligations or upon payments on the Note (whether principal or interest); then all such taxes, assessments and fees shall be deemed to be included within the term "Impositions" as defined in Article I of this Deed of Trust, and Trustor shall pay and discharge the

895909.2
9/29/06



same as herein provided with respect to the payment of Impositions. Trustor shall have no obligation to pay any franchise, income, excess profits or similar tax levied on Beneficiary or on the Obligations secured hereby.

7.5 Reserves for Taxes and Insurance. In furtherance of Section 5.1 and Section 7.1 of this Deed of Trust and anything to the contrary herein notwithstanding, Trustor, upon request by Beneficiary following the occurrence and continuance of an Event of Default, shall pay to Beneficiary, on the date monthly installments of accrued interest are payable under the Note, until the Note is paid in full, an amount equal to one-twelfth of the annual Impositions reasonably estimated by Beneficiary to pay the installment of Impositions next due on the Trust Estate; and one-twelfth of the annual aggregate insurance premium on all policies of insurance required in Section 5.1. Upon such request, Trustor shall thereafter cause all bills, statements or other documents relating to Impositions and insurance premiums to be sent to Beneficiary. Provided Trustor has deposited sufficient funds with Beneficiary pursuant to this Section 7.5, Beneficiary shall pay such amounts as may be due thereunder out of the funds so deposited with Beneficiary. If at any time and for any reason the funds deposited with Beneficiary pursuant to this Section 7.5 are or will be insufficient to pay such amounts as may then or subsequently be due, Beneficiary shall notify Trustor and Trustor shall immediately deposit an amount equal to such deficiency with Beneficiary. Nothing contained herein shall cause Beneficiary to be deemed a trustee of such funds or to be obligated to pay any amounts in excess of the amount of funds deposited with Beneficiary pursuant to this Section 7.5. Beneficiary shall not be obligated to pay any interest on any sums held by Beneficiary pending disbursement or application hereunder, and Beneficiary may impound or reserve for future payment of Impositions and insurance premiums such portion of such payments as Beneficiary, in Beneficiary's absolute discretion, may deem proper. In the event that upon request from Beneficiary pursuant to this Section 7.5 Trustor fails to deposit with Beneficiary sums sufficient to pay fully such Impositions and insurance premiums at least thirty (30) days before delinquency thereof, Beneficiary, at Beneficiary's election, but without any obligation to do so, may advance any amounts required to make up the deficiency, which advances, if any, shall be secured by this Deed of Trust, and shall be repayable to Beneficiary, with interest from the date advanced, at the default rate of interest specified in the Note.

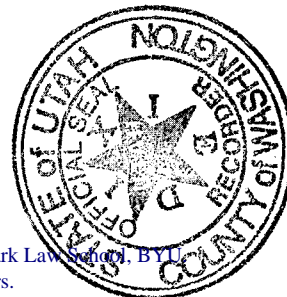
ARTICLE VIII ADDITIONAL COVENANTS

8.1 Payment of Utilities. Trustor shall pay when due all utility charges relating to the Trust Estate which may become a lien or charge against the Trust Estate or any portion thereof, for gas, electricity, water or sewer services furnished to the Trust Estate and all assessments or charges of a similar nature, whether public or private, affecting the Trust Estate or any portion thereof, whether or not such assessments or charges are liens thereon.

8.2 Defense of Title. Trustor shall appear in and defend any action or proceeding purporting to affect the security hereof, the Trust Estate, or the rights or powers of Beneficiary or Trustee. Should Beneficiary elect in good faith to appear in or defend any such action or proceeding, Trustor shall pay all costs and expenses, including costs of evidence of title and reasonable attorney fees and costs, incurred by Beneficiary or Trustee.

8.3 Performance in Trustor's Stead. Should Trustor fail to make any payment or to do any act as provided in this Deed of Trust, then Beneficiary or Trustee, but without any obligation to do so, without notice to or demand upon Trustor and without releasing Trustor from any obligation hereunder, may: (a) 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 the Trust Estate for such purposes); (b) commence, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (c) pay, purchase, contest or

895909.2
9/29/06



compromise any encumbrance, charge or lien which in the judgment of either Beneficiary or Trustee appears to be superior to the lien of this Deed of Trust; and (d) in exercising any such powers, incur any liability, expend such reasonable amounts as Beneficiary may deem necessary therefor, including cost of evidence of title, employment of attorneys, and payment of reasonable attorney fees and costs. All such amounts expended by either or both Trustee or Beneficiary shall, at the election of Beneficiary, be added to the principal indebtedness secured by this Deed of Trust and shall accrue interest in accordance with the terms of the Note.

8.4 Repayment of Advances. Trustor shall immediately repay to Beneficiary all sums, other than Loan proceeds, with interest thereon as provided in the Note, which at any time may be paid or advanced by Beneficiary for the payment of insurance premiums, taxes, assessments, other governmental, municipal, or other charges or Impositions, title searches, title reports or abstracts, and any other advances made by Beneficiary which are reasonably necessary to maintain this Deed of Trust as a valid and subsisting lien upon the Trust Estate, to preserve and protect Beneficiary's interest in this Deed of Trust, or to preserve, repair or maintain the Trust Estate. All such advances shall be wholly optional on the part of Beneficiary, and Trustor's obligation to repay the same, with interest, to Beneficiary shall be secured by the lien of this Deed of Trust.

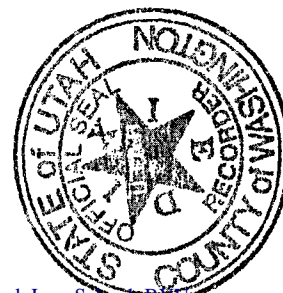
8.5 No Removal of Fixtures. Trustor shall not, during the existence of this Deed of Trust and without the prior written consent of Beneficiary, remove from the Property any of the Improvements or any of the Personalty, except in the ordinary course of Trustor's business and except to the extent replaced by items of comparable quality and value.

8.6 Further Assurance. Trustor shall execute and deliver to Beneficiary such further instruments, including, without limitation, Uniform Commercial Code Financing Statements and Continuation Statements, and do such further acts as may be necessary or as may reasonably be required by Beneficiary to carry out more effectively the purposes of this Deed of Trust and to subject to the lien and encumbrance created or intended to be created hereby any property, rights or interests covered or intended to be covered by this Deed of Trust. Trustor hereby authorizes (to the extent such authorization is valid under applicable law) Beneficiary to execute and file, without Trustor's signature, such Uniform Commercial Code Financing Statements and Continuation Statements as Beneficiary may deem necessary in order to perfect or continue the perfection of the security interests created by this Deed of Trust.

8.7 No Conveyance of Property. Trustor shall not sell, convey or alienate the Property or any portion thereof, or any interest therein to any person or entity, without the prior written consent of Beneficiary. In the event Trustor shall sell, convey or alienate all or any portion of the Property, or any interest therein, in violation of the foregoing, or be divested of title to the Property in any manner, whether voluntarily or involuntarily, then the entire principal indebtedness of the Loan, as evidenced by the Note and the other Loan Documents, and all other Obligations secured by this Deed of Trust, irrespective of the maturity date expressed therein, at the option of Beneficiary, and without prior demand or notice, shall become immediately due and payable.

8.8 Application of Payments. If at any time during the term of this Deed of Trust Beneficiary receives or obtains a payment, installment or sum which is less than the entire amount then due under the Note secured by this Deed of Trust and any of the other Loan Documents, then Beneficiary shall, notwithstanding any instructions which may be given by Trustor, have the right to apply such payment, installment or sum, or any part thereof, to such of the items or Obligations then due from Trustor or to Beneficiary as Beneficiary, in Beneficiary's sole discretion, may determine.

8.9 Hazardous Materials. Trustor shall comply with all applicable federal, state and local laws, regulations, rules and ordinances governing the handling, storage, generation, transportation

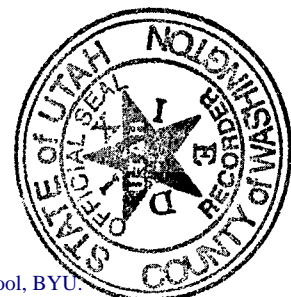


and disposal of Hazardous Materials as the same affect or may affect the operation of Trustor's present business on or with respect to the Trust Estate. In addition, Trustor shall not without the prior written consent of Beneficiary undertake any new business venture or operation on or affecting the Trust Estate which now requires or may hereafter require compliance with any federal, state or local law, regulation, rule or ordinance governing Hazardous Materials. If requested by Beneficiary from time to time during the continuance of this Deed of Trust, Trustor shall submit to Beneficiary a report, in form satisfactory to Beneficiary, certifying that the Trust Estate is not being used in any regulated activities directly or indirectly involving the use, handling, storage, generation, transportation and disposal of Hazardous Materials. Beneficiary reserves the right, in Beneficiary's sole and absolute discretion, to retain, at Trustor's expense, an independent professional consultant to review any report prepared by Trustor and to conduct its own investigation of the Trust Estate. Trustor hereby grants to Beneficiary, its agents, employees, consultants and contractors, the right to enter upon the Trust Estate and to perform such tests as are reasonably necessary to conduct such a review or investigation.

8.10 Fixture Filing. This Deed of Trust shall be effective as a fixture filing from the date of recordation hereof in accordance with Section 9a-502 of the Utah enactment of the Uniform Commercial Code. In connection therewith, the addresses of Trustor, as debtor ("Debtor"), and of Beneficiary, as secured party ("Secured Party"), are set forth below. The following address of Beneficiary, as the Secured Party, is also the address from which information concerning the security interest may be obtained by any interested party:

- (a) Name and address
of Debtor: Davco Management Company, L.C.
40 N. 300 E. , Suite #102
St. George, Utah 84737
Attn: David Fisher
- (b) Name and address
of Secured Party: Iota, LLC
164 N. 160 E.
Hurricane, Utah 84737
Attn: Rich Murset
- (c) Description of the types
(or items) of property
covered by this Fixture
Filing: See pages 1 through 5 above.
- (d) Description of real
estate subject to this
Fixture Filing, to which
the collateral is attached
or upon which it is
located: See Exhibit "A" hereto.

Some of the above described collateral is or is to become fixtures upon the above described real estate, and this Fixture Filing is to be filed for record in the public real estate records. This Deed of Trust secures an obligation secured by real property and any fixtures thereon and shall be governed by the provisions of Section 9a-502 of the Utah enactment of the Uniform Commercial Code.



ARTICLE IX
CONDEMNATION AWARDS

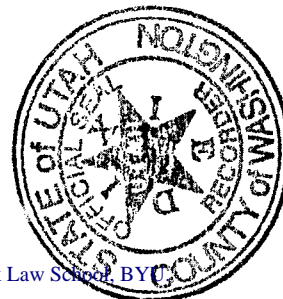
Trustor shall promptly give notice to Beneficiary of any condemnation proceeding or any taking for public improvements. If the Trust Estate or any portion thereof should be taken or damaged by reason of any public improvement or condemnation proceeding, Beneficiary shall be entitled: (1) to receive all compensation, awards and other payments or relief for such taking or condemnation; (2) at Beneficiary's option and in Beneficiary's own name, to commence, appear in and prosecute in Beneficiary's own name any action or proceeding relating to such taking or condemnation; and (3) to make any compromise or settlement in connection with any such taking or condemnation. All such compensation, awards, damages, causes of action, proceeds or other payments shall be deemed part of the security for the Obligations and are hereby assigned to Beneficiary. Beneficiary, after deducting therefrom all costs and expenses (regardless of the particular nature thereof and whether incurred with or without suit or before or after judgment), including reasonable attorney fees incurred by Beneficiary in connection with such compensation, shall apply any and all moneys so received by Beneficiary to restore or repair damage to the remaining Trust Estate, provided that any proceeds not so applied may be applied by Beneficiary, at Beneficiary's option, to reduce the indebtedness secured by this Deed of Trust (whether or not then due). The application or release by Beneficiary of any condemnation awards or other compensation shall not cure or waive any default or notice of default under this Deed of Trust or invalidate any act done pursuant to such notice. Subject to the foregoing, Trustor shall execute and deliver to Beneficiary such further assignments of such compensation, awards, damages, causes of action, proceeds or other payments as Beneficiary may from time to time require.

ARTICLE X
ASSIGNMENT OF RENTS AND LEASES

10.1 Assignment. As additional security for the Obligations secured by this Deed of Trust, Trustor hereby assigns, sells, transfers and conveys to Beneficiary during the continuance of this Deed of Trust, all contracts, leases, subleases and agreements relating to the sale, lease, sublease or use of any portion of the Trust Estate or the Property, together with all sales proceeds, rents, subrents, issues, royalties, income and profits of and from the Trust Estate. Until the occurrence of an Event of Default, Trustor may collect and use all such sales proceeds, rents, subrents, issues, royalties, income and profits, as they become due and payable, and may retain, use and enjoy the Trust Estate. Upon the occurrence and continuance of an Event of Default hereunder, Trustor's right to collect and use any of such proceeds shall cease, and Beneficiary, shall have the right, with or without taking possession of the Trust Estate, and either in person, by agent or through a court appointed receiver (Trustor hereby consents to the appointment of Beneficiary or Beneficiary's designee as such receiver), to sue for or otherwise collect all such sales proceeds, rents, subrents, issues, royalties, income and profits, including those past due and unpaid. Any sums so collected, after the deduction of all costs and expenses of operation and collection (regardless of the particular nature thereof and whether incurred with or without suit or before or after judgment), including reasonable attorney fees, shall be applied toward the payment of the Obligations. Such right of collection and use of such proceeds by Beneficiary shall obtain both before and after the exercise of the power of sale provisions of this Deed of Trust, the foreclosure of this Deed of Trust and throughout any period of redemption. The rights granted under this Section 10.1 shall in no way be dependent upon and shall apply without regard to whether all or a portion of the Trust Estate is in danger of being lost, removed or materially injured, or whether the Trust Estate or any other security is adequate to discharge the Obligations secured by this Deed of Trust. Beneficiary's failure or discontinuance at any time to collect any of such proceeds shall not in any manner affect the right, power and authority of Beneficiary thereafter to collect the same. Nothing contained herein, nor Beneficiary's exercise of Beneficiary's right to collect such proceeds, shall be, or be construed to be, an affirmation by Beneficiary of any contractual interest, tenancy, lease, sublease, option or other interest in the Trust Estate, or an

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9/29/06

15



assumption of liability under, or a subordination of the lien or charge of this Deed of Trust to any contractual interest, tenancy, lease, sublease, option or other interest in the Trust Estate. All purchasers, tenants, lessees, sublessees and other persons who have any obligation to make any payment to Trustor in connection with the Trust Estate or any portion thereof are hereby authorized and directed to pay the rents, subrents, issues, royalties, income, profits and other payments payable by them with respect to the Trust Estate, or any portion thereof, directly to Beneficiary on the demand of Beneficiary. Beneficiary's receipt of such sales proceeds, rents, subrents, issues, royalties, income and profits shall be a good and sufficient discharge of the obligation of the purchaser, tenant, lessee, sublessee or other person concerned to make the payment connected with the amount so received by Beneficiary.

10.2 No Waiver of Rights by Collection of Proceeds. The entering upon and taking possession of the Trust Estate or any portion of the Trust Estate or the collection of sale proceeds, rents, subrents, issues, royalties, income, profits, proceeds of fire and other insurance policies, or compensation or awards for any taking or damaging of the Trust Estate, or the application or release thereof as aforesaid, shall not cure or waive any Event of Default or notice of default hereunder, shall not invalidate any act done pursuant to such notice of default, and shall not operate to postpone or suspend the obligation to make, or have the effect of altering the size of, any scheduled installments provided for in any of the Obligations secured by this Deed of Trust.

10.3 Indemnification. Trustor shall indemnify and hold Beneficiary harmless from and against all claims, demands, judgments, liabilities, actions, costs and fees (including reasonable attorney fees and costs) arising from or related to receipt by Beneficiary of the sale proceeds, rents, subrents, issues, royalties, income and profits from the Trust Estate or any portion of the Trust Estate, except negligent or willful acts of Beneficiary.

ARTICLE XI EVENTS OF DEFAULT AND REMEDIES

11.1 Events of Default. The occurrence and continuance of any one of the following shall constitute an Event of Default under this Deed of Trust:

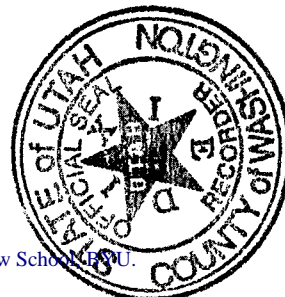
(a) Failure by Trustor to observe and perform any term, covenant or condition to be observed or performed by Trustor contained in this Deed of Trust, the Note or any of the other Loan Documents.

(b) Any representation or warranty of Trustor contained in this Deed of Trust, the Note or any of the other Loan Documents was untrue when made.

(c) A default by Trustor under the terms of any other promissory note, deed of trust, security agreement, undertaking or arrangement between Trustor and Beneficiary now in existence or hereafter arising.

11.2 Notice. Unless otherwise expressly provided by the terms of this Deed of Trust or the other Loan Documents, if an Event of Default shall occur, Beneficiary shall give written notice of such occurrence to Trustor.

11.3 Division of Trust Estate. Upon the occurrence and continuance of an Event of Default and if there are Hazardous Materials then present on the Property, Beneficiary, at Beneficiary's election and without any obligation to do so, may divide the Trust Estate into any number of parcels to facilitate the sale of the Trust Estate at a foreclosure sale. In connection therewith, Beneficiary may: (a) enter upon the Trust Estate and conduct or cause to be conducted inspections and surveys of the Trust



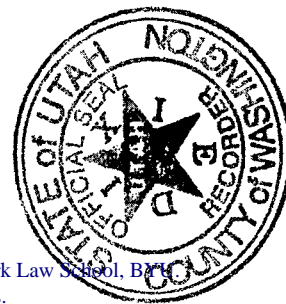
Estate; (b) divide the Trust Estate in such manner as to segregate any Hazardous Materials into one or more distinct parcels; and (c) elect to sell at foreclosure sale only those portions of the Trust Estate that are not contaminated by or do not contain Hazardous Materials. Trustor hereby consents to such division and sale of the Trust Estate.

11.4 Acceleration; Notice. Upon the occurrence and continuance of an Event of Default, Beneficiary shall have the option, in addition to any other remedy Beneficiary may have under the Note, to declare by notice to Trustor all sums secured by this Deed of Trust immediately due and payable and elect to have the Trust Estate sold in the manner provided herein. In the event Beneficiary elects to sell the Trust Estate, Beneficiary shall execute or cause Trustee to execute a written notice of default and election to cause the Trust Estate to be sold to satisfy the Obligations. Such notice shall be filed for record in Washington County, Utah.

11.5 Exercise of Power of Sale. After the lapse of such time as may then be required by law following the recordation of the notice of default, and notice of default and notice of sale having been given as then required by law, Trustee, without demand on Trustor, except as provided by law, shall sell the Trust Estate on the date and at the time and place designated in the notice of sale, either as a whole or in separate parcels, and in such order as Beneficiary may determine (but subject to any statutory right of Trustor to direct the order in which the Property, if 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 deemed expedient, postpone the sale from time to time until it shall be completed. In every such case, notice or postponement shall be given by public declaration thereof by such person at the time and place last appointed for the sale or as otherwise provided by law. Trustee shall execute and deliver to the purchaser a Trustee's Deed conveying the property so sold, but without any covenant or warranty, expressed or implied. The recitals in the Trustee's Deed of any matters or facts relating to the exercise of the power of sale and the sale of the Trust Estate shall be conclusive proof of the truthfulness thereof. Any person, including Beneficiary, may bid at the sale. Trustee shall apply the proceeds of the sale to payment of: (a) the costs and expenses of exercising the power of sale and of the sale, including the payment of the Trustee's fees and attorney fees and costs; (b) all sums expended or advanced by Beneficiary in conjunction with any provisions of this Deed of Trust, not then repaid, with accrued interest thereon from the date of expenditure, at the default rate of interest provided in the Note; (c) all sums then secured by this Deed of Trust, including interest and principal on the Note; and (d) the remainder, if any, to the person or persons legally entitled thereto, or Trustee, in Trustee's discretion, may deposit the balance of such proceeds with the Clerk of the District Court of Washington County, Utah.

11.6 UCC Remedies. Beneficiary, with regard to the security interest in all Personalty granted to Beneficiary under the Granting Clauses of this Deed of Trust, shall have the right to exercise, from time to time, any and all rights and remedies available to Beneficiary, as a secured party under the Utah enactment of the Uniform Commercial Code, and any and all rights and remedies available to Beneficiary under any other applicable law. Beneficiary shall also have the right to dispose of the Personalty in connection with a foreclosure sale of the Property, whether the foreclosure sale is conducted by the Trustee in connection with the exercise of the private power of sale, or by a sheriff in connection with a judicial foreclosure of this Deed of Trust. Upon written demand from Beneficiary, Trustor shall, at Trustor's expense, assemble the Personalty and make the Personalty available to Beneficiary at the Property.

11.7 Foreclosure as a Mortgage. If an Event of Default occurs and continues hereunder, Beneficiary shall have the option to foreclose this Deed of Trust 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 reasonable attorney fees and costs, in such amounts as shall be fixed by the court.

11.8 Receiver. If an Event of Default occurs and continues, Beneficiary, as a matter of right and without regard to the then value of the Trust Estate or the interest of Trustor therein, shall have the right upon notice to Trustor to apply to any court having jurisdiction over the subject matter to appoint a receiver or receivers of the Trust Estate. Any such receiver or receivers shall have all the usual powers and duties of a receiver and shall continue as such and may exercise all such powers until completion of the sale of the Trust Estate or the foreclosure proceeding, unless the receivership is sooner terminated.

11.9 No Remedy Exclusive. No remedy conferred upon or reserved to Beneficiary under this Deed of Trust shall be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Deed of Trust, the Note or the other Loan Documents, or now or hereafter existing at law or in equity or by statute. No delay or failure to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

11.10 Cross Default. The occurrence and continuance of an Event of Default under this Deed of Trust, the Note, any other Loan Document, or any other agreement or arrangement between Trustor and Beneficiary now existing or entered into hereafter, shall constitute a default under all such documents, including, without limitation, this Deed of Trust, the Note, the other Loan Documents, as well as any other such agreement or arrangement.

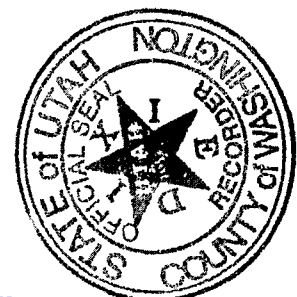
ARTICLE XII MISCELLANEOUS PROVISIONS

12.1 Notices. Except as otherwise provided in this Deed of Trust or in any other Loan Document, whenever Beneficiary or Trustor desire to give or serve any notice, demand, request or other communication with respect to this Deed of Trust or any other Loan Document, each such notice shall be in writing and shall be effective only if the notice is delivered by personal service, by nationally-recognized overnight courier, by facsimile, or by mail, postage prepaid, addressed as follows:

If to Trustor, to: Davco Management Company, L.C.
40 N. 300 E. , Suite #102
St. George, Utah 84737
Attn: David Fisher
Facsimile No. _____

If to Beneficiary, to: IOTA, LLC
40 N. 300 E., Suite #102
Hurricane, Utah 84737
Attn: Rich Murset
Facsimile No. (435) 635-7305

If to Trustee, to: Inwest Title Services, Inc.
335 E. St. George Blvd. #102
St. George, Utah 84770
Facsimile No. (435) 434-5080



Any notice delivered personally or by courier shall be deemed to have been given when delivered. Any notice sent by facsimile shall be presumed to have been received on the date transmitted. Any notice sent by mail shall be presumed to have been received five (5) business days after deposit in the United States mail, with postage prepaid and properly addressed. Any party may change its address by giving notice to the other party of its new address in the manner provided above.

12.2 Severability. If any provision of this Deed of Trust shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions contained in this Deed of Trust or render the same invalid, inoperative or unenforceable to any extent whatsoever.

12.3 Amendments, Changes and Modifications. This Deed of Trust may not be amended, changed, modified, altered or terminated without the prior written consent of both Beneficiary and Trustor.

12.4 Governing Law. This Deed of Trust shall be governed exclusively by and construed in accordance with the applicable laws of the State of Utah, without giving effect to principles of conflicts of laws.

12.5 Interpretation. Whenever the context shall require, the plural shall include the singular, the whole shall include any part thereof, and any gender shall include both other genders. The article and section headings contained in this Deed of Trust are for purposes of reference only and shall not limit, expand or otherwise affect the construction of any provisions hereof.

12.6 Binding Effect. This Deed of Trust shall be binding upon shall inure to the benefit of the respective successors and assigns of Beneficiary and Trustor.

12.7 Waivers. Beneficiary's failure at any time or times hereafter to require strict performance by Trustor of any of the undertakings, agreements or covenants contained in this Deed of Trust shall not waive, affect or diminish any right of Beneficiary hereunder to demand strict compliance and performance therewith. Any waiver by Beneficiary of any Event of Default under this Deed of Trust shall not waive or affect any other Event of Default hereunder, whether such Event of Default is prior or subsequent thereto and whether of the same or a different type. None of the undertakings, agreements or covenants of Trustor under this Deed of Trust shall be deemed to have been waived by Beneficiary, unless such waiver is evidenced by an instrument in writing signed by an officer of Beneficiary and directed to Trustor specifying such waiver.

12.8 Access. Beneficiary, or Beneficiary's authorized agents and representatives, is hereby authorized and shall have the right, at all reasonable times during the existence of this Deed of Trust and without prior written notice to Trustor, to enter upon the Trust Estate or any portion of the Trust Estate for the purpose of inspecting the Trust Estate or for the purpose of performing any of the acts that Beneficiary is authorized under this Deed of Trust to perform.

12.9 Successor Trustee. 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 the Trust Estate or some part thereof is situated a substitution of trustee. From the time the substitution is filed of record, the new Trustee shall succeed to all the 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.



12.10 Acceptance of Trust. Trustee accepts this Trust when this Deed of Trust, 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 deed of trust or any action or proceeding in which Trustor, Beneficiary, or Trustee shall be party, unless brought by Trustee.

12.11 Senior Encumbrance. This Deed of Trust is intended to be an all-inclusive deed of trust subject and subordinate to the Senior Encumbrance.

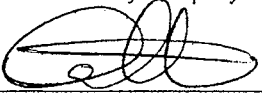
12.12 Request for Notice of Default. Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to Trustor at the address set forth in Section 12.1 of this Deed of Trust.

12.13 Counterparts. This Deed of Trust may be executed in any number of counterparts, each of which when so executed and delivered, shall be deemed an original, but all such counterparts taken together shall constitute only one instrument.

DATED effective as of the date first above written.

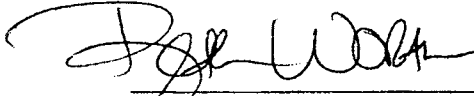
TRUSTOR:

DAVCO MANAGEMENT COMPANY, L.C., an Utah
limited liability company

By: 
David Fisher its Managing Member

STATE OF Utah)
COUNTY OF Washington : ss.

The foregoing instrument was acknowledged before me this 29 day of September, 2006, by DAVID FISHER the Managing Member of DAVCO MANAGEMENT COMPANY, L.C., an Utah limited liability company.


NOTARY PUBLIC

Residing at: St. George, UT

My Commission Expires:

6/01/08

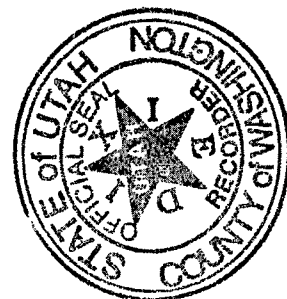
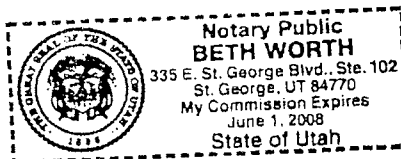


EXHIBIT "A"

PROPERTY DESCRIPTION

PARCEL #1:

THE SOUTH ONE-HALF OF LOT 4, BLOCK 4, PLAT "B", ST. GEORGE CITY SURVEY,
~~ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDS OF~~ WASHINGTON COUNTY,
STATE OF UTAH.

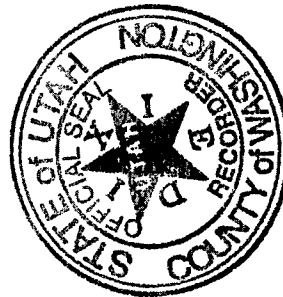
PARCEL #2:

THE WEST ONE-HALF OF LOT 3, BLOCK 4, PLAT "B", ST. GEORGE CITY SURVEY,
~~ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDS OF~~ WASHINGTON COUNTY,
STATE OF UTAH.

Property Address: 669 S 700 East, St. George, UT 84770

P.I.#SG-763

&SG-762



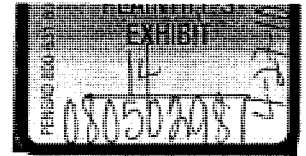
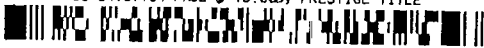
Tab 2

ADDENDUM “2”

DOC # 20060055872

Trust Deed Page 1 of 2
Russell Shirts Washington County Recorder
12/01/2006 04:57:04 PM Fee \$ 13.00 By PRESTIGE TITLE

WHEN RECORDED MAIL TO:
164 N. 160 E.
Hurricane, UT 84737



ALL-INCLUSIVE DEED OF TRUST
AND ASSIGNMENT OF RENTS

THIS ALL-INCLUSIVE DEED OF TRUST is made this 30th day of November, 2006, between DAVCO MANAGEMENT COMPANY LLC, as Trustor, whose address is ST. GEORGE, UTAH, PRESTIGE TITLE INSURANCE AGENCY, as Trustee, and CALIFORNIA BENEFIT, INC, as Beneficiary.

WITNESSETH: That Trustor does hereby irrevocably GRANT, BARGAIN, SELL AND CONVEY TO TRUSTEE IN TRUST, WITH POWER OF SALE, that property situated in WASHINGTON County, State of Utah, described as follows:

Parcel A (SG-760-A)

ALL OF LOT TWO (2), BLOCK FOUR (4), PLAT "B" OF THE ST. GEORGE CITY SURVEY, as platted on the Official Map of said survey, Washington County, State of Utah.

Parcel B (SG-762-A)

THE EAST ONE-HALF (E 1/2) OF LOT THREE (3), BLOCK FOUR (4), PLAT "B" OF THE ST. GEORGE CITY SURVEY, as platted on the Official Map of said survey, Washington County, State of Utah

Together with the rents, issues and profits 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 sum of \$2,411,596.00, with interest thereon according to the terms of an all-inclusive promissory note of even date herewith (hereinafter "the Secured Note") made by Grantor, payable to order of Beneficiary, with final payment due December 10, 2007, and extensions or renewals thereof, and (2) the performance of each agreement of Grantor incorporated by reference or contained herein.

A. Senior Deed of Trust

This is an All-inclusive Deed of Trust, securing the Secured Note and is subject and subordinate to the following instruments:

(1) A deed of trust recorded January 31, 2005, as Instrument No. 00924361, in Book 1709 at Page 1832 of Official Records of Washington County, Utah, in the original principal sum of Seven Hundred Thousand and no/100 (\$700,000.00) in favor of the Beneficiary LaSalle Bank, and pursuant to Assignment recorded June 5, 2006 as Entry No. 20060023582, to assignee Wells Fargo Bank, securing a note for said amount.

The Promissory Note secured by said Deed of Trust is hereinafter referred to as the "Senior Note."

B. To protect the Security of the All-inclusive Deed of Trust, 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 workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereon; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and 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.

(2) To provide maintain and deliver to Beneficiary fire, vandalism and malicious mischief insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default thereunder or invalidate any act done pursuant to such notice. the provisions hereof are subject to the mutual agreements of the parties as below set forth.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this All-Inclusive Deed of Trust.

(4) To pay (a) at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; (b) when due, subject to the mutual agreements of the parties as below set forth, all encumbrances, charges and liens, with interest, on said property or any part thereof, which may appear to be prior or superior thereto; (c) all allowable expenses of this Trust.

(5) Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing

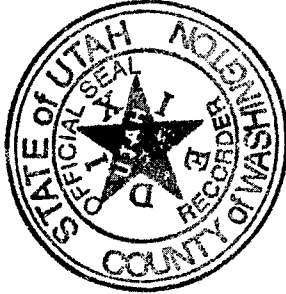


Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, may purchase, contest or compromise any encumbrance, charge or lien which the judgment of either appears to be prior or superior thereto; and, in exercising any such powers, pay allowable expenses.

(6) To pay immediately and without demand all sums so expended by Beneficiary or Trustee; with interest from date of expenditure at the amount allowed by law in affect at the date hereof.

(7) Trustor covenants and agrees that Trustor shall perform and observe all obligations to be performed and observed by Trustor under the Deed of Trust securing the Underlying Note(s).

Trustor: DAVCO MANAGEMENT COMPANY LLC



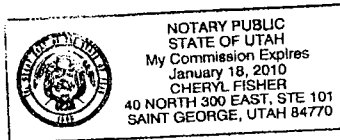
By: [Signature]
David Fisher, Managing Member

Beneficiary: CALIFORNIA BENEFIT INC.

By: [Signature]
RICHARD T. MURSET, Vice President

STATE OF UTAH)
:ss.
COUNTY OF WASHINGTON)

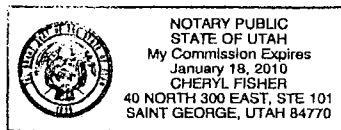
On the 30th day of November, 2006, personally appeared before me DAVID FISHER, duly sworn, says that he is the MANAGING MEMBER of DAVCO MANAGEMENT COMPANY L.L.C., a UTAH LIMITED LIABILITY COMPANY, the limited liability company that executed the above and foregoing instrument and that said instrument was signed in behalf of said limited liability company by authority of its operating agreement, and said DAVID FISHER acknowledged to me that said limited liability company executed the same.



Cheryl Fisher
Notary Public
Residing at St. George, Utah
My Commission Expires: 1-18-10

STATE OF UTAH)
:ss.
COUNTY OF WASHINGTON)

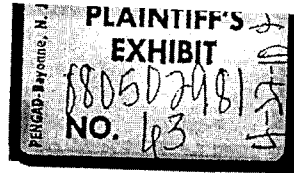
On the 30th day of November, 2006, personally appeared before me RICHARD T. MURSET, duly sworn, says that he is the VICE PRESIDENT of CALIFORNIA BENEFIT INC, a CALIFORNIA CORPORATION, the Corporation that executed the above and foregoing instrument and that said instrument was signed in behalf of said Corporation by authority of its Articles of Incorporation, and said RICHARD T. MURSET acknowledged to me that said Corporation executed the same.



Cheryl Fisher
Notary Public
Residing at St. George, Utah
My Commission Expires: 1-18-10

Tab 3

ADDENDUM “3”



8130

P. 2



REAL ESTATE PURCHASE CONTRACT



This is a legally binding contract. Utah law requires real estate licensees to use this form. Buyer and Seller, however, may agree to alter or delete its provisions or to use a different form. If you desire legal or tax advice, consult your attorney or tax advisor.

EARNEST MONEY RECEIPT

Buyer David Fisher / David Fitzgerald Co. offers to purchase the Property described below and hereby delivers to the Brokerage, as Earnest Money, the amount of \$ 12,000 in the form of Cash which, upon Acceptance of this offer by all parties (as defined in Section 23), shall be deposited in accordance with state law.

Received by: [Signature] on _____ (Date)
(Signature of agent/broker acknowledges receipt of Earnest Money)

Brokerage: First Title Phone Number 888-1069

OFFER TO PURCHASE

1. PROPERTY: 735 E. + 169 E. 700 S
also described as:
City of St George, County of Washington, State of Utah, Zip 84750
(the "Property")

1.1 Included Items. Unless excluded herein, this sale includes the following items if presently owned and attached to the Property: plumbing, heating, air conditioning fixtures and equipment; ceiling fans; water heater; built-in appliances; light fixtures and bulbs; bathroom fixtures; curtains, draperies and rods; window and door screens; storm doors and windows; window blinds; awnings; installed television antenna; satellite dishes and system; permanently affixed carpets; automatic garage door opener and accompanying transmitter(s); fencing; and trees and shrubs. The following items shall also be included in this sale and conveyed under separate Bill of Sale with warranties as to title:

1.2 Excluded Items. The following items are excluded from this sale: Refugeate in each permit

1.3 Water Rights. The following water rights are included in this sale:

2. PURCHASE PRICE. The Purchase Price for the Property is \$ 333,337.00

2.1 Method of Payment. The Purchase Price will be paid as follows:

15,000 (a) Earnest Money Deposit. Under certain conditions described in this Contract, THIS DEPOSIT MAY BECOME TOTALLY NON-REFUNDABLE.

\$ _____ (b) New Loan. Buyer agrees to apply for a new loan as provided in Section 2.3. Buyer will apply for one or more of the following loans: ☐ CONVENTIONAL ☐ FHA ☐ VA ☐ OTHER (specify) _____

If an FHAVA loan applies, see attached FHAVA Loan Addendum.

If the loan is to include any particular terms, then check below and give details:

☐ SPECIFIC LOAN TERMS _____

\$ _____ (c) Loan Assumption Addendum (See attached Assumption Addendum if applicable)

\$ _____ (d) Seller Financing (see attached Seller Financing Addendum if applicable)

\$ _____ (e) Other (specify) _____

\$ 333,337.00 (f) Balance of Purchase Price in Cash at Settlement

333,337.00 PURCHASE PRICE. Total of lines (a) through (f)

DT0194

2.2 Financing Condition. (check applicable box)

(a) ☒ Buyer's obligation to purchase the Property IS conditioned upon Buyer qualifying for the applicable loan(s) referenced in Section 2.1(b) or (c) (the "Loan"). This condition is referred to as the "Financing Condition."

(b) ☐ Buyer's obligation to purchase the Property IS NOT conditioned upon Buyer qualifying for a loan. Section 2.3 does not apply.

2.3 Application for Loan.

(a) **Buyer's duties.** No later than the Loan Application & Fee Deadline referenced in Section 24(a), Buyer shall apply for the Loan. "Loan Application" occurs only when Buyer has: (i) completed, signed, and delivered to the lender (the "Lender") the initial loan application and documentation required by the Lender; and (ii) paid all loan application fees as required by the Lender. Buyer agrees to diligently work to obtain the Loan. Buyer will promptly provide the Lender with any additional documentation as required by the Lender.

(b) **Procedure if Loan Application is denied.** If Buyer receives written notice from the Lender that the Lender does not approve the Loan (a "Notice of Loan Denial"). Buyer shall, no later than three calendar days thereafter, provide a copy to Seller. Buyer or Seller may, within three calendar days after Seller's receipt of such notice, cancel this Contract by providing written notice to the other party. In the event of a cancellation under this Section 2.3(b): (i) if the Notice of Loan Denial was received by Buyer no later than the Loan Denial Deadline referenced in Section 24(d), the Earnest Money Deposit shall be returned to Buyer; (ii) if the Notice of Loan Denial was received by Buyer after that date, the Earnest Money Deposit shall be released to Seller, and Seller agrees to accept as Seller's exclusive remedy the Earnest Money Deposit as liquidated damages. A failure to cancel as provided in this Section 2.3(b) shall have no effect on the Financing Condition set forth in Section 2.2(a). Cancellation pursuant to the provisions of any other section of this Contract shall be governed by such other provisions.

2.4 Appraisal Condition. Buyer's obligation to purchase the Property ☒ IS ☐ IS NOT conditioned upon the Property appraising for not less than the Purchase Price. This condition is referred to as the "Appraisal Condition". If the Appraisal Condition applies and the Buyer receives written notice from the Lender that the Property has appraised for less than the Purchase Price (a "Notice of Appraised Value"). Buyer may cancel this Contract by providing a copy of such written notice to Seller no later than three days after Buyer's receipt of such written notice. In the event of a cancellation under this Section 2.4: (i) if the Notice of Appraised Value was received by Buyer no later than the Appraisal Deadline referenced in Section 24(e), the Earnest Money Deposit shall be returned to Buyer; (ii) if the Notice of Appraised Value was received by Buyer after that date, the Earnest Money Deposit shall be released to Seller, and Seller agrees to accept as Seller's exclusive remedy, the Earnest Money Deposit as liquidated damages. A failure to cancel as provided in this Section 2.4 shall be deemed a waiver of the Appraisal Condition by Buyer. Cancellation pursuant to the provisions of any other section of this Contract shall be governed by such other provisions.

3. SETTLEMENT AND CLOSING.

Settlement shall take place on the Settlement Deadline referenced in Section 24(f), or on a date upon which Buyer and Seller agree in writing. "Settlement" shall occur only when all of the following have been completed: (a) Buyer and Seller have signed and delivered to each other or to the escrow/closing office all documents required by this Contract, by the Lender, by written escrow instructions or by applicable law; (b) any monies required to be paid by Buyer under these documents (except for the proceeds of any new loan) have been delivered by Buyer to Seller or to the escrow/closing office in the form of collected or cleared funds; and (c) any monies required to be paid by Seller under these documents have been delivered by Seller to Buyer or to the escrow/closing office in the form of collected or cleared funds. Seller and Buyer shall each pay one-half (?) of the fee charged by the escrow/closing office for its services in the settlement/closing process. Taxes and assessments for the current year, rents, and interest on assumed obligations shall be prorated at Settlement as set forth in this Section. Tenant deposits (including, but not limited to, security deposits, cleaning deposits and prepaid rents) shall be paid or credited by Seller to Buyer at Settlement. Prorations set forth in this Section shall be made as of the Settlement Deadline date referenced in Section 24(f), unless otherwise agreed to in writing by the parties. Such writing could include the settlement statement. The transaction will be considered closed when Settlement has been completed, and when all of the following have been completed: (i) the proceeds of any new loan have been delivered by the Lender to Seller or to the escrow/closing office; and (ii) the applicable Closing documents have been recorded in the office of the county recorder. The actions described in parts (i) and (ii) of the preceding sentence shall be completed within four calendar days of Settlement.

4. POSSESSION. Seller shall deliver physical possession to Buyer within: ☐ _____ hours ☐ _____ days after Closing; ☒ Other (specify) At Recording

5. CONFIRMATION OF AGENCY DISCLOSURE. At the signing of this Contract:

☐ Seller's Initials ☒ Buyer's Initials

The Listing Agent, Darcy Thompson, represents ☒ Seller ☐ Buyer ☐ both Buyer and Seller as a Limited Agent;
The Listing Broker, Prudential, represents ☒ Seller ☐ Buyer ☐ both Buyer and Seller as a Limited Agent;
The Selling Agent, Ann Fureder, represents ☐ Seller ☒ Buyer ☐ both Buyer and Seller as a Limited Agent;
The Selling Broker, Century 21 At The Rockies, represents ☐ Seller ☒ Buyer ☐ both Buyer and Seller as a Limited Agent

6. **TITLE INSURANCE.** At Settlement, Seller agrees to pay for a standard-coverage owner's policy of title insurance insuring Buyer in the amount of the Purchase Price. Any additional title insurance coverage shall be at Buyer's expense.

7. **SELLER DISCLOSURES.** No later than the Seller Disclosure Deadline referenced in Section 24(b), Seller shall provide to Buyer the following documents which are collectively referred to as the "Seller Disclosures":

- (a) a Seller property condition disclosure for the Property, signed and dated by Seller;
- (b) a commitment for the policy of title insurance;
- (c) a copy of any leases affecting the Property not expiring prior to Closing;
- (d) written notice of any claims and/or conditions known to Seller relating to environmental problems and building or zoning code violations; and
- (e) Other (specify) _____

8. **BUYER'S RIGHT TO CANCEL BASED ON EVALUATIONS AND INSPECTIONS.** Buyer's obligation to purchase under this Contract (check applicable boxes):

- (a) ☒ IS ☐ IS NOT conditioned upon Buyer's approval of the content of all the Seller Disclosures referenced in Section 7;
- (b) ☒ IS ☐ IS NOT conditioned upon Buyer's approval of a physical condition inspection of the Property;
- (c) ☐ IS ☒ IS NOT conditioned upon Buyer's approval of a survey of the Property by a licensed surveyor ("Survey");
- (d) ☒ IS ☐ IS NOT conditioned upon Buyer's approval of the cost, terms and availability of homeowner's insurance coverage for the Property;
- (e) ☒ IS ☐ IS NOT conditioned upon Buyer's approval of the following tests and evaluations of the Property: (specify) _____

Professional Home Inspection

If any of the above items are checked in the affirmative, then Sections 8.1, 8.2, 8.3 and 8.4 apply; otherwise, they do not apply. The items checked in the affirmative above are collectively referred to as the "Evaluations & Inspections." Unless otherwise provided in this Contract, the Evaluations & Inspections shall be paid for by Buyer and shall be conducted by individuals or entities of Buyer's choice. Seller agrees to cooperate with the Evaluations & Inspections and with the walk-through inspection under Section 11.

8.1 **Evaluations & Inspections Deadline.** No later than the Evaluations & Inspections Deadline referenced in Section 24(c) Buyer shall: (a) complete all Evaluations & Inspections; and (b) determine if the Evaluations & Inspections are acceptable to Buyer.

8.2 **Right to Cancel or Object.** If Buyer determines that the Evaluations & Inspections are unacceptable, Buyer may, no later than the Evaluations & Inspections Deadline, either: (a) cancel this Contract by providing written notice to Seller, whereupon the Earnest Money Deposit shall be released to Buyer; or (b) provide Seller with written notice of objections.

8.3 **Failure to Respond.** If by the expiration of the Evaluations & Inspections Deadline, Buyer does not: (a) cancel this Contract as provided in Section 8.2; or (b) deliver a written objection to Seller regarding the Evaluations & Inspections, the Evaluations & Inspections shall be deemed approved by Buyer.

8.4 **Response by Seller.** If Buyer provides written objections to Seller, Buyer and Seller shall have seven calendar days after Seller's receipt of Buyer's objections (the "Response Period") in which to agree in writing upon the manner of resolving Buyer's objections. Except as provided in Section 10.2, Seller may, but shall not be required to, resolve Buyer's objections. If Buyer and Seller have not agreed in writing upon the manner of resolving Buyer's objections, Buyer may cancel this Contract by providing written notice to Seller no later than three calendar days after expiration of the Response Period, whereupon the Earnest Money Deposit shall be released to Buyer. If this Contract is not canceled by Buyer under this Section 8.4, Buyer's objections shall be deemed waived by Buyer. This waiver shall not affect those items warranted in Section 10.

9. **ADDITIONAL TERMS.** There ☒ ARE ☐ ARE NOT addenda to this Contract containing additional terms. If there are, the terms of the following addenda are incorporated into this Contract by this reference: ☐ Addendum No. 1
☐ Seller Financing Addendum ☐ FHA/VA Loan Addendum ☐ Assumption Addendum
☐ Lead-Based Paint Disclosure & Acknowledgement (in some transactions this disclosure is required by law)
☐ Lead-Based Paint Addendum (in some transactions this addendum is required by law)
☐ Other (specify) _____

10. SELLER WARRANTIES & REPRESENTATIONS.

10.1 Condition of Title. Seller represents that Seller has fee title to the Property and will convey good and marketable title to Buyer at Closing by general warranty deed. Buyer agrees, however, to accept title to the Property subject to the following matters of record: easements, deed restrictions, CC&R's (meaning covenants, conditions and restrictions), and rights-of-way; and subject to the contents of the Commitment for Title Insurance as agreed to by Buyer under Section 8. Buyer also agrees to take the Property subject to existing leases affecting the Property and not expiring prior to Closing. Buyer agrees to be responsible for taxes, assessments, homeowners association dues, utilities, and other services provided to the Property after Closing. Except for any loan(s) specifically assumed by Buyer under Section 2.1(c), Seller will cause to be paid off by Closing all mortgages, trust deeds, judgments, mechanic's liens, tax liens and warrants. Seller will cause to be paid current by Closing all assessments and homeowners association dues.

10.2 Condition of Property. Seller warrants that the Property will be in the following condition **ON THE DATE SELLER DELIVERS PHYSICAL POSSESSION TO BUYER:**

- (a) the Property shall be broom-clean and free of debris and personal belongings. Any Seller or tenant moving-related damage to the Property shall be repaired at Seller's expense;
- (b) the heating, cooling, electrical, plumbing and sprinkler systems and fixtures, and the appliances and fireplaces will be in working order and fit for their intended purposes;
- (c) the roof and foundation shall be free of leaks known to Seller;
- (d) any private well or septic tank serving the Property shall have applicable permits, and shall be in working order and fit for its intended purpose; and
- (e) the Property and improvements, including the landscaping, will be in the same general condition as they were on the date of Acceptance.

10.3 Home Warranty Plan. The "Home Warranty Plan" referenced in this Section 10.3 is separate from the warranties provided by Seller under Sections 10.1 and 10.2 above. (Check applicable boxes): A one-year Home Warranty Plan ☐ WILL ☒ WILL NOT be included in this transaction. If included, the Home Warranty Plan shall be ordered by ☐ Buyer ☐ Seller and shall be issued by a company selected by ☐ Buyer ☐ Seller. The cost of the Home Warranty Plan shall not exceed \$_____ and shall be paid for at Settlement by ☐ Buyer ☐ Seller.

11. WALK-THROUGH INSPECTION. Before Settlement, Buyer may, upon reasonable notice and at a reasonable time, conduct a "walk-through" inspection of the Property to determine only that the Property is "as represented," meaning that the items referenced in Sections 1.1, 8.4 and 10.2 ("the items") are respectively present, repaired/changed as agreed, and in the warranted condition. If the items are not as represented, Seller will, prior to Settlement, replace, correct or repair the items or, with the consent of Buyer (and Lender if applicable), escrow an amount at Settlement to provide for the same. The failure to conduct a walk-through inspection, or to claim that an item is not as represented, shall not constitute a waiver by Buyer of the right to receive, on the date of possession, the items as represented.

12. CHANGES DURING TRANSACTION. Seller agrees that from the date of Acceptance until the date of Closing, none of the following shall occur without the prior written consent of Buyer: (a) no changes in any existing leases shall be made; (b) no new leases shall be entered into; (c) no substantial alterations or improvements to the Property shall be made or undertaken; and (d) no further financial encumbrances to the Property shall be made.

13. AUTHORITY OF SIGNERS. If Buyer or Seller is a corporation, partnership, trust, estate, limited liability company, or other entity, the person executing this Contract on its behalf warrants his or her authority to do so and to bind Buyer and Seller.

14. COMPLETE CONTRACT. This Contract together with its addenda, any attached exhibits, and Seller Disclosures, constitutes the entire Contract between the parties and supersedes and replaces any and all prior negotiations, representations, warranties, understandings or contracts between the parties. This Contract cannot be changed except by written agreement of the parties.

15. DISPUTE RESOLUTION. The parties agree that any dispute, arising prior to or after Closing, related to this Contract (check applicable box)

☒ SHALL

☐ MAY AT THE OPTION OF THE PARTIES

first be submitted to mediation. If the parties agree to mediation, the dispute shall be submitted to mediation through a mediation provider mutually agreed upon by the parties. Each party agrees to bear its own costs of mediation. If mediation fails, the other procedures and remedies available under this Contract shall apply. Nothing in this Section 15 shall prohibit any party from seeking emergency equitable relief pending mediation.

16. DEFAULT. If Buyer defaults, Seller may elect either to retain the Earnest Money Deposit as liquidated damages, or to return it and sue Buyer to specifically enforce this Contract or pursue other remedies available at law. If Seller defaults, in addition to return of the Earnest Money Deposit, Buyer may elect either to accept from Seller a sum equal to the Earnest Money Deposit as liquidated damages, or may sue Seller to specifically enforce this Contract or pursue other remedies available at law. If Buyer elects to accept liquidated damages, Seller agrees to pay the liquidated damages to Buyer upon demand. It is agreed that denial of a Loan Application made by the Buyer is not a default and is governed by Section 2.3(b).

17. ATTORNEY FEES AND COSTS. In the event of litigation or binding arbitration to enforce this Contract, the prevailing party shall be entitled to costs and reasonable attorney fees. However, attorney fees shall not be awarded for participation in mediation under Section 15.

18. NOTICES. Except as provided in Section 23, all notices required under this Contract must be: (a) in writing; (b) signed by the party giving notice; and (c) received by the other party or the other party's agent no later than the applicable date referenced in this Contract.

19. ABROGATION. Except for the provisions of Sections 10.1, 10.2, 15 and 17 and express warranties made in this Contract, the provisions of this Contract shall not apply after Closing.

20. RISK OF LOSS. All risk of loss to the Property, including physical damage or destruction to the Property or its improvements due to any cause except ordinary wear and tear and loss caused by a taking in eminent domain, shall be borne by Seller until the transaction is closed.

21. TIME IS OF THE ESSENCE. Time is of the essence regarding the dates set forth in this Contract. Extensions must be agreed to in writing by all parties. Unless otherwise explicitly stated in this Contract: (a) performance under each Section of this Contract which references a date shall absolutely be required by 5:00 PM Mountain Time on the stated date; and (b) the term "days" shall mean calendar days and shall be counted beginning on the day following the event which triggers the timing requirement (i.e., Acceptance, Notice of Loan Denial, etc.). Performance dates and times referenced herein shall not be binding upon title companies, lenders, appraisers and others not parties to this Contract, except as otherwise agreed to in writing by such non-party.

22. FAX TRANSMISSION AND COUNTERPARTS. Facsimile (fax) transmission of a signed copy of this Contract, any addenda and counteroffers, and the retransmission of any signed fax shall be the same as delivery of an original. This Contract and any addenda and counteroffers may be executed in counterparts.

23. ACCEPTANCE. "Acceptance" occurs when Seller or Buyer, responding to an offer or counteroffer of the other: (a) signs the offer or counteroffer where noted to indicate acceptance; and (b) communicates to the other party or to the other party's agent that the offer or counteroffer has been signed as required.

24. CONTRACT DEADLINES. Buyer and Seller agree that the following deadlines shall apply to this Contract:

| | | |
|--|-------------------------|--------|
| (a) Loan Application & Fee Deadline | <u>August 11, 2005</u> | (Date) |
| (b) Seller Disclosure Deadline | <u>August 11, 2005</u> | (Date) |
| (c) Evaluations & Inspections Deadline | <u>Sept 22, 2005</u> | (Date) |
| (d) Loan Denial Deadline | <u>Oct 6, 2005</u> | (Date) |
| (e) Appraisal Deadline | <u>Oct 3, 2005</u> | (Date) |
| (f) Settlement Deadline | <u>October 11, 2005</u> | (Date) |

25. OFFER AND TIME FOR ACCEPTANCE. Buyer offers to purchase the Property on the above terms and conditions. If Seller does not accept this offer by 6:00 [] AM [X] PM Mountain Time on Aug 2, 05 (Date), this offer shall lapse; and the Brokerage shall retain the Earnest Money Deposit to Buyer.

[Signature]
(Buyer's Signature)

9/4/05
(Offer Date)

(Buyer's Signature)

(Offer Date)

The later of the above Offer Dates shall be referred to as the "Offer Reference Date"

(Buyers' Names) (PLEASE PRINT)

(Notice Address)

(Zip Code)

(Phone)

ACCEPTANCE/COUNTEROFFER/REJECTION

CHECK ONE:

[] ACCEPTANCE OF OFFER TO PURCHASE: Seller Accepts the foregoing offer on the terms and conditions specified above.

[] COUNTEROFFER: Seller presents for Buyer's Acceptance the terms of Buyer's offer subject to the exceptions or modifications as specified in the attached ADDENDUM NO. _____.

(Seller's Signature)

(Date)

(Time)

(Seller's Signature)

(Date)

(Time)

(Sellers' Names) (PLEASE PRINT)

(Notice Address)

(Zip Code)

(Phone)

[] REJECTION: Seller Rejects the foregoing offer.

(Seller's Signature)

(Date)

(Time)

(Seller's Signature)

(Date)

(Time)

DOCUMENT RECEIPT

State law requires Broker to furnish Buyer and Seller with copies of this Contract bearing all signatures. (Fill in applicable section below.)

A. I acknowledge receipt of a final copy of the foregoing Contract bearing all signatures:

(Buyer's Signature)

(Date)

(Buyer's Signature)

(Date)

(Seller's Signature)

(Date)

(Seller's Signature)

(Date)

B. I personally caused a final copy of the foregoing Contract bearing all signatures to be [] faxed [] mailed [] hand delivered on _____ (Date), postage prepaid, to the [] Seller [] Buyer.

Sent/Delivered by (specify) _____

THIS FORM APPROVED BY THE UTAH REAL ESTATE COMMISSION AND THE OFFICE OF THE UTAH ATTORNEY GENERAL, EFFECTIVE AUGUST 5, 2003. IT REPLACES AND SUPERSEDES ALL PREVIOUSLY APPROVED VERSIONS OF THIS FORM.

ADDENDUM NO. 1

TO

REAL ESTATE PURCHASE CONTRACT



THIS IS AN ☒ ADDENDUM ☐ COUNTEROFFER to that REAL ESTATE PURCHASE CONTRACT (the "REPC") with an Offer Reference Date of August 4, 2003, including all prior addenda and counteroffers, between David Duke / Buyer as Buyer, and MC Corp. as Seller, regarding the Property located at 735 + 6th St. 700E. The following terms are hereby incorporated as part of the REPC: 1. 700D, 700A, 700B, 700C, 700E, 700F, 700G, 700H, 700I, 700J, 700K, 700L, 700M, 700N, 700O, 700P, 700Q, 700R, 700S, 700T, 700U, 700V, 700W, 700X, 700Y, 700Z, 700AA, 700AB, 700AC, 700AD, 700AE, 700AF, 700AG, 700AH, 700AI, 700AJ, 700AK, 700AL, 700AM, 700AN, 700AO, 700AP, 700AQ, 700AR, 700AS, 700AT, 700AU, 700AV, 700AW, 700AX, 700AY, 700AZ, 700BA, 700BB, 700BC, 700BD, 700BE, 700BF, 700BG, 700BH, 700BI, 700BJ, 700BK, 700BL, 700BM, 700BN, 700BO, 700BP, 700BQ, 700BR, 700BS, 700BT, 700BU, 700BV, 700BW, 700BX, 700BY, 700BZ, 700CA, 700CB, 700CC, 700CD, 700CE, 700CF, 700CG, 700CH, 700CI, 700CJ, 700CK, 700CL, 700CM, 700CN, 700CO, 700CP, 700CQ, 700CR, 700CS, 700CT, 700CU, 700CV, 700CW, 700CX, 700CY, 700CZ, 700DA, 700DB, 700DC, 700DD, 700DE, 700DF, 700DG, 700DH, 700DI, 700DJ, 700DK, 700DL, 700DM, 700DN, 700DO, 700DP, 700DQ, 700DR, 700DS, 700DT, 700DU, 700DV, 700DW, 700DX, 700DY, 700DZ, 700EA, 700EB, 700EC, 700ED, 700EE, 700EF, 700EG, 700EH, 700EI, 700EJ, 700EK, 700EL, 700EM, 700EN, 700EO, 700EP, 700EQ, 700ER, 700ES, 700ET, 700EU, 700EV, 700EW, 700EX, 700EY, 700EZ, 700FA, 700FB, 700FC, 700FD, 700FE, 700FF, 700FG, 700FH, 700FI, 700FJ, 700FK, 700FL, 700FM, 700FN, 700FO, 700FP, 700FQ, 700FR, 700FS, 700FT, 700FU, 700FV, 700FW, 700FX, 700FY, 700FZ, 700GA, 700GB, 700GC, 700GD, 700GE, 700GF, 700GG, 700GH, 700GI, 700GJ, 700GK, 700GL, 700GM, 700GN, 700GO, 700GP, 700GQ, 700GR, 700GS, 700GT, 700GU, 700GV, 700GW, 700GX, 700GY, 700GZ, 700HA, 700HB, 700HC, 700HD, 700HE, 700HF, 700HG, 700HH, 700HI, 700HJ, 700HK, 700HL, 700HM, 700HN, 700HO, 700HP, 700HQ, 700HR, 700HS, 700HT, 700HU, 700HV, 700HW, 700HX, 700HY, 700HZ, 700IA, 700IB, 700IC, 700ID, 700IE, 700IF, 700IG, 700IH, 700II, 700IJ, 700IK, 700IL, 700IM, 700IN, 700IO, 700IP, 700IQ, 700IR, 700IS, 700IT, 700IU, 700IV, 700IW, 700IX, 700IY, 700IZ, 700JA, 700JB, 700JC, 700JD, 700JE, 700JF, 700JG, 700JH, 700JI, 700JJ, 700JK, 700JL, 700JM, 700JN, 700JO, 700JP, 700JQ, 700JR, 700JS, 700JT, 700JU, 700JV, 700JW, 700JX, 700JY, 700JZ, 700KA, 700KB, 700KC, 700KD, 700KE, 700KF, 700KG, 700KH, 700KI, 700KJ, 700KK, 700KL, 700KM, 700KN, 700KO, 700KP, 700KQ, 700KR, 700KS, 700KT, 700KU, 700KV, 700KW, 700KX, 700KY, 700KZ, 700LA, 700LB, 700LC, 700LD, 700LE, 700LF, 700LG, 700LH, 700LI, 700LJ, 700LK, 700LL, 700LM, 700LN, 700LO, 700LP, 700LQ, 700LR, 700LS, 700LT, 700LU, 700LV, 700LW, 700LX, 700LY, 700LZ, 700MA, 700MB, 700MC, 700MD, 700ME, 700MF, 700MG, 700MH, 700MI, 700MJ, 700MK, 700ML, 700MM, 700MN, 700MO, 700MP, 700MQ, 700MR, 700MS, 700MT, 700MU, 700MV, 700MW, 700MX, 700MY, 700MZ, 700NA, 700NB, 700NC, 700ND, 700NE, 700NF, 700NG, 700NH, 700NI, 700NJ, 700NK, 700NL, 700NM, 700NN, 700NO, 700NP, 700NQ, 700NR, 700NS, 700NT, 700NU, 700NV, 700NW, 700NX, 700NY, 700NZ, 700OA, 700OB, 700OC, 700OD, 700OE, 700OF, 700OG, 700OH, 700OI, 700OJ, 700OK, 700OL, 700OM, 700ON, 700OO, 700OP, 700OQ, 700OR, 700OS, 700OT, 700OU, 700OV, 700OW, 700OX, 700OY, 700OZ, 700PA, 700PB, 700PC, 700PD, 700PE, 700PF, 700PG, 700PH, 700PI, 700PJ, 700PK, 700PL, 700PM, 700PN, 700PO, 700PP, 700PQ, 700PR, 700PS, 700PT, 700PU, 700PV, 700PW, 700PX, 700PY, 700PZ, 700QA, 700QB, 700QC, 700QD, 700QE, 700QF, 700QG, 700QH, 700QI, 700QJ, 700QK, 700QL, 700QM, 700QN, 700QO, 700QP, 700QQ, 700QR, 700QS, 700QT, 700QU, 700QV, 700QW, 700QX, 700QY, 700QZ, 700RA, 700RB, 700RC, 700RD, 700RE, 700RF, 700RG, 700RH, 700RI, 700RJ, 700RK, 700RL, 700RM, 700RN, 700RO, 700RP, 700RQ, 700RR, 700RS, 700RT, 700RU, 700RV, 700RW, 700RX, 700RY, 700RZ, 700SA, 700SB, 700SC, 700SD, 700SE, 700SF, 700SG, 700SH, 700SI, 700SJ, 700SK, 700SL, 700SM, 700SN, 700SO, 700SP, 700SQ, 700SR, 700SS, 700ST, 700SU, 700SV, 700SW, 700SX, 700SY, 700SZ, 700TA, 700TB, 700TC, 700TD, 700TE, 700TF, 700TG, 700TH, 700TI, 700TJ, 700TK, 700TL, 700TM, 700TN, 700TO, 700TP, 700TQ, 700TR, 700TS, 700TT, 700TU, 700TV, 700TW, 700TX, 700TY, 700TZ, 700UA, 700UB, 700UC, 700UD, 700UE, 700UF, 700UG, 700UH, 700UI, 700UJ, 700UK, 700UL, 700UM, 700UN, 700UO, 700UP, 700UQ, 700UR, 700US, 700UT, 700UU, 700UV, 700UW, 700UX, 700UY, 700UZ, 700VA, 700VB, 700VC, 700VD, 700VE, 700VF, 700VG, 700VH, 700VI, 700VJ, 700VK, 700VL, 700VM, 700VN, 700VO, 700VP, 700VQ, 700VR, 700VS, 700VT, 700VU, 700VV, 700VW, 700VX, 700VY, 700VZ, 700WA, 700WB, 700WC, 700WD, 700WE, 700WF, 700WG, 700WH, 700WI, 700WJ, 700WK, 700WL, 700WM, 700WN, 700WO, 700WP, 700WQ, 700WR, 700WS, 700WT, 700WU, 700WV, 700WW, 700WX, 700WY, 700WZ, 700XA, 700XB, 700XC, 700XD, 700XE, 700XF, 700XG, 700XH, 700XI, 700XJ, 700XK, 700XL, 700XM, 700XN, 700XO, 700XP, 700XQ, 700XR, 700XS, 700XT, 700XU, 700XV, 700XW, 700XX, 700XY, 700XZ, 700YA, 700YB, 700YC, 700YD, 700YE, 700YF, 700YG, 700YH, 700YI, 700YJ, 700YK, 700YL, 700YM, 700YN, 700YO, 700YP, 700YQ, 700YR, 700YS, 700YT, 700YU, 700YV, 700YW, 700YX, 700YY, 700YZ, 700ZA, 700ZB, 700ZC, 700ZD, 700ZE, 700ZF, 700ZG, 700ZH, 700ZI, 700ZJ, 700ZK, 700ZL, 700ZM, 700ZN, 700ZO, 700ZP, 700ZQ, 700ZR, 700ZS, 700ZT, 700ZU, 700ZV, 700ZW, 700ZX, 700ZY, 700ZZ

* Buyer to receive and approve: 1. Rent Roll for all units
2. Ego's Rental history
3. P & S Statement
4. Copy of all lease agreements

* Purchase Price to include 6% Commission!

BUYER AND SELLER AGREE THAT THE CONTRACT DEADLINES REFERENCED IN SECTION 24 OF THE REPC (CHECK APPLICABLE BOX): ☐ REMAIN UNCHANGED ☐ ARE CHANGED AS FOLLOWS: _____

To the extent the terms of this ADDENDUM modify or conflict with any provisions of the REPC, including all prior addenda and counteroffers, these terms shall control. All other terms of the REPC, including all prior addenda and counteroffers, not modified by this ADDENDUM shall remain the same. ☐ Seller ☐ Buyer shall have until 6:00 ☐ AM ☒ PM Mountain Time on Aug 8, 2003 (Date), to accept the terms of this ADDENDUM in accordance with the provisions of Section 23 of the REPC. Unless so accepted, the offer as set forth in this ADDENDUM shall lapse.

☒ Buyer ☐ Seller Signature _____

Date _____ Time _____

☐ Buyer ☐ Seller Signature _____

Date _____ Time _____

ACCEPTANCE/COUNTEROFFER/REJECTION

CHECK ONE:

☐ ACCEPTANCE: ☐ Seller ☐ Buyer hereby accepts the terms of this ADDENDUM.

☐ COUNTEROFFER: ☐ Seller ☐ Buyer presents as a counteroffer the terms of attached ADDENDUM NO. _____

(Signature) _____

(Date) _____

(Time) _____

(Signature) _____

(Date) _____

(Time) _____

☐ REJECTION: ☐ Seller ☐ Buyer rejects the foregoing ADDENDUM.

(Signature) _____

(Date) _____

(Time) _____

(Signature) _____

(Date) _____

(Time) _____

THIS FORM APPROVED BY THE UTAH REAL ESTATE COMMISSION AND THE OFFICE OF THE UTAH ATTORNEY GENERAL, EFFECTIVE AUGUST 5, 2003. IT REPLACES AND SUPERSEDES ALL PREVIOUSLY APPROVED VERSIONS OF THIS FORM.

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DT0200

Tab 4

ADDENDUM “4”

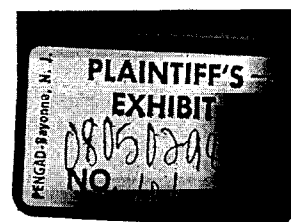
To Dray Thampsa
From Rich Murset

Includes :

Rent Rolls

P&L statements

Sample Rental Agreement



DT011

| A | B | C | D | E | F | G | H | I | J | K | L | M | N | |
|-------|--------------------------------------|--------|------------|---------|---------|-------|------------|-------|-----|---------|-----------|------|--------|--------|
| Unit | Tenants Names | Bed/ba | Phone | Rent \$ | Dep. \$ | Lease | Lease date | Pet | Add | Dep. \$ | Filter sz | Keys | In/Out | CrimeF |
| A | Jorge Torres, Cecilia Casique | 3/1.5 | 229-5810 | 575 | 500 | yes | 2/6/03 | na | na | 20X25 | Y | Y | Y | |
| B | Wade & Heidi Selman | 3/1.5 | 628-7232 | 575 | 500 | yes | 9/23/04 | dog | 250 | 20X25 | Y | Y | Y | |
| C | Twitchell, Dale | 3/1.5 | 688-7642 | 560 | 300 | No | 6/13/99 | na | na | 20X25 | Y | Y | N | |
| D | Jose Ortega | 3/1.5 | 652-9031 | 575 | 500 | Yes | 5/13/02 | na | na | 20X25 | Y | Y | Y | |
| E | Marsa Moore | 3/1.5 | 675-9251 | 575 | 500 | yes | 9/7/04 | na | na | 20X25 | Y | Y | Y | |
| F | Ortiz, Carlos Jr. 229-8408 | 3/1.5 | 656-3032 | 535 | 300 | Old | 2/4/98 | na | na | 20X25 | N | N | N | |
| G | Tamara Hatch | 3/1.5 | 674-3193 | 575 | 500 | yes | 2/4/02 | cat | 250 | 20X25 | Y | Y | Y | |
| H | Ben and Janet Smith | 3/1.5 | 467-7505 | 575 | 500 | yes | 1/16/04 | na | na | 20X25 | Y | Y | Y | |
| I | Amanda & Loretta Sonnenberg | 3/1.5 | 668-0001wk | 575 | 500 | yes | 8/27/04 | na | na | 20X25 | Y | Y | Y | |
| J | Faviola Orea, Antonio Martinez | 3/1.5 | 673-6854 | 575 | 500 | yes | 8/18/01 | na | na | 20X25 | Y | N | Y | |
| K | Jason & Kendra Wilson | 3/1.5 | 229-1291 | 575 | 500 | yes | 4/27/04 | na | na | 20X25 | Y | Y | Y | |
| L | Rick & Mary McFadden | 3/1.5 | 229-1061 | 575 | 500 | yes | 4/12/03 | na | na | 20X25 | Y | Y | Y | |
| M | Adame, Francisco | 3/1.5 | 656-2824 | 575 | 500 | yes | 11/13/00 | na | na | 20X25 | Y | N | Y | |
| above | All apartments are 1218 sq. ft. each | | | | | | | | | | | | | |
| 171 N | Liberty White | 1/1 | 467-1272 | 450 | 300 | yes | 8/4/05 | cat | 0 | | Y | | Y | |
| 55 E. | Graham Bird/Shandon Davis | 2/1.5 | 635-9169 | 575 | 500 | yes | 2/23/05 | na | na | na | Y | | Y | |
| 51 E. | Suzanne Leavitt | 2/1 | 635- | 518 | 400 | yes | 4/1/04 | na | na | | Y | Y | Y | |
| 49 E. | Garrett Staker/Luke Gubler | 2/1 | 669-1598 | 525 | 400 | yes | 8/16/04 | na | na | | Y | Y | Y | |
| 0 | | | | | | | | | | | | | | |
| 118N | Morgan & Colleen Harris | 2/1 | 635-4951 | 300 | 0 | no | 6/1/05 | na | na | na | Y | N | N | |
| 167 A | B.J. & MaryAnne Yazzie NE | 2/1 | 862-7775 | 575 | 1095 | yes | 1/1/03 | na | na | na | | Y | | |
| 167 B | Jace & Amy Lambeth | 2/1 | | 550 | 500 | yes | 7/20/05 | na | na | na | Y | | Y | |
| 167 C | Todd Farnsworth | 3/1 | 619-0619 | 575 | 500 | yes | 5/15/05 | na | na | na | Y | | Y | |
| 167 D | Bruce & Sherri Pettus SW | 2/1 | 635-5440 | 525 | 450 | yes | 4/1/03 | na | na | na | | Y | | |
| 0 | | | | | | | | | | | | | | |
| 248A | Danny & Angelique Lopez | 3/2 | 467-8766 | 650 | 500 | Yes | 10/30/04 | na | na | na | Y | N | Y | |
| 246B | Donny & Kristine Nelson | 3/2 | | 625 | 500 | yes | 4/15/05 | na | na | na | Y | N | Y | |
| 0 | Filters are all 20 X 25 | | | | | | | | | | | | | |
| 0 | | | | | | | | | | | | | | |
| 131V | Lois Edler | 2/1 | 635-7167 | 600 | 500 | yes | 7/1/05 | 2cats | 0 | na | y | y | y | |
| 129V | James & Ashley Stout | 2/1 | 635-2640 | 500 | 150 | old | 9/1/04 | | | | | | | |

| A | B | C | D | E | F | G | H | I | J | K | L | M | N |
|-------|---------------------------------------|--------|-------------|---------|--------|-------|------------|---------|--------|-----------|------|--------|--------|
| Unit | Tenants Names | Bed/ba | Phone | Rent \$ | Dep.\$ | Lease | Lease date | Pet Add | Dep.\$ | Filter sz | Keys | Ir/out | CrimeF |
| 1 | Jose & Alejandra Ruiz | 3/1.5 | 673-1781 | 610 | 500 | yes | 6/1/04 | na | na | 20X30 | Y | Y | Y |
| 2 | Aaron Reep | 3/1.5 | 674-2920 | 610 | 500 | yes | 5/17/02 | dog | 250 | 20X30 | Y | Y | Y |
| 3 | David & Shelly Harris | 3/1.5 | 674-2376 | 610 | 500 | yes | 7/11/03 | na | na | 20X30 | Y | Y | Y |
| 4 | Andrew & Amy Carpenter | 2/1 | 652-8175 | 525 | 400 | yes | 3/28/02 | na | na | 16 X 20 | Y | Y | Y |
| 5 | Eric & Ahsley Lundquist | 2/1 | 229-7235/36 | 525 | 400 | yes | 7/17/03 | na | na | 20X25 | Y | Y | Y |
| 6 | Scott Pierce | 2/1 | 862-4873 | 525 | 400 | yes | 2/19/04 | na | na | 16 X 20 | Y | Y | Y |
| 7 | Rowdy and Brooke Reeve | 2/1 | 674-5514 | 525 | 400 | yes | 4/21/01 | na | na | 20X25 | Y | N | Y |
| 8 | Ken & Amity Hulse | 2/1 | | 525 | 500 | yes | 7/20/04 | na | na | 16 X 20 | Y | Y | Y |
| 9 | Truston & Krystal Humphries | 2/1 | 668-9512 | 525 | 400 | yes | 12/1/04 | na | na | 20X25 | Y | Y | Y |
| 10 | Nick Marshall | 2/1 | | 530 | 400 | yes | 5/12/05 | na | na | 16X20 | Y | | Y |
| 11 | Jon & Jessica Washburn | 2/1 | 673-2253 | 525 | 400 | yes | 8/26/04 | na | na | 20X25 | Y | Y | Y |
| 12 | Margaret Schoenfeld | 3/1.5 | 688-2124 | 610 | 500 | yes | 3/30/03 | na | na | 20X30 | Y | Y | Y |
| 13 | Tim & Sandra Hansen | 3/1.5 | 313-2929 | 610 | 500 | yes | 8/15/01 | 1 cat | 250 | 20X30 | Y | N | Y |
| 14 | Victoria, Thomas & Christine 680-0890 | 3/1.5 | 680-4659 | 610 | 525 | yes | 10/1/99 | na | na | 20X30 | No | N | Y |
| 15 | Marsha Pitt | 2/1 | 628-0521 | 525 | 500 | yes | 7/6/02 | na | na | 16X20 | Y | Y | Y |
| 16 | Kevin and Lori Murset | 2/1 | 862-3880 | 525 | 0 | yes | 7/1/05 | na | na | 20X30 | Y | Y | Y |
| 17 | Nicholas & Vileena Peterson | 2/1 | 313-0828 | 525 | 400 | yes | 2/14/05 | na | na | 16X20 | Y | | Y |
| 18 | Dawson & Stefanie Hinton | 2/1 | 656-0562 | 525 | 400 | yes | 8/3/01 | cat | 250 | 20X25 | Y | Y | Y |
| 19 | Mickie Cochran | 3/1.5 | 652-8159 | 610 | 500 | yes | 7/1/01 | na | na | 20X30 | Y | Y | Y |
| 20 | David Pederson | 3/1.5 | 628-5709 | 610 | 500 | yes | 8/6/03 | na | na | 20X30 | Y | Y | Y |
| 21 | Joseph & Ginger Harrison | 2/1 | 656-4265 | 550 | 400 | yes | 4/1/05 | na | na | 16 X 20 | Y | Y | Y |
| 22 | Javier Gutierrez | 2/1 | | 525 | 400 | yes | 6/9/03 | | | 20X30 | Y | Y | Y |
| 23 | Darwin & Deseray Cox | 2/3 | 656-0018 | 550 | 400 | yes | 4/30/05 | na | na | 16 X 20 | Y | Y | Y |
| 24 | Eduardo & Suyapa Orellana | 2/1 | 656-5099 | 525 | 400 | yes | 10/1/02 | na | na | | Y | Y | Y |
| Above | | | | | | | | | | | | | |
| 8 | 3 bedroom apts, each 1218 sq. ft. | | | | | | | | | | | | |
| 16 | 2 bedroom apts., each 887 sq.ft. | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| | Filters; 8-16 X 20 | | | | | | | | | | | | |
| | Filters; 5-20 X 25 | | | | | | | | | | | | |
| | Filters; 11-20 X 30 | | | | | | | | | | | | |
| | Date of this updated list- 8/17/05/05 | | | | | | | | | | | | |

DT013

Rent Roll

Iota LLC 2/1/04
164 N. 160 E. Hurricane UT 84737
1-435-635-4537

MONTH TO MONTH RENTAL AGREEMENT AND LEASE

By this agreement made and entered into on _____ between Iota LLC, herein referred to as LESSOR, and _____ herein referred to as LESSEE. LESSOR leases to LESSEE the premises situated at: _____ in the City of St. George, County of Washington, State of Utah, together with all appurtenances. TERM: The term of this lease shall be a month to month tenancy beginning on _____, 20____. TERMINATION: Either Tenant or Landlord may terminate this lease at any time by giving the other party at least 15 DAYS NOTICE.

1. a. RENT. The Monthly rental amount for the leased premises is _____ Dollars, \$_____ per month.

Rent under this lease shall be payable in advance on the first day of each month. The first months rent of \$_____ shall be deposited on the date of this agreement. In the event rent is not paid within five (5) days after the due date, LESSEE agrees to pay a late charge of 10% of monthly rental amount. LESSEE also agrees to pay \$20.00 for each dishonored bank check. Should a dishonored check result in the rent being late, the late fee of 10% of monthly rental amount, will also be due and payable before rent is considered current for that month. If rent is not received on or before the 6th of the month, LESSEE agrees to pay an additional \$20.00 per day beginning the 7th of the month and continuing thereafter until rent is paid in full.

b. ADDITIONAL RENT. Any payments required of LESSEE hereunder or payments that LESSOR makes due to LESSEE'S default shall be additional rent. IN addition, all sums due under this lease agreement shall bear interest at the rate of 18% per annum, from the date due until paid.

c. UPON TERMINATION OF LEASE. LESSEE agrees that upon termination of lease and the vacating thereof, that additional rent shall be due when causing the LESSOR any delay past the termination date in acquiring the unit, cleaning, repairing, or otherwise making the premises ready for re-rental.

Such delays, which prevent the LESSOR from re-renting the premises include, but are not limited to, the premises being dirty, in disrepair, failure to return all keys (possession) or garage opener, if any, and failure to remove personal property or effects.

The rent chargeable shall be on a pro-rated basis of the then current monthly rent, plus \$50.00 service charge to perform the required tasks which, under this contract, are the responsibility of the LESSEE.

Fifteen (15) days notice is required, during which you are responsible for rent.

2. SECURITY DEPOSIT. On execution of this lease, LESSEE deposits with LESSOR _____ Dollars (\$_____),

receipt of which is acknowledge by LESSOR, as security for the faithful performance by the LESSEE of the terms hereon, to be returned to LESSEE, without interest, on the full and faithful performance by him of the provisions hereof. LESSEE may not use the deposit as an offset against any rents due LESSOR hereunder. LESSEE agrees that a professional carpet cleaning by a service of the LESSOR's choice shall be deducted from the deposit upon final departure by

PAGE 1 OF 5 INITIALS _____

DT014

LESSEE. Any damage or repairs not noted at time of move in will also be paid for from this deposit. LESSEE will also be responsible for damages that may exceed the security deposit amount.

3. QUIET ENJOYMENT. LESSOR covenants that on paying the rent and performing the covenants herein contained, LESSEE shall peacefully and quietly have, hold and enjoy the premises for the agreed term.
4. USE OF PREMISES. The premises shall be used and occupied by LESSEE exclusively as a private single family residence, and neither the premises nor any part thereof shall be used at any time during the term of this lease by LESSEE for the purpose of carrying on any business, profession, or trade of any kind, or for any purpose other than as a private single family residence. LESSEE shall comply with all sanitary laws, ordinances, rules and orders of appropriate governmental authorities pertaining to the use of the premises and shall not permit or allow any illegal or unlawful activity on the premises.
5. NUMBER OF OCCUPANTS. LESSEE agrees that the premises shall be occupied by no more than _____ adults and _____ minors. All adults residing in this unit must be signatories to this agreement at all times. INITIALS _____
6. CONDITION OF PREMISES. LESSEE stipulates that he has examined the premises, including the grounds and all buildings and improvements, and that they are at the time of this lease, in good order, repair, and in safe, clean and in tenant able condition. All defects must be noted on move-in, move-out form.
7. ASSIGNMENT AND SUBLETTING. Without the prior written consent of LESSOR, LESSEE shall not assign this lease, or sublet or grant any concession or license to use the premises or any part thereof. A consent by LESSOR to one assignment, subletting, concession, or license shall not be deemed to be a consent to any subsequent assignment, subletting, concession, or license. An assignment, subletting, concession, or license without the prior written consent of LESSOR, or an assignment of subletting by operation of law, shall be void and shall at the LESSOR'S option, terminate this lease.
8. ALTERATIONS. No alteration to the premises shall be made without LESSOR'S written permission. Any alterations made shall become the property of LESSOR as made. Neither this paragraph nor the consent of LESSOR to improvements shall give the LESSEE the authority to obligate LESSOR or encumber the premises for the making of such improvements.
9. DANGEROUS MATERIALS. LESSEE shall not keep or have on the leased premises any article or thing of a dangerous, or explosive character that might unreasonably increase the danger of fire on the leased premises or that might be considered hazardous or extra hazardous by any responsible insurance company.
10. UTILITIES. LESSEE shall be responsible for arranging for and paying all utility services required on the premises. All utilities must remain on for Three (3) days after the premises are vacated to allow for cleaning. INITIALS _____
11. MAINTENANCE AND REPAIR. LESSEE is responsible to see that his unit is kept in good repair and is responsible for all repairs or maintenance that are the result of abuse or neglect caused by either the tenant or his guests. Items that need to be repaired because of normal wear and tear or aging will be provided by the management. LESSEE agrees to promptly inform management of any problems that if not attended to immediately will result in greater damage (water leaks, etc.) If prompt notification is not given the cost of the additional damage will be the responsibility of the LESSEE. PAGE 2 OF 5 INITIALS _____

DT015

12. ANIMALS. LESSEE shall keep no domestic or other animals on or about the leased premises, unless provided by a pet addendum.
13. AIR CONDITION SYSTEMS. LESSEE agrees to change filters once every month which will be provided by management. LESSEE also agrees to not turn the thermostat down to below 70 degrees in the Summer, so as to avoid the unit icing up and necessitating an unnecessary service call. If this occurs LESSEE will be responsible for the cost of this service call. INITIALS _____
14. RIGHT OF ENTRY. Management shall have the right to access to residence for inspection and repair or maintenance during reasonable hours. In case of emergency, Management may enter at any time to protect life and prevent damage to the property. LESSEE also grants permission to Management to show the premises to new rental applicants at reasonable hours of the day, within sixty (60) days prior to the expiration of tenancy.
15. INDEMNIFICATION. LESSEE releases Management from liability for and agrees to indemnify Management against losses, incurred by Management as a result of (a) Resident's failure to fulfill any condition of this agreement; (b) any damage or injury happening in or about residence or premises to Resident's invitees or licensees or such person's property; (c) Resident's failure to comply with any requirements imposed by any governmental authority and (d) any judgement, lien, or other encumbrance filed against residence as a result of Resident's action.
16. MORTGAGEE'S RIGHTS. Resident's rights under this lease shall at all times be automatically junior and subject to any deed or secure debt which is now or shall hereafter be placed on premises of which residence is part/ if requested, Resident shall execute promptly any certificate that Management may request to specifically implement the subordination of this paragraph.
17. HOLD OVER. The parties agree that any holding over by LESSEE under this agreement without the LESSOR'S consent shall be a tenancy at will and in no event shall the LESSEE and LESSOR be deemed to have renewed this lease for an additional term.
18. SURRENDER OF PREMISES. Resident shall deliver possession of residence in good order and repair to Management upon termination or expiration of this lease.
19. DEFAULT. If any default is made in the payment of rent, or any part thereof, at the times hereinbefore specified, or if any default is made in the performance of or compliance with any other term or condition herein, the lease, at the option of LESSOR, shall terminate and be forfeited, and LESSOR may re-enter the premises and remove all persons therefrom. In the event of a default by LESSEE, LESSOR may elect to (a) continue to lease in effect and enforce his rights and remedies hereunder, including the right to recover the rent as it becomes due, or (b) at any time, terminate all LESSEE'S rights hereunder and recover from LESSEE all damages he may incur by reason of the breach of the lease, including the cost of recovering the premises, and including the worth at the time of such termination, or at the time of any award if suit be instituted to enforce this provision, of the amount which the unpaid rent for the balance of the term exceeds the amount of such rental loss which the LESSEE proves could be reasonably avoided.
20. WAIVER. No failure of LESSOR to enforce any term hereof shall be deemed a waiver, nor shall any acceptance of a partial payment of rent be deemed a waiver of LESSOR'S right to the full amount thereof. PAGE 3 OF 5 INITIALS _____

DT016

21. **PROPERTY LOSS.** Management shall not be liable for damage to Resident's property for any type for any reason or cause whatsoever, except where such is due to Management's gross negligence. Resident acknowledge that he/she is aware that he/she responsible for obtaining any desired insurance for fire theft, liability, etc. On personal possessions, family and guests.
22. **FAILURE TO ACT.** Failure of Management to insist upon compliance with the terms of this agreement shall not constitute a waiver of any violation.
23. **NOTICES.** Any notices required by either party of this agreement shall be in writing and shall be delivered personally or by mailing the same postage prepaid to LESSEE at the premises or LESSOR AT: Iota LLC ,164 N. 160 E. HURRICANE, UT 84737 or at such places as may be designated by the parties from time to time in writing.
24. **TIME.** Time is of the essence of this agreement.
25. **BINDING EFFECT.** The covenants and conditions herein contained shall apply to and bind the heirs, legal representative, and assigns to the parties hereto, and all covenants are to be construed as conditions of this lease.
26. **ENTIRE AGREEMENT.** This agreement and any attached addendum constitute the entire agreement between the parties and no oral statements shall be binding. It is the intention of the parties herein that if any part of this rental agreement is invalid, for any reason, such invalidity shall not void the remainder of the lease.
27. **APPLICABLE LAW.** This agreement shall be governed by the laws of Utah.
28. **ATTORNEY'S FEES.** If any action is taken by LESSOR for unlawful detainer of the premises, for the recovery of any rent due under the provisions of this agreement, or for any obligation of LESSEE arising under this agreement or by law, then LESSEE hereby agrees to pay LESSOR all the costs in connection therewith, including but not limited to actual attorney's fees, whether or not suit is filed.
29. **DEPOSITS,** including pet deposits will be forfeited in their entirety if occupants move before six (6) months from the date of this agreement. Initials _____
30. **ADDITIONAL TERMS AND CONDITIONS.** _____

INITIALS _____

IN WITNESS WHEREOF, the parties have executed this lease on the ____ day of _____ 20__
#

Residents Signature _____

Social Security Number

Residents Signature _____

Social Security Number _____

Residents Telephone Number _____

PROPERTY MANAGERS SIGNATURE _____

MANAGERS PHONE NUMBER _____

DT017

CRIME FREE LEASE ADDENDUM

In consideration of the execution or renewal of a lease of the dwelling identified in the lease. Owner and Resident agree as follows:

1. Resident, any members of the resident's household or a guest or other person under the resident's control shall not engage in criminal activity, including drug-related criminal activity, on or near the said premises. "Drug related criminal activity" means the illegal manufacture, sale, distribution, use or possession with intent to manufacture, sell, distribute, or use of a controlled substance (as defined in Section 102 of the Controlled Substance Act (21 U.S. C. 802)).
2. Resident, any member of the resident's household or a guest or other person under the resident's control shall not engage in any act intended to facilitate criminal activity, including drug-related criminal activity, on or near the said premises.
3. Resident or members of the household will not permit the dwelling unit to be used for, or to facilitate criminal activity, including drug-related criminal activity, regardless or whether the individual engaging in such activity is a member of the household, or a guest.
4. Resident, any member of the resident's household or a guest, or another person under the resident's control shall not engage in any illegal activity, including prostitution as defined in UC 76-10-1302, riotous activity as defined in UC 76-9-101, threatening or intimidating as prohibited in UC 76-5-107, 76-10-506, and 76-5-106, assault as prohibited in UC 76-5-102, including but not limited to the unlawful discharge of firearms, on or near the dwelling unit premises, or any breach of the lease agreement that otherwise jeopardizes the health, safety and welfare of the landlord, his agent or other tenant or involving imminent or actual serious property damage as defined in UC 76-6-106.
6. VIOLATION OF THE ABOVE PROVISIONS SHALL BE A MATERIAL AND IRREPARABLE VIOLATION OF THE LEASE AND GOOD CAUSE FOR IMMEDIATE TERMINATION OF TENANCY. A single violation of any of the provisions of this added addendum shall be deemed a serious violation and a material and irreparable non-compliance. It is understood that a single violation shall be good cause for immediate termination of the lease under UC 57-22-5. Unless otherwise provided by law, proof of violation shall not require criminal conviction, but shall be by a preponderance of evidence.
7. In case of conflict between the provisions of this addendum and any other provisions of the lease, the provisions of the addendum shall govern.
8. This LEASE ADDENDUM is incorporated into the lease executed or renewed this day between Owner and Resident.

Resident Signature

Date:

Resident Signature

Date:

Property Manager's Signature

Date

PAGE 5 OF 5

Iota LLC
164 N. 160 E.
Hurricane, UT 84737

Profit & Loss Statement

1/1/05 through 7/31/05

8/17/05
1:12:28 PM

| | | |
|------------------------|-------------|--------------------|
| Income | | |
| Rental Income | \$87,068.64 | |
| Total Income | | <u>\$87,068.64</u> |
| Cost of Sales | | |
| Gross Profit | | <u>\$87,068.64</u> |
| Expenses | | |
| Office Supplies | \$1,613.95 | |
| Business Promotion | \$632.83 | |
| Interest Expense | \$23.60 | |
| Dues & Subscriptions | \$219.93 | |
| Fees Paid | \$112.00 | |
| Insurance | \$3,363.01 | |
| Taxes | \$4,142.76 | |
| Professional Services | \$894.25 | |
| Maintenance & Repairs | \$10,022.56 | |
| HVAC Maint. | \$313.57 | |
| Plumbing | \$667.12 | |
| Carpet/Flooring | \$1,537.00 | |
| Car Maint. and Repair | \$3,931.83 | |
| Carpet cleaning | \$579.05 | |
| Landscape/Yardwork | \$3,504.76 | |
| Postage & Shipping | \$87.96 | |
| Gasoline | \$2,533.35 | |
| Telephone | \$1,288.33 | |
| Travel & Entertainment | \$3,870.86 | |
| Utilities | | |
| Electricity | \$596.35 | |
| Water | \$2,794.46 | |
| Total Expenses | | <u>\$42,729.53</u> |
| Net Profit / (Loss) | | <u>\$44,339.11</u> |

This Statement Reflects more than the 13
units at 669 So. 700 E AND ALSO INCLUDES MANY EXPENSES
NOT RELATED TO THESE UNITS. I WILL MAKE ONE THAT
IS MORE CORRECT FOR JUST THOSE 13 UNITS

Rien

DT019

California Benefit
164 N. 160 E.
Hurricane, UT 84737

Profit & Loss Statement

1/1/05 through 7/31/05

8/17/05
11:38:19 AM

| | |
|-----------------------|---------------------|
| Income | |
| Rental Income | \$88,395.20 |
| Miscellaneous Income | \$47,805.53 |
| Total Income | <u>\$136,200.73</u> |
| Cost of Sales | |
| Gross Profit | <u>\$136,200.73</u> |
| Expenses | |
| Business Promotion | \$1,032.50 |
| Fees Paid | \$8.00 |
| Professional Services | \$2,836.20 |
| Maintenance & Repairs | \$1,694.45 |
| HVAC Maint. | \$1,230.19 |
| Plumbing | \$191.78 |
| Carpet/Flooring | \$3,534.93 |
| Carpet Cleaning | \$290.00 |
| Landscape/Yardwork | \$633.75 |
| Postage & Shipping | \$53.16 |
| Utilities | |
| Water | \$1,495.17 |
| Garbage | \$1,695.13 |
| Total Expenses | <u>\$14,695.26</u> |
| Net Profit / (Loss) | <u>\$121,505.47</u> |

DT020

Casa Grande735 East 700 South
St. George, Utah**Investment Information**

Sales Price \$ 1,728,000

Executive Summary

Number of Units 24

Year Constructed 1985

Type of Building 2 Story
Stucco
Tile roof
Heat pumps
3 buildings

Parking 50 Spaces

Zoned R-3

Metering Individual

Acreage of Site 1.2

Total Rentable Sq. Ft. 24,800

Total Sq. Ft. - Land 52,272

Pro Forma Income and Expenses**Unit Mix and Rent Schedule**

| Units | Type | Unit Sq. Ft. | Total Sq. Ft. | Avg. Rent |
|-------|-------|--------------|---------------|-----------|
| 8 | 3/1.5 | 1,200 | 9,600 | \$ 810 |
| 16 | 2/1 | 950 | 15,200 | \$ 525 |
| 24 | | 1,075 | 24,800 | \$ 568 |

Income:

| | | |
|----------------------|------|------------|
| Gross Scheduled Rent | | \$ 163,440 |
| Less: Vacancy | 1.5% | \$ (2,452) |
| Net Rental Income | | \$ 160,988 |

Expenses:

| | Per Unit | |
|-------------------------|----------|-----------|
| Management | \$ 180 | \$ 4,320 |
| Advertising & Promotion | \$ 75 | \$ 1,800 |
| Yard Maintenance | \$ 50 | \$ 1,200 |
| Garbage | \$ 90 | \$ 2,148 |
| Utilities | \$ 100 | \$ 2,400 |
| Insurance | \$ 141 | \$ 3,377 |
| Real Estate Taxes | \$ 353 | \$ 8,484 |
| Repairs & Maintenance | \$ 825 | \$ 15,000 |
| Replacement Reserve | \$ 125 | \$ 3,000 |

Total Expenses \$ 41,709

Per Unit: \$ 1,738
Per Foot: \$ 1.68

Net Operating Income \$ 119,279

6.9%
Cap Rate

24 Unit Apartment Building

735 E. 700 S.

St. George, Utah

Property Description:

The subject property is composed of three separate buildings: one containing fourteen units, 6- three bedroom up and down units and 8- single level two bedroom units. The second building contains 2- three bedroom units and 4- two bedroom , the third building contains 4- two bedroom units. All three buildings are two story wood and stucco construction. The pitched roof is concrete tile. All of the buildings require very little outside maintenance.

All of the two bedroom downstairs units have an enclosed patio. The upstairs units have a covered balcony. All of the three bedroom units have an enclosed patio to the rear.

All of the units have washer and dryer hook ups, electric heat pumps, separate electric meters, stoves, refrigerators, dishwashers.

These apartments are very large and spacious with lots of closet space. All have been recently painted and are in good repair.

The grounds are landscaped with an automatic sprinkler system. Over the past few years a number of new trees have been planted

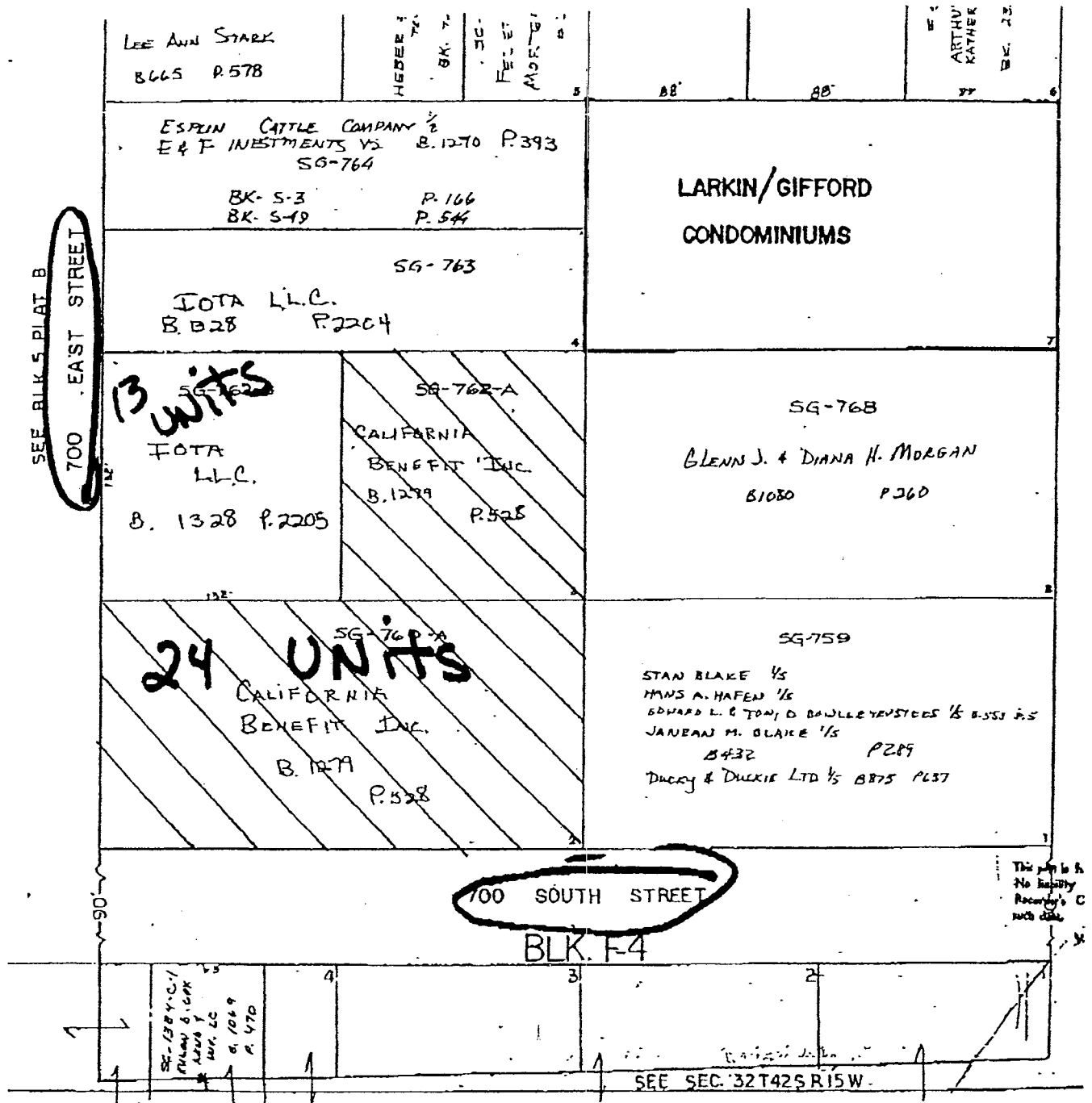
The apartments are located in a great spot. At the intersection of 700 E. and 700 S. and only one block South of Dixie State College. It is close to the College, several eating places, Harmons Market and easy access to anywhere else in St. George.

Although the tenants include several Dixie College single students, most are occupied by young families. We have very good tenants and few problems with them. Much of this is due to having a good onsite manager who deals with any day to day problems that arise. Although there is turnover, we enjoy a very low vacancy rate due to the nice units and the convenient location.

Summary: An attractive property with good tenants, spacious apartments and low vacancy rate. Centrally located in a good neighborhood with easy access to main throughfares, freeway, shopping medical facilities, schools and public transportation. It is also a central location within a two hour drive to: Las Vegas, Lake Powell, Lake Mead, Zion Park, Grand Canyon, Brianhead ski resort and many other beautiful places.

3

LOCATION MAP



13 Unit Apartment Building
669 So. 700 E.
St. George, Utah
Property Description:

The subject property is composed of five buildings: 3-duplex, 1-triplex and 1-fourplex. All of the apartments are the same floor plan, a three bedroom, one and a half bath town home type arrangement, with all of the bedrooms and a full bath upstairs. Each building is made of wood construction, two story design with one half brick veneer on the front and horizontal masonite siding on the remainder.

All of the units have washer and dryer hookups, electric heat pumps, separate electric meters, stoves and refrigerators. Each unit has a covered carport and an uncovered space besides.

All of the units have a patio in the rear, some are completely enclosed and some are open on one end.

These apartments are large (1219 square feet) with especially large kitchens. All of the common walls in these units are made of cinderblock, so you never have problems with noise transfer from one unit to another.

The grounds are landscaped with an automatic sprinkler system. Some areas have been converted to low maintenance stone to reduce maintenance and water usage.

The apartments are located in a great spot. Near the intersection of 700 E. and 700 S. and only one block South of Dixie State College. It is close to the College, several eating places, Harmons Supermarket and easy access to anywhere else in St. George.

Although the tenants include several Dixie College single students, most are occupied by young families. We have very good tenants and few problems with them. Much of this is due to having a good onsite manager who deals with any day to day problems that arise. Although there is turnover, we enjoy a very low vacancy rate due to the spacious units and convenient location.

Summary: A low maintenance property with good tenants, spacious apartments and low vacancy rate. Centrally located in a good neighborhood with easy access to main thoroughfares, freeway, shopping, medical facilities, schools and public transportation. It is also a central location within a two hour drive to: Las Vegas, Lake Powell, Lake Mead, Zion Park, Grand Canyon, Brianhead ski resort and many other beautiful places

Casa Sonoma

669 South 700 East
St. George, Utah

Investment Information

Sales Price \$ 910,000

Executive Summary

Number of Units 13

Year Constructed 1978

Type of Building 2 Story
Brick Veneer
/Masonite Siding
Asphalt Roof
Heat Pumps

Parking 13 Covered
Plus Uncovered

Zoned R-3

Metering Individual

Acreage of Site 0.8

Total Rentable Sq. Ft. 15,847

Total Sq. Ft. - Land 34,848

Contact Information

Pro Forma Income and Expenses

Unit Mix and Rent Schedule

| Units | Type | Unit Sq. Ft. | Total Sq. Ft. | Avg. Rent |
|-------|-------|--------------|---------------|-----------|
| 13 | 3/1.5 | 1,219 | 15,847 | \$ 575 |
| 13 | | 1,219 | 15,847 | \$ 575 |

Income:

Gross Scheduled Rent \$ 89,700
Less: Vacancy 1.5% \$ (1,346)

Net Rental Income \$ 88,355

Expenses:

| | Per Unit | |
|-------------------------|----------|----------|
| Management | \$ 185 | \$ 2,400 |
| Advertising & Promotion | \$ 23 | \$ 300 |
| Yard Maintenance | \$ 48 | \$ 600 |
| Utilities | \$ 208 | \$ 2,700 |
| Insurance | \$ 233 | \$ 3,025 |
| Real Estate Taxes | \$ 287 | \$ 3,734 |
| Repairs & Maintenance | \$ 750 | \$ 9,744 |
| Replacement Reserve | \$ 185 | \$ 2,400 |

Total Expenses \$ 24,903

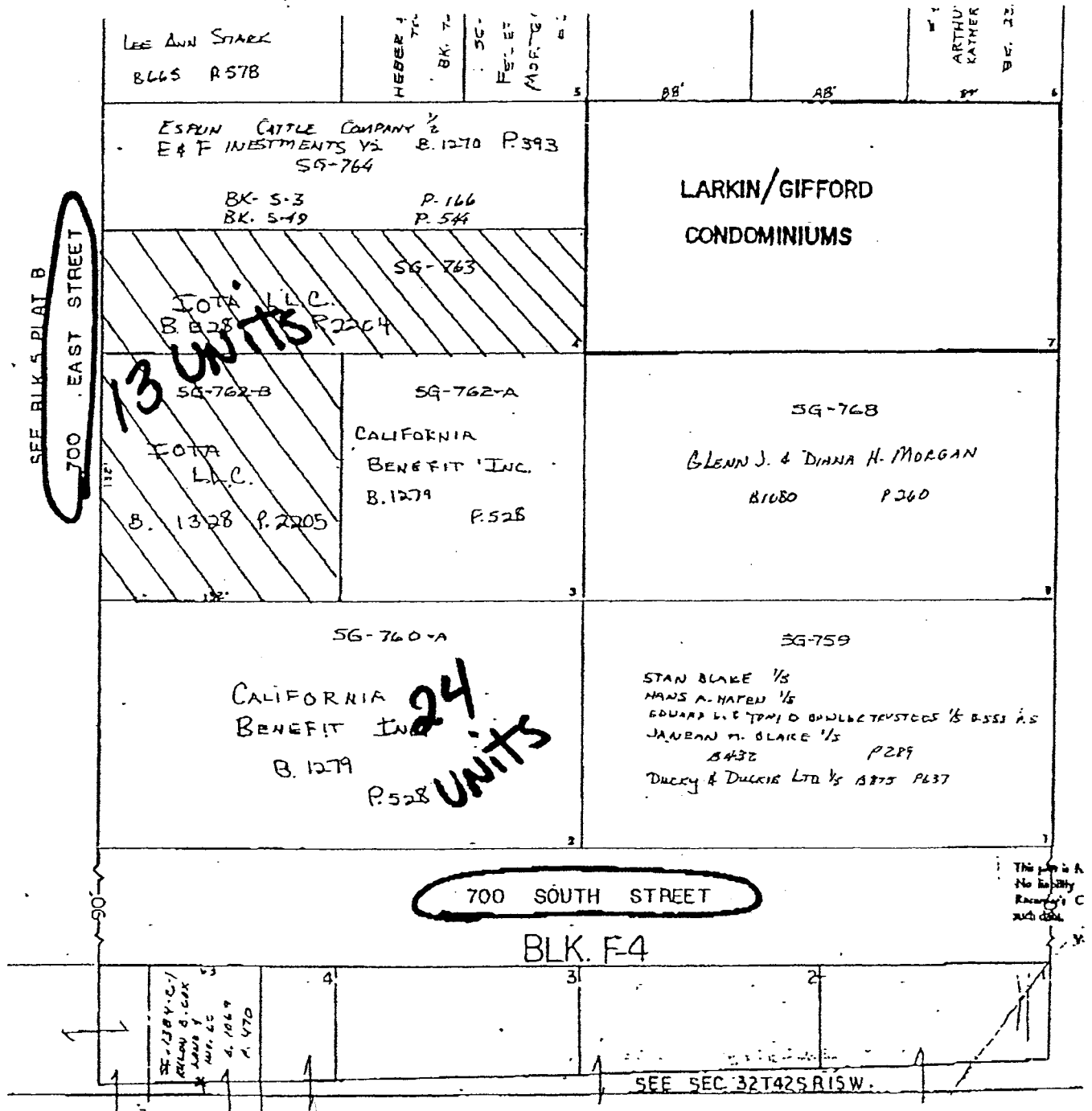
Per Unit: \$ 1,918
Per Foot: \$ 1.57

Net Operating Income \$ 63,452

6.97%
Cap Rate

6

LOCATION MAP



DT026



Southern Utah Title Company

"Achieving Excellence"

$$42,105 \div 2 = 21,052.50$$

$$75,204 \div 2 = 37,602$$

$$\begin{array}{r} \$ 58,654.00 \\ - 3519.24 \quad 6\% \text{ Franchise Fee} \\ \hline \end{array}$$

$$\begin{array}{r} 55,134.76 \\ 11,026.95 \quad \text{Agent's split } 80\% \\ \hline \$ 44,107.81 \quad \text{Appr Commission} \end{array}$$

DT027

Tab 5

ADDENDUM “5”

California Benefit, Inc.
164 N. 160 E.
Hurricane, UT 84737

Profit & Loss Statement

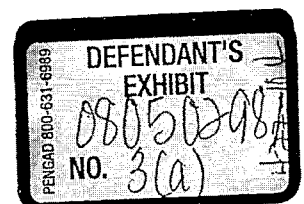
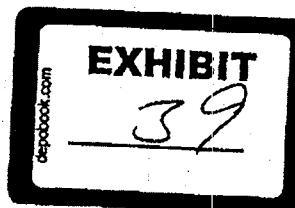
1/1/02 through 12/31/02

3/22/04
9:10:26 AM

This only shows 24 units

| | | |
|--------------------------------|------------|---------------------|
| Income | | |
| Rental Income | | \$144,960.57 |
| Total Income | | <u>\$144,960.57</u> |
| Cost of Sales | | |
| Gross Profit | | <u>\$144,960.57</u> |
| Expenses | | |
| Office Supplies | | \$96.14 |
| Business Promotion | | \$1,851.45 |
| Dues & Subscriptions | | \$121.00 |
| Fees Paid | | \$42.75 |
| Professional Fees | | \$23,955.00 |
| Management Fees | | \$1,900.00 |
| Maintenance & Repairs | | \$4,347.88 |
| HVAC maint. & repair | | \$4,063.12 |
| Carpet, Vinyl, maint. & repair | | \$3,642.74 |
| Payroll | | |
| Employer Expenses | \$238.68 | |
| Postage & Shipping | | \$71.00 |
| Taxes | | \$14.00 |
| Telephone | | \$56.76 |
| Utilities | | |
| Water | \$5,708.70 | |
| Garbage | \$2,237.94 | |
| Carpet Cleaning | \$1,562.00 | |
| Total Expenses | | <u>\$49,707.14</u> |
| Operating Profit | | <u>\$95,253.43</u> |
| Other Income | | |
| Other Expenses | | |
| Net Profit / (Loss) | | <u>\$95,253.43</u> |

for 735 E. 700 S



PL000265

Iota, LLC
164 N. 180 E.
Hurricane, UT 84737

2002

Profit & Loss Statement

1/1/02 through 12/31/02

7/6/04
5:26:45 PM

Corrected for 13 units only

Income
Rental Income
Income from Equity Sales
Total Income

~~\$113,007.05~~
~~\$31,044.14~~
\$144,051.17

85,800 INCOME

Cost of Sales

Gross Profit

~~\$144,051.17~~

Expenses

Office Supplies
Business Promotion
Dues & Subscriptions
Fees Paid
Insurance
Late Fees Paid
Professional Fees
Maintenance & Repairs
HVAC maint. & repair
Carpet, vinyl, maint. & repair
Vehicle maint. & repair
Gasoline
Postage & Shipping
Taxes
Telephone
Travel & Entertainment
Utilities

\$700.00 140.17
\$717.07 261.10
~~\$537.71~~ 0
\$249.22 0
~~\$7,267.90~~ 2858.00
\$50.00 0
~~\$1,932.93~~ 525.00
\$6,220.42 3541.68
~~\$2,772.14~~ 2772.14
\$824.02 34.62
~~\$1,707.22~~ 0
~~\$4,700.98~~ 0
\$156.76 0
~~\$8,936.00~~ 3734.28
\$2,432.01 0
~~\$1,223.07~~ 0

Gas
Electricity
Water
Carpet Cleaning
Total Expenses

~~\$30.12~~
~~\$303.36~~
\$2,600.34 2669.34
~~\$1,070.00~~ 1070.00
~~\$13,672.00~~

17880.33 expenses
67919.67 Profit

Operating Profit

\$100,779.17

Other Income
Interest Income
Total Other Income

~~\$2,400.74~~
~~\$2,400.74~~

Other Expenses
Interest Expense
Total Other Expenses

~~\$2,010.34~~
~~\$2,010.34~~

Net Profit / (Loss)

~~\$100,446.09~~

67,919.67
Net Profit

for 669 5. 700 E

California Benefit, Inc.
164 N. 160 E.
Hurricane, UT 84737

2003

Profit & Loss Statement

1/1/03 through 12/31/03

4/22/04
10:47:11 AM

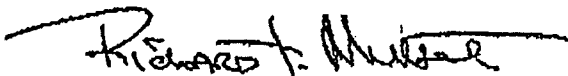
Corrected to show only 24 units

| | |
|--------------------------------|-----------------------------------|
| Income | |
| Rental Income | \$146,217.50 Note ① |
| Income from Equity Sales | \$54,234.07 Note ② |
| Total Income | <u>\$200,451.57</u> 146,217.50 |
| Cost of Sales | |
| Gross Profit | <u>\$200,451.57</u> 146,217.50 |
| Expenses | |
| Business Promotion | \$2,022.00 1822.18 Note ③ |
| Fees Paid | \$39.20 OK |
| Insurance | \$7,060.00 3337.00 Note ④ |
| Professional Fees | \$25,900.00 1100.00 Note ⑤ |
| Management Fees | \$700.00 OK Note ⑥ |
| Maintenance & Repairs | \$10,530.44 14042.48 Note ⑦ |
| HVAC maint. & repair | \$2,675.18 OK |
| Carpet, Vinyl, maint. & repair | \$5,321.07 1937.68 Note ⑧ |
| Postage & Shipping | \$89.49 OK |
| Taxes | \$1,714.31 OK |
| Telephone | \$9.95 OK |
| Travel & Entertainment | \$24.03 OK |
| Utilities | |
| Gas | \$72.04 Other Property |
| Electricity | \$522.35 Other Property |
| Water | \$4,392.02 OK |
| Garbage | \$2,495.17 OK |
| Carpet Cleaning | \$1,415.00 OK |
| Total Expenses | <u>\$102,979.87</u> 36,398.08 |
| Operating Profit | <u>\$97,471.70</u> 109,819.42 |
| Other Income | |
| Other Expenses | |
| Net Profit / (Loss) | <u>\$97,471.70</u> # 109,819.42 |

for 735 E. 700S.

Notes to California Benefit Profit and Loss Statement:

1. This income is correct. We do not show income for the managers apartment, which they receive rent free, nor do we show their work as an expense. If we did there would be \$7320 more income and the same amount shown for management expense. The properties we foreclosed on were never rented.
2. This is a property that we foreclosed on that was sold during 2003. A more detailed explanation is on another sheet.
3. This change was due to advertising the properties that we foreclosed on.
4. This insurance amount shows two years of payments, one made in January for the year 2003, and the other made in December for 2004.
5. With the exception of \$1100, all of this amount is concerned with the foreclosure and judgments on other property. A more detailed explanation is on another sheet.
6. See #1 concerning management fees. For 7 months we paid them \$100 per month to cut lawns and fix sprinklers.
7. Some of the maintenance was for the foreclosed on properties. The driveway was resurfaced at a cost of \$4959 which would need to be redone every five years or so, but is not a yearly expense.
8. Most of this was on the repossessed properties.



Richard T. Murset
prepared 4/22/04

lots, LLC
164 N. 160 E.
Hurricane, UT 84737

Profit & Loss Statement

2003

4/22/04
10:53:09 AM

1/1/03 through 12/31/03

Corrected to show only 13 units

| | | | |
|--------------------------------|--------------|---------------------|-------------|
| Income | | | |
| Rental Income | \$108,686.35 | \$89,040 | NOTE ① |
| Income from Equity Sales | \$14,472.45 | | NOTE ② |
| Total Income | | <u>\$124,130.00</u> | |
| | | \$89,040.00 | |
| Cost of Sales | | | |
| | | 89,040.00 | |
| Gross Profit | | <u>\$124,130.00</u> | |
| Expenses | | | |
| Office Supplies | \$272.24 | 206.72 | |
| Business Promotion | \$1,342.81 | 304.75 | |
| Dues & Subscriptions | \$147.09 | 0 | |
| Fees Paid | \$121.44 | 92.30 | |
| Insurance | \$7,280.85 | 2,540.00 | |
| Professional Fees | \$7,899.26 | 1,010.42 | |
| Maintenance & Repairs | \$13,428.97 | 7,011.00 | NOTE ③ |
| HVAC maint. & repair | \$5,901.15 | 0 | NOTE ④ |
| Carpet, vinyl, maint. & repair | \$2,604.70 | 1,400.76 | |
| Vehicle maint. & repair | \$4,298.46 | 0 | |
| Gasoline | \$1,768.75 | 0 | |
| Postage & Shipping | \$234.88 | 0 | |
| Taxes | \$7,049.95 | 3,717.45 | |
| Telephone | \$2,517.40 | 0 | |
| Travel & Entertainment | \$2,159.24 | 0 | |
| Utilities | | | |
| Gas | \$71.24 | 0 | |
| Electricity | \$873.42 | 0 | |
| Water | \$3,730.71 | 0 | |
| Carpet Cleaning | \$929.66 | 661.00 | |
| Total Expenses | | <u>\$67,911.24</u> | \$27,102.24 |
| Operating Profit | | <u>\$56,227.46</u> | 61,937.74 |
| Other income | | | |
| Interest Income | \$359.08 | | |
| Total Other Income | | <u>\$359.08</u> | |
| Other Expenses | | | |
| Interest Expense | \$2,207.00 | | |
| Total Other Expenses | | <u>\$2,207.00</u> | |
| Net Profit / (Loss) | | <u>\$54,295.16</u> | |
| | | \$61,937.74 | |

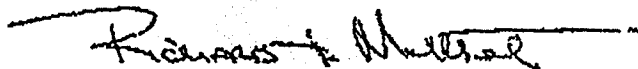
for 669 S. 700 E

Notes to Iota LLC Profit and Loss Statement:

General note: If an exact amount was not able to be determined, it was calculated on this basis; Iota at the time owned 17 rental units and the percentage that the 13 units comprises makes up approximately 76%, so the available numbers were multiplied by that amount to arrive at a figure. Although there are other expenses involved in operating a business, such as transportation and telephone I have only included those directly connected to these 13 units.

Notes:

1. This was arrived at using the rent roll.
2. This is from a home that was built and sold, this was it's profit. A more detailed account is on another sheet.
3. This number includes \$2437 that was for the parking lot resurfacing, and is usually done about every 5 years, and is not a yearly cost.
4. This includes two new AC units. Part of the proceeds of this loan is for the replacement of the other eleven units to reduce future repair costs.



Richard T. Murset
prepared 4/22/04

PL000270

Iota, LLC
764 N. 160 E.
Hurricane, UT 84737

Estimation for 2004
YEAR END

Profit & Loss Statement

1/1/04 through 12/31/04

7/6/04
5:25:02 PM

BABRO ON 13 units only

| | | |
|--------------------------------|--------------------|----------|
| Income | | |
| Rental Income | \$66,168.46 | |
| Total Income | <u>\$66,168.46</u> | |
| Cost of Sales | | 89,040 |
| Gross Profit | <u>\$66,168.46</u> | |
| Expenses | | |
| Office Supplies | \$337.49 | |
| Business Promotion | \$398.62 | 191.52 |
| Dues & Subscriptions | \$107.08 | |
| Fees Paid | \$238.48 | 325.42 |
| Insurance | \$2,897.46 | 3807.00 |
| Late Fees Paid | \$43.08 | |
| Professional Fees | \$2,550.00 | 2700.00 |
| Maintenance & Repairs | \$7,953.21 | 3943.00 |
| HVAC maint. & repair | \$9,257.64 | 25713.00 |
| Carpet, vinyl, maint. & repair | \$1,159.74 | 1132.00 |
| Vehicle maint. & repair | \$1,520.70 | |
| Gasoline | \$1,533.28 | |
| Postage & Shipping | \$111.00 | |
| Rent | \$30.00 | |
| Taxes | \$200.97 | |
| Telephone | \$1,224.77 | |
| Travel & Entertainment | \$2,752.88 | |
| Utilities | | |
| Gas | \$15.44 | |
| Electricity | \$348.23 | |
| Water | \$1,822.91 | 2733.00 |
| Carpet Cleaning | \$991.58 | 780.00 |
| Total Expenses | <u>\$30,699.12</u> | 42384.94 |
| Operating Profit | <u>\$35,475.34</u> | |
| Other Income | | 45,656 |
| Other Expenses | | |
| Net Profit / (Loss) | <u>\$35,475.34</u> | 45,656 |

for
669 S. 700 E

PL000271

Iota LLC
164 N. 160 E.
Hurricane, UT 84737

Profit & Loss Statement

1/1/06 through 12/31/06

2/27/09
8:52:33 AM

| | | |
|------------------------|--------------|---------------------|
| Income | | |
| Rental Income | \$156,586.21 | |
| Miscellaneous Income | \$133,948.90 | |
| Total Income | | <u>\$290,535.11</u> |
| Cost of Sales | | |
| Gross Profit | | <u>\$290,535.11</u> |
| Expenses | | |
| Office Supplies | \$433.00 | |
| Business Promotion | \$245.60 | |
| Dues & Subscriptions | \$181.85 | |
| Fees Paid | \$917.67 | |
| Insurance | \$4,382.64 | |
| Taxes | \$1,558.36 | |
| Professional Services | \$7,920.00 | |
| Maintenance & Repairs | \$11,808.13 | |
| HVAC Maint. | \$5,605.00 | |
| Plumbing | \$918.43 | |
| Carpet/Flooring | \$6,637.45 | |
| Car Maint. and Repair | \$4,981.15 | |
| Carpet cleaning | \$1,581.00 | |
| Landscape/Yardwork | \$4,080.76 | |
| Postage & Shipping | \$75.86 | |
| Rent | \$35.00 | |
| Gasoline | \$5,903.44 | |
| Telephone | \$4,604.33 | |
| Travel & Entertainment | \$12,313.98 | |
| Utilities | | |
| Gas | \$8.57 | |
| Electricity | \$1,805.62 | |
| Water | \$3,789.71 | |
| Garbage | \$15.25 | |
| Total Expenses | | <u>\$79,802.80</u> |
| Net Profit / (Loss) | | <u>\$210,732.31</u> |

PL000272

California Benefit
164 N. 160 E.
Hurricane, UT 84737

Profit & Loss Statement

1/1/06 through 12/31/06

2/27/09
8:49:37 AM

| | |
|-----------------------|---------------------|
| Income | |
| Rental Income | \$145,936.03 |
| Miscellaneous Income | \$100,000.00 |
| Total Income | <u>\$245,936.03</u> |
| Cost of Sales | |
| Gross Profit | <u>\$245,936.03</u> |
| Expenses | |
| Office Supplies | \$28.00 |
| Business Promotion | \$1,125.28 |
| Commissions Paid | \$5,000.00 |
| Fees Paid | \$37.40 |
| Professional Services | \$3,888.53 |
| Management | \$2,450.00 |
| Maintenance & Repairs | \$4,085.76 |
| HVAC Maint. | \$5,158.61 |
| Plumbing | \$527.10 |
| Carpet/Flooring | \$1,462.05 |
| Carpet Cleaning | \$875.00 |
| Landscape/Yardwork | \$788.71 |
| Postage & Shipping | \$182.33 |
| Gasoline | \$210.00 |
| Utilities | |
| Gas | \$233.08 |
| Water | \$4,763.00 |
| Garbage | \$3,695.09 |
| taxes | \$619.00 |
| Total Expenses | <u>\$35,128.94</u> |
| Net Profit / (Loss) | <u>\$210,807.09</u> |

California Benefit
164 N. 160 E.
Hurricane, UT 84737

Casa Grande
24 units

Profit & Loss Statement

1/1/05 through 12/31/05

8/1/06
11:20:18 AM

| | | |
|--------------------------|----------|-----------------------|
| Income | | |
| Rental Income | | \$148,592.28 |
| Commission Income | | \$0.00 |
| Management Fees | | \$0.00 |
| Income from Equity Sales | | \$0.00 |
| Delivery Fees Collected | | \$0.00 |
| Miscellaneous Income | | \$47,805.53 |
| Total Income | | <u>\$196,397.81</u> |
| Cost of Sales | | |
| Freight | | \$0.00 |
| Total Cost of Sales | | <u>\$0.00</u> |
| Gross Profit | | <u>\$196,397.81</u> |
| Expenses | | |
| Office Supplies | | \$0.00 |
| Business Promotion | | \$1,806.22 |
| Commissions Paid | | \$0.00 |
| Depreciation Expense | | \$0.00 |
| Dues & Subscriptions | | \$0.00 |
| Fees Paid | | \$16.00 |
| Insurance | | \$0.00 |
| Professional Services | | \$5,506.25 |
| Management | | \$200.00 |
| Maintenance & Repairs | | \$5,340.12 |
| HVAC Maint. | | \$3,758.47 |
| Plumbing | | \$1,191.78 |
| Carpet/Flooring | | \$8,073.92 |
| Car Maint. and Repair | | \$0.00 |
| Carpet Cleaning | | \$730.00 |
| Landscape/Yardwork | | \$1,258.75 |
| Payroll | | |
| Wages | | \$0.00 |
| Vacation Pay Expense | | \$0.00 |
| Employer Expenses | | \$0.00 |
| Postage & Shipping | | \$94.01 |
| Rent | | \$0.00 |
| Gasoline | | \$0.00 |
| Telephone | | \$0.00 |
| Travel & Entertainment | | \$0.00 |
| Utilities | | |
| Gas | | \$0.00 |
| Electricity | | \$0.00 |
| Water | 5% cap | \$4,145.92 |
| Garbage | | \$2,982.02 |
| taxes | 635-7503 | \$0.00 |

650/mo for all 37 units
per unit
800/yr
3 or 4 units
250/mo

PL000274

Iota LLC
164 N. 160 E.
Hurricane, UT 84737

Casa Sanoma
13 units

Profit & Loss Statement

1/1/05 through 12/31/05

8/1/06
11:53:46 AM

| | | |
|------------------------|--------------|---------------------|
| Income | | |
| Rental Income | \$160,287.49 | |
| Total Income | | <u>\$160,287.49</u> |
| Cost of Sales | | |
| Gross Profit | | <u>\$160,287.49</u> |
| Expenses | | |
| Office Supplies | \$1,768.94 | 206.81 |
| Business Promotion | \$687.83 | 557.41 ✓ 17 mo. av. |
| Interest Expense | \$22.60 | 250 ✓ |
| Dues & Subscriptions | \$311.91 | — |
| Fees Paid | \$1,246.27 | — |
| Insurance | \$6,081.30 | 2,826 ✓ |
| Taxes | \$5,396.51 | 3,468.07 ✓ |
| Professional Services | \$1,419.25 | 0 ✓ |
| Maintenance & Repairs | \$12,216.03 | 40/mo 5400 ✓ |
| HVAC Maint. | \$340.59 | 340.59 ✓ |
| Plumbing | \$1,404.24 | 0 ✓ |
| Carpet/Flooring | \$1,537.00 | 0 ✓ |
| Car Maint. and Repair | \$7,292.51 | 0 ✓ |
| Carpet cleaning | \$997.71 | 1096.74 ✓ |
| Landscape/Yardwork | \$4,295.36 | 1500 ✓ |
| Postage & Shipping | \$165.81 | — |
| Gasoline | \$4,728.40 | — |
| Telephone | \$2,290.56 | — |
| Travel & Entertainment | \$9,621.44 | — |
| Utilities | | |
| Electricity | 2110.87 | \$2,315.78 average |
| Water | | \$5,627.23 |
| Total Expenses | 7943.01 | <u>\$69,868.33</u> |
| Net Profit / (Loss) | | <u>\$90,419.16</u> |

All have new heat pumps

PL000275

12:02 - Tuesday

| EXPENSES | GRANDE 24 units | SANOMA 13 units |
|------------------------|--------------------|---------------------------------|
| OFFICE SUPPLIES | \$ 1,539.14 | \$ 206.81 |
| ADVERTISING | \$ 955.04 | \$ 567.41 |
| PROFFESIONAL SERVICES | \$ 5,059.48 | \$ 2,740.54 |
| MANAGEMENT (650/MO) | \$ 11,520.00 | \$ 7,800.00 \$50/month per unit |
| MAINTENANCE/REPAIRS | \$ 903.53 | \$ 1,086.74 |
| CARPET CLEANING | \$ 1,500.00 | \$ 1,500.00 |
| LANDSCAPING (250/MO) | \$ 132.43 | |
| POSTAGE | \$ 4,517.40 | \$ 7,485.33 |
| WATER/SEWER | \$ 3,072.00 | \$ 286/month |
| GARBAGE | \$ 9,053.23 | \$ 3,968.07 |
| TAXES | \$ 318.00 | |
| ELECTRICITY | \$ 3,705.00 | \$ 2,828.00 |
| INSURANCE | | |
| TOTAL EXPENSES | \$ 42,276.23 | \$ 28,182.90 |
| POTENTIAL GROSS INCOME | \$ 172,800.00 | \$ 101,400.00 |
| LESS VACANCY (3%) | \$ 5,184.00 | \$ 3,042.00 |
| EFFECTIVE GROSS INCOME | \$ 167,616.00 | \$ 98,358.00 |
| EXPENSES | \$ 42,275.23 | \$ 28,182.90 |
| NET OPERATING INCOME | \$ 125,340.77 | \$ 70,175.10 |

PL000276

12:00 Tuesday

| EXPENSES | GRANDE 24 units | SANOMA 13 units |
|------------------------|--------------------|---------------------------------|
| OFFICE SUPPLIES | | \$ 208.81 |
| ADVERTISING | \$ 1,639.14 | \$ 557.41 |
| PROFESSIONAL SERVICES | \$ 955.04 | |
| MANAGEMENT (650/MO) | \$ 5,059.46 | \$ 2,740.54 |
| MAINTENANCE/REPAIRS | \$ 11,520.00 | \$ 7,800.00 \$50/month per unit |
| CARPET CLEANING | \$ 903.53 | \$ 1,098.74 |
| LANDSCAPING (250/MO) | \$ 1,500.00 | \$ 1,500.00 |
| POSTAGE | \$ 132.43 | |
| WATER/SEWER | \$ 4,517.40 | \$ 7,485.33 |
| GARBAGE | \$ 3,072.00 | \$ 256/month |
| TAXES | \$ 9,053.23 | \$ 3,988.07 |
| ELECTRICITY | \$ 318.00 | |
| INSURANCE | \$ 3,705.00 | \$ 2,828.00 |
| TOTAL EXPENSES | \$ 42,275.23 | \$ 28,182.90 |
| POTENTIAL GROSS INCOME | \$ 172,800.00 | \$ 101,400.00 |
| LESS VACANCY (3%) | \$ 5,184.00 | \$ 3,042.00 |
| EFFECTIVE GROSS INCOME | \$ 167,616.00 | \$ 98,358.00 |
| EXPENSES | \$ 42,275.23 | \$ 28,182.90 |
| NET OPERATING INCOME | \$ 125,340.77 | \$ 70,175.10 |
| CAPITALIZATION (5%) | \$ 2,506,815.40 | \$ 1,403,502.00 |

\$20,000 Down

Carry 6 months

14,506.42 Profit

7% Interest only

Carry 14 months 7%

Interest only Profit - They
Cover all costs, utilities, taxes, maint,
no other costs, construction charges, 2
units at a time
8070.42

\$1,403,502.00 Profit

\$20,000 Down

PL000277

| EXPENSES | GRANDE | SANOMA |
|------------------------|-----------------|---------------------------------|
| OFFICE SUPPLIES | | \$ 206.81 |
| ADVERTISING | \$ 1,539.14 | \$ 557.41 |
| PROFFESIONAL SERVICES | \$ 955.04 | |
| MANAGEMENT (850/MO) | \$ 5,059.46 | \$ 2,740.54 |
| MAINTENANCE/REPAIRS | \$ 11,520.00 | \$ 7,800.00 \$50/month per unit |
| CARPET CLEANING | \$ 903.53 | \$ 1,098.74 |
| LANDSCAPING (250/MO) | \$ 1,500.00 | \$ 1,500.00 |
| POSTAGE | \$ 132.43 | |
| WATER/SEWER | \$ 4,517.40 | \$ 7,485.33 |
| GARBAGE | \$ 3,072.00 | \$256/month |
| TAXES | \$ 9,053.23 | \$ 3,968.07 |
| ELECTRICITY | \$ 318.00 | |
| INSURANCE | \$ 3,705.00 | \$ 2,828.00 |
| TOTAL EXPENSES | \$ 42,275.23 | \$ 28,182.90 |
| POTENTIAL GROSS INCOME | \$ 172,800.00 | \$ 101,400.00 |
| LESS VACANCY (3%) | \$ 5,184.00 | \$ 3,042.00 |
| EFFECTIVE GROSS INCOME | \$ 167,616.00 | \$ 98,358.00 |
| EXPENSES | \$ 42,275.23 | \$ 28,182.90 |
| NET OPERATING INCOME | \$ 125,340.77 | \$ 70,175.10 |
| CAPITALIZATION 5.5% | \$ 2,278,923.09 | \$ 1,275,910.91 |

| EXPENSES | GRANDE | SANOMA |
|------------------------|--------------------|-----------------|
| OFFICE SUPPLIES | | \$ 206.81 |
| ADVERTISING | \$ 1,539.14 | \$ 657.41 |
| INTEREST EXPENSE | | \$ 23.80 |
| FEEES PAID | \$ 23.29 | |
| PROFFESIONAL SERVICES | \$ 956.04 | |
| MANAGEMENT (650/MO) | \$ 5,059.46 | \$ 2,740.54 |
| MAINTENANCE/REPAIRS | \$ 4,531.21 | \$ 4,000.00 |
| HVAC MAINTENANCE | \$ 3,768.47 - 2300 | \$ 340.59 |
| PLUMBING | \$ 1,273.33 | |
| CARPET CLEANING | \$ 903.53 | \$ 1,096.74 |
| LANDSCAPING (250/MO) | \$ 1,500.00 | \$ 1,500.00 |
| POSTAGE | \$ 132.43 | |
| WATER/SEWER | \$ 4,517.40 | \$ 6,719.05 |
| GARBAGE | \$ 3,072.00 | |
| TAXES | \$ 8,642.28 | \$ 3,787.94 |
| ELECTRICITY | \$ 318.00 | |
| INSURANCE | \$ 3,705.00 | \$ 2,828.00 |
| TOTAL EXPENSES | \$ 39,870.58 | \$ 23,800.68 |
| POTENTIAL GROSS INCOME | \$ 172,800.00 | \$ 101,400.00 |
| LESS VACANCY (3%) | \$ 5,184.00 | \$ 3,042.00 |
| EFFECTIVE GROSS INCOME | \$ 167,616.00 | \$ 98,358.00 |
| EXPENSES | \$ 39,870.58 | \$ 23,800.68 |
| NET OPERATING INCOME | \$ 127,745.42 | \$ 74,557.32 |
| CAPITALIZATION 5.8% | \$ 2,202,507.24 | \$ 1,285,471.03 |

560 per mo?

PL000279

*File 29
Commission
Mayer
1031*

*Dave
fisher
703-3686
40 N.
300 E.*

| EXPENSES | GRANDE | SANOMA |
|------------------------|-----------------|-----------------|
| OFFICE SUPPLIES | | \$ 206.81 |
| ADVERTISING | \$ 1,539.14 | \$ 557.41 |
| INTEREST EXPENSE | | \$ 23.80 |
| FEES PAID | \$ 23.29 | |
| PROFFESIONAL SERVICES | \$ 955.04 | |
| MANAGEMENT (650/MO) | \$ 5,059.46 | \$ 2,740.54 |
| MAINTENANCE/REPAIRS | \$ 4,531.21 | \$ 4,000.00 |
| HVAC MAINTENANCE | \$ 3,758.47 | \$ 340.59 |
| PLUMBING | \$ 1,213.33 | |
| CARPET CLEANING | \$ 903.53 | \$ 1,096.74 |
| LANDSCAPING (250/MO) | \$ 1,500.00 | \$ 1,500.00 |
| POSTAGE | \$ 132.43 | |
| WATER/SEWER | \$ 4,517.40 | \$ 6,719.05 |
| GARBAGE | \$ 3,072.00 | |
| TAXES | \$ 8,542.28 | \$ 3,787.94 |
| ELECTRICITY | \$ 318.00 | |
| INSURANCE | \$ 3,705.00 | \$ 2,828.00 |
| TOTAL EXPENSES | \$ 39,870.58 | \$ 23,800.68 |
| POTENTIAL GROSS INCOME | \$ 172,800.00 | \$ 101,400.00 |
| LESS VACANCY (3%) | \$ 5,184.00 | \$ 3,042.00 |
| EFFECTIVE GROSS INCOME | \$ 167,616.00 | \$ 98,358.00 |
| EXPENSES | \$ 39,870.58 | \$ 23,800.68 |
| NET OPERATING INCOME | \$ 127,745.42 | \$ 74,557.32 |
| CAPITALIZATION 5.8% | \$ 2,202,507.24 | \$ 1,285,471.03 |

*- See memo.
Drew Thurner
DNLTL@Quixnet*

2.331

Diff. 366,000

per unit 107,000

2,568,000

35,000

70,000

128,000

2,370,000

2,405,000

700,000

1,705,000

4,024,000

120,720

119,000

171,000

1,486,000

1,456,000

25,000

50,000

72,800

1,358,200

500,000

858,200

187,000

PL000280

| EXPENSES | GRANDE | SANOMA |
|------------------------|-----------------|-----------------|
| OFFICE SUPPLIES | | \$ 206.81 |
| ADVERTISING | \$ 1,539.14 | \$ 557.41 |
| INTEREST EXPENSE | | \$ 23.60 |
| FEES PAID | \$ 23.29 | |
| PROFFESIONAL SERVICES | \$ 955.04 | |
| MANAGEMENT (650/MO) | \$ 5,059.46 | \$ 2,740.54 |
| MAINTENANCE/REPAIRS | \$ 4,531.21 | \$ 4,000.00 |
| HVAC MAINTENANCE | \$ 3,758.47 | \$ 340.59 |
| PLUMBING | \$ 1,213.33 | |
| CARPET CLEANING | \$ 903.53 | \$ 1,096.74 |
| LANDSCAPING (250/MO) | \$ 1,500.00 | \$ 1,500.00 |
| POSTAGE | \$ 132.43 | |
| WATER/SEWER | \$ 4,517.40 | \$ 6,719.05 |
| GARBAGE | \$ 3,072.00 | |
| TAXES | \$ 8,642.28 | \$ 3,787.94 |
| ELECTRICITY | \$ 318.00 | |
| INSURANCE | \$ 3,705.00 | \$ 2,828.00 |
| TOTAL EXPENSES | \$ 39,870.58 | \$ 23,800.68 |
| POTENTIAL GROSS INCOME | \$ 172,800.00 | \$ 101,400.00 |
| LESS VACANCY (3%) | \$ 5,184.00 | \$ 3,042.00 |
| EFFECTIVE GROSS INCOME | \$ 167,616.00 | \$ 98,358.00 |
| EXPENSES | \$ 39,870.58 | \$ 23,800.68 |
| NET OPERATING INCOME | \$ 127,745.42 | \$ 74,557.32 |
| CAPITALIZATION 8% | \$ 2,129,090.33 | \$ 1,242,622.00 |

PL000281

Iota LLC
164 N. 160 E.
Hurricane, UT 84737

Casa Sanonra
13 units

Profit & Loss Statement

1/1/06 through 5/31/06

8/1/06
11:54:34 AM

Income

Rental Income

\$77,241.27

Total Income

\$77,241.27

Cost of Sales

Gross Profit

\$77,241.27

Expenses

Office Supplies

✓ \$206.81 *✓ closer*

Business Promotion

✓ \$101.84 *17 mo average*

Dues & Subscriptions

— \$77.92

Fees Paid

— \$374.09

Insurance

— \$1,754.43 *figure per unit*

Taxes

— \$891.20 *figure*

Professional Services

— \$2,675.00

Maintenance & Repairs

\$16000 / 17 mo \$3,182.90 *250/mo unit 2778*

Plumbing

0 \$218.43

Carpet/Flooring

0 \$2,472.60

Car Maint. and Repair

0 \$1,003.67

Carpet cleaning

17 mo average 1096.74 \$536.00

Landscape/Yardwork

\$1,037.07 *figure 250/mo*

Postage & Shipping

\$44.86

Gasoline

\$1,734.87

Telephone

\$1,368.74

Travel & Entertainment

\$2,613.27

Utilities

Gas

\$8.57

Electricity

\$673.51

Water

\$1,987.69 *figure*

Garbage

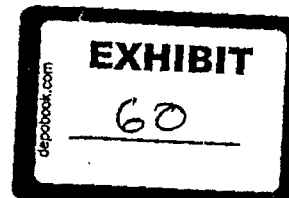
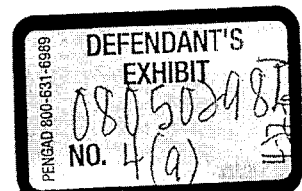
\$4.50

Total Expenses

\$23,687.97

Net Profit / (Loss)

\$53,553.30



Iota LLC
164 N. 160 E.
Hurricane, UT 84737

Profit & Loss Statement

January 2006 through May 2006

Page 1

8/1/06

11:55:54 AM

| | January | February | March | April | May | Total |
|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Income | | | | | | |
| Rental Income | \$17,391.50 | \$15,291.67 | \$15,654.50 | \$16,944.60 | \$11,959.00 | \$77,241.27 |
| Total Income | <u>\$17,391.50</u> | <u>\$15,291.67</u> | <u>\$15,654.50</u> | <u>\$16,944.60</u> | <u>\$11,959.00</u> | <u>\$77,241.27</u> |
| Cost of Sales | | | | | | |
| Gross Profit | <u>\$17,391.50</u> | <u>\$15,291.67</u> | <u>\$15,654.50</u> | <u>\$16,944.60</u> | <u>\$11,959.00</u> | <u>\$77,241.27</u> |
| Expenses | | | | | | |
| Office Supplies | \$0.00 | \$32.55 | \$49.26 | \$0.00 | \$125.00 | \$206.81 |
| Business Promotion | \$0.00 | \$0.00 | \$0.00 | \$85.00 | \$16.84 | \$101.84 |
| Dues & Subscriptions | \$0.00 | \$30.00 | \$0.00 | \$17.97 | \$29.95 | \$77.92 |
| Fees Paid | \$31.00 | \$10.00 | \$18.99 | \$2.10 | \$312.00 | \$374.09 |
| Insurance | \$135.39 | \$508.72 | \$139.54 | \$252.17 | \$718.61 | \$1,754.43 |
| Taxes | \$370.00 | \$0.00 | \$0.00 | \$270.25 | \$250.95 | \$891.20 |
| Professional Services | \$0.00 | \$2,050.00 | \$475.00 | \$0.00 | \$150.00 | \$2,675.00 |
| Maintenance & Repairs | \$237.54 | \$565.79 | \$1,141.28 | \$338.64 | \$899.65 | \$3,182.90 |
| Plumbing | \$252.78 | \$0.00 | \$38.35 | \$78.32 | \$548.98 | \$918.43 |
| Carpet/Flooring | \$0.00 | \$0.00 | \$1,273.80 | \$1,198.80 | \$0.00 | \$2,472.60 |
| Car Maint. and Repair | \$236.82 | \$54.53 | \$71.77 | \$239.09 | \$401.46 | \$1,003.67 |
| Carpet cleaning | \$0.00 | \$0.00 | \$216.00 | \$170.00 | \$170.00 | \$556.00 |
| Landscape/Yardwork | \$250.00 | \$0.00 | \$36.69 | \$501.67 | \$248.71 | \$1,037.07 |
| Postage & Shipping | \$40.00 | \$0.00 | \$0.00 | \$4.86 | \$0.00 | \$44.86 |
| Gasoline | \$53.30 | \$786.10 | \$271.69 | \$281.41 | \$342.37 | \$1,734.87 |
| Telephone | \$14.95 | \$507.96 | \$175.37 | \$322.69 | \$347.77 | \$1,368.74 |
| Travel & Entertainment | \$955.50 | \$625.14 | \$203.04 | \$546.06 | \$283.53 | \$2,613.27 |
| Utilities | | | | | | |
| Gas | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$8.57 | \$8.57 |
| Electricity | \$0.00 | \$402.49 | \$145.10 | \$61.01 | \$64.91 | \$673.51 |
| Water | \$0.00 | \$829.75 | \$246.36 | \$497.61 | \$413.97 | \$1,987.69 |
| Garbage | \$0.00 | \$0.00 | \$0.00 | \$4.50 | \$0.00 | \$4.50 |
| Total Expenses | <u>\$2,577.28</u> | <u>\$6,403.03</u> | <u>\$4,502.24</u> | <u>\$4,872.15</u> | <u>\$5,333.27</u> | <u>\$23,687.97</u> |
| Net Profit / (Loss) | <u>\$14,814.22</u> | <u>\$8,888.64</u> | <u>\$11,152.26</u> | <u>\$12,072.45</u> | <u>\$6,625.73</u> | <u>\$53,553.30</u> |

Iota LLC
164 N. 160 E.
Hurricane, UT 84737

Casa Sanoma
13 units

Profit & Loss Statement

1/1/05 through 12/31/05

8/1/06
11:53:46 AM

| | | |
|------------------------|--------------|-------------------------|
| Income | | |
| Rental Income | \$160,287.49 | |
| Total Income | | <u>\$160,287.49</u> |
| Cost of Sales | | |
| Gross Profit | | <u>\$160,287.49</u> |
| Expenses | | |
| Office Supplies | \$1,768.94 | 206.81 |
| Business Promotion | \$687.83 | 557.41 ✓ 17 mo a |
| Interest Expense | \$22.60 | 22.60 ✓ |
| Dues & Subscriptions | \$311.91 | — |
| Fees Paid | \$1,246.27 | — |
| Insurance | \$6,081.36 | 2326 ✓ |
| Taxes | \$5,396.51 | 3968.07 ✓ |
| Professional Services | \$1,419.25 | 0 ✓ |
| Maintenance & Repairs | \$12,216.03 | 40/mo 5400 ✓ |
| HVAC Maint. | \$340.59 | 340.59 ✓ newer @ 100/mo |
| Plumbing | \$1,404.24 | 0 ✓ |
| Carpet/Flooring | \$1,537.80 | 0 ✓ |
| Car Maint. and Repair | \$7,292.51 | 0 ✓ |
| Carpet cleaning | \$997.71 | 17 mo 1096.74 ✓ |
| Landscape/Yardwork | \$4,395.36 | 1500 ✓ |
| Postage & Shipping | \$165.81 | |
| Gasoline | \$4,728.40 | |
| Telephone | \$2,290.36 | |
| Travel & Entertainment | \$9,621.44 | |
| Utilities | | |
| Electricity | \$2,315.78 | 17 mo average |
| Water | \$5,627.23 | includes summer |
| Total Expenses | 7943.01 | <u>\$69,868.33</u> |
| Net Profit / (Loss) | | <u>\$90,419.16</u> |

All have new heat pumps

Iota Lambda
164 N. 160 E.
Hurricane, UT 84737

Profit & Loss Statement

January 2005 through December 2005

1/06

5:00 AM

Page

| | January | February | March | April | May | June | July | August | September | October | November | December | |
|------------------------|-------------|------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Income | | | | | | | | | | | | | |
| Rental Income | \$11,185.00 | \$8,970.00 | \$14,478.14 | \$13,262.00 | \$14,001.00 | \$11,432.50 | \$13,740.00 | \$16,791.56 | \$13,150.00 | \$13,320.20 | \$15,707.09 | \$14,250.00 | \$16,791.56 |
| Total Income | \$11,185.00 | \$8,970.00 | \$14,478.14 | \$13,262.00 | \$14,001.00 | \$11,432.50 | \$13,740.00 | \$16,791.56 | \$13,150.00 | \$13,320.20 | \$15,707.09 | \$14,250.00 | \$16,791.56 |
| Cost of Sales | | | | | | | | | | | | | |
| Gross Profit | \$11,185.00 | \$8,970.00 | \$14,478.14 | \$13,262.00 | \$14,001.00 | \$11,432.50 | \$13,740.00 | \$16,791.56 | \$13,150.00 | \$13,320.20 | \$15,707.09 | \$14,250.00 | \$16,791.56 |
| Expenses | | | | | | | | | | | | | |
| Office Supplies | \$1,193.13 | \$209.37 | \$211.45 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$34.95 | \$26.56 | \$61.80 | \$0.00 | \$31.68 | \$0.00 |
| Business Promotion | \$4.55 | \$0.00 | \$0.00 | \$45.70 | \$97.00 | \$37.70 | \$447.88 | \$20.00 | \$7.00 | \$0.00 | \$0.00 | \$28.00 | \$0.00 |
| Interest Expense | \$18.04 | \$5.56 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Dues & Subscriptions | \$44.98 | \$100.00 | \$29.95 | \$0.00 | \$20.00 | \$25.00 | \$0.00 | \$0.00 | \$0.00 | \$13.98 | \$0.00 | \$78.00 | \$0.00 |
| Fees Paid | \$50.00 | \$32.00 | \$2.00 | \$10.00 | \$2.00 | \$14.00 | \$2.00 | \$2.00 | \$511.00 | \$502.00 | \$80.09 | \$39.18 | \$0.00 |
| Insurance | \$550.22 | \$573.99 | \$410.21 | \$719.59 | \$736.94 | \$0.00 | \$372.06 | \$352.48 | \$571.55 | \$207.71 | \$280.86 | \$1,305.75 | \$0.00 |
| Taxes | \$105.50 | \$75.50 | \$835.71 | \$42.09 | \$32.00 | \$2,976.46 | \$75.50 | \$116.00 | \$233.25 | \$0.00 | \$876.49 | \$28.01 | \$0.00 |
| Professional Services | \$180.00 | \$0.00 | \$546.25 | \$24.00 | \$94.00 | \$50.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$525.00 | \$0.00 |
| Maintenance & Repairs | \$60.00 | \$179.56 | \$2,849.28 | \$432.86 | \$2,011.71 | \$2,373.66 | \$2,115.49 | \$776.55 | \$457.11 | \$263.26 | \$198.98 | \$497.57 | \$1,127.98 |
| HVAC Maint. | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$178.98 | \$134.59 | \$27.02 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Plumbing | \$0.00 | \$214.85 | \$0.00 | \$0.00 | \$0.00 | \$252.27 | \$200.00 | \$600.00 | \$0.00 | \$0.00 | \$0.00 | \$137.12 | \$0.00 |
| Carpet/Flooring | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$1,237.00 | \$300.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Car Maint. and Repair | \$566.45 | \$810.26 | \$284.92 | \$89.20 | \$9.00 | \$2,020.00 | \$152.00 | \$463.21 | \$1,247.03 | \$0.00 | \$1,127.98 | \$522.46 | \$0.00 |
| Carpet cleaning | \$0.00 | \$96.48 | \$0.00 | \$221.85 | \$0.00 | \$0.00 | \$260.72 | \$64.66 | \$0.00 | \$0.00 | \$354.00 | \$0.00 | \$0.00 |
| Landscape/Yardwork | \$65.00 | \$0.00 | \$52.50 | \$551.99 | \$12.59 | \$1,631.83 | \$1,190.85 | \$190.66 | \$0.00 | \$58.76 | \$90.00 | \$551.18 | \$0.00 |
| Postage & Shipping | \$41.05 | \$0.00 | \$0.00 | \$0.00 | \$46.91 | \$0.00 | \$0.00 | \$37.00 | \$0.00 | \$40.85 | \$0.00 | \$0.00 | \$0.00 |
| Gasoline | \$312.78 | \$443.04 | \$400.53 | \$489.11 | \$323.56 | \$518.95 | \$45.38 | \$341.50 | \$468.74 | \$458.07 | \$604.61 | \$322.13 | \$0.00 |
| Telephone | \$245.74 | \$218.10 | \$163.82 | \$186.58 | \$186.77 | \$179.31 | \$108.01 | \$189.53 | \$170.43 | \$107.84 | \$220.56 | \$313.87 | \$0.00 |
| Travel & Entertainment | \$596.42 | \$129.61 | \$287.31 | \$491.46 | \$1,166.22 | \$868.06 | \$331.78 | \$914.13 | \$307.19 | \$1,873.64 | \$2,444.39 | \$211.23 | \$0.00 |
| Utilities | | | | | | | | | | | | | |
| Electricity | \$72.29 | \$71.47 | \$71.54 | \$74.17 | \$88.54 | \$48.81 | \$169.53 | \$90.87 | \$79.23 | \$471.68 | \$331.08 | \$746.57 | \$0.00 |
| Water | \$401.29 | \$378.79 | \$379.24 | \$96.02 | \$790.28 | \$629.09 | \$119.75 | \$571.11 | \$669.91 | \$451.09 | \$421.65 | \$719.01 | \$0.00 |
| Total Expenses | \$4,507.44 | \$3,538.58 | \$6,524.71 | \$3,474.62 | \$5,617.52 | \$13,041.12 | \$6,025.54 | \$4,791.67 | \$4,749.00 | \$4,510.68 | \$7,030.69 | \$6,056.76 | \$6,056.76 |
| Profit / (Loss) | \$6,677.56 | \$5,431.42 | \$7,953.43 | \$9,787.38 | \$8,383.48 | (\$1,608.62) | \$7,714.46 | \$11,999.89 | \$8,401.00 | \$8,809.52 | \$8,676.40 | \$8,193.24 | \$5,734.80 |

California Benefit

164 N. 160 E.
Hurricane, UT 84737

Profit & Loss Statement

OK

1/1/06 through 5/31/06

8/1/06
11:58:58 AM

| | |
|-----------------------|---|
| Income | |
| Rental Income | \$64,702.56 |
| Total Income | <u>\$64,702.56</u> |
| Cost of Sales | |
| Gross Profit | <u>\$64,702.56</u> |
| Expenses | |
| Business Promotion | \$974.23 |
| Fees Paid | \$17.00 |
| Professional Services | \$955.04 All year |
| Management | \$430.00 650/mo w/guante |
| Maintenance & Repairs | \$1,079.10 |
| HVAC Maint. | \$3,416.63 2800/yr |
| Plumbing | \$527.10 1213.33 17 mo average |
| Carpet Cleaning | \$550.00 403.33 17 mo average |
| Landscape/Yardwork | \$63.71 250/mo |
| Postage & Shipping | \$93.60 YETV |
| Utilities | |
| Gas | \$233.08 ? - No gas, electric only - for cars and |
| Water | \$2,253.73 17 mo average to maintenance |
| Garbage | \$1,403.77 " " |
| taxes | \$619.00 |
| Total Expenses | <u>\$12,035.99</u> |
| Net Profit / (Loss) | <u>\$52,666.57</u> |

Profit & Loss Statement

January 2006 through May 2006

8/1/06
11:58:12 AM

Page 1

| | January | February | March | April | May | Total |
|-----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Income | | | | | | |
| Rental Income | \$12,693.41 | \$11,711.00 | \$13,235.17 | \$12,974.00 | \$14,088.98 | \$64,702.56 |
| Total Income | <u>\$12,693.41</u> | <u>\$11,711.00</u> | <u>\$13,235.17</u> | <u>\$12,974.00</u> | <u>\$14,088.98</u> | <u>\$64,702.56</u> |
| Cost of Sales | | | | | | |
| Gross Profit | <u>\$12,693.41</u> | <u>\$11,711.00</u> | <u>\$13,235.17</u> | <u>\$12,974.00</u> | <u>\$14,088.98</u> | <u>\$64,702.56</u> |
| Expenses | | | | | | |
| Business Promotion | \$0.00 | \$337.21 | \$0.00 | \$37.02 | \$0.00 | \$374.23 |
| Fees Paid | \$0.00 | \$17.00 | \$0.00 | \$0.00 | \$0.00 | \$17.00 |
| Professional Services | \$0.00 | \$855.04 | \$0.00 | \$0.00 | \$100.00 | \$955.04 |
| Management | \$0.00 | \$225.00 | \$75.00 | \$0.00 | \$150.00 | \$450.00 |
| Maintenance & Repairs | \$200.00 | \$287.91 | \$0.00 | \$143.00 | \$448.19 | \$1,079.10 |
| HVAC Maint. | \$0.00 | \$3,416.63 | \$0.00 | \$0.00 | \$0.00 | \$3,416.63 |
| Plumbing | \$79.61 | \$0.00 | \$447.49 | \$0.00 | \$0.00 | \$527.10 |
| Carpet Cleaning | \$0.00 | \$455.00 | \$0.00 | \$0.00 | \$95.00 | \$550.00 |
| Landscape/Yardwork | \$0.00 | \$0.00 | \$63.71 | \$0.00 | \$0.00 | \$63.71 |
| Postage & Shipping | \$0.00 | \$43.05 | \$0.00 | \$0.00 | \$50.55 | \$93.60 |
| Utilities | | | | | | |
| Gas | \$0.00 | \$233.08 | \$0.00 | \$0.00 | \$0.00 | \$233.08 |
| Water | \$0.00 | \$1,051.55 | \$403.12 | \$415.25 | \$383.81 | \$2,253.73 |
| Garbage | \$0.00 | \$794.72 | \$26.49 | \$290.92 | \$291.64 | \$1,403.77 |
| Taxes | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$619.00 | \$619.00 |
| Total Expenses | <u>\$279.61</u> | <u>\$7,716.19</u> | <u>\$1,015.81</u> | <u>\$886.19</u> | <u>\$2,138.19</u> | <u>\$12,035.99</u> |
| Net Profit / (Loss) | <u>\$12,413.80</u> | <u>\$3,994.81</u> | <u>\$12,219.36</u> | <u>\$12,087.81</u> | <u>\$11,950.79</u> | <u>\$52,666.57</u> |

California Benefit
164 N. 160 E.
Hurricane, UT 84737

Casa Grande
24 units

Profit & Loss Statement

1/1/05 through 12/31/05

8/1/06
11:20:18 AM

Income

| | |
|--------------------------|---------------------|
| Rental Income | \$148,592.28 |
| Commission Income | \$0.00 |
| Management Fees | \$0.00 |
| Income from Equity Sales | \$0.00 |
| Delivery Fees Collected | \$0.00 |
| Miscellaneous Income | \$47,805.53 |
| Total Income | <u>\$196,397.81</u> |

Cost of Sales

| | |
|---------------------|---------------|
| Freight | \$0.00 |
| Total Cost of Sales | <u>\$0.00</u> |

Gross Profit

\$196,397.81

Expenses

| | |
|------------------------|---|
| Office Supplies | \$0.00 |
| Business Promotion | ✓ \$1,806.22 closer |
| Commissions Paid | \$0.00 |
| Depreciation Expense | \$0.00 |
| Dues & Subscriptions | \$0.00 |
| Fees Paid | \$16.00 |
| Insurance | \$0.00 |
| Professional Services | \$5,596.25 |
| Management | \$200.00 650/mo for all 37 mo |
| Maintenance & Repairs | \$5,340.12 closer to 40 per unit + HUI |
| HVAC Maint. | \$3,758.47 2800/yr |
| Plumbing | \$1,191.78 1213.33 17 mo average |
| Carpet/Flooring | \$8,073.93 3 or 4 units done in 1 yr |
| Car Maint. and Repair | \$0.00 |
| Carpet Cleaning | \$730.00 903.53 17 mo average |
| Landscape/Yardwork | \$1,258.75 250/mo |
| Payroll | |
| Wages | \$0.00 |
| Vacation Pay Expense | \$0.00 |
| Employer Expenses | \$0.00 |
| Postage & Shipping | ✓ \$94.01 |
| Rent | \$0.00 |
| Gasoline | \$0.00 |
| Telephone | \$0.00 |
| Travel & Entertainment | \$0.00 |
| Utilities | |
| Gas | \$0.00 |
| Electricity | \$0.00 |
| Water | ✓ \$4,145.92 17 mo average |
| Garbage | ✓ \$2,982.02 |
| taxes | \$0.00 |

5% cap

635-7503

California Benefit

Profit & Loss Statement

1/1/05 through 12/31/05

8/1/06
11:20:18 AM

| | |
|---------------------|---------------------|
| Total Expenses | <u>\$35,193.47</u> |
| Net Profit / (Loss) | <u>\$161,204.34</u> |

23

Profit & Loss Statement

January 2005 through December 2005

| | January | February | March | April | May | June | July | August | September | October | November | December | Pag |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------|
| Income | | | | | | | | | | | | | |
| Rental Income | \$12,372.00 | \$15,644.86 | \$11,673.50 | \$11,425.00 | \$14,158.49 | \$11,367.83 | \$11,753.52 | \$13,631.97 | \$11,737.60 | \$11,235.34 | \$12,232.00 | \$11,360.17 | \$14 |
| Commission Income | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| Management Fees | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| Income from Equity Sales | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| Delivery Fees Collected | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| Miscellaneous Income | \$0.00 | \$0.00 | \$47,805.53 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$4 |
| Total Income | \$12,372.00 | \$15,644.86 | \$59,479.03 | \$11,425.00 | \$14,158.49 | \$11,367.83 | \$11,753.52 | \$13,631.97 | \$11,737.60 | \$11,235.34 | \$12,232.00 | \$11,360.17 | \$15 |
| Cost of Sales | | | | | | | | | | | | | |
| Freight | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| Total Cost of Sales | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| Gross Profit | \$12,372.00 | \$15,644.86 | \$59,479.03 | \$11,425.00 | \$14,158.49 | \$11,367.83 | \$11,753.52 | \$13,631.97 | \$11,737.60 | \$11,235.34 | \$12,232.00 | \$11,360.17 | \$15 |
| Expenses | | | | | | | | | | | | | |
| Office Supplies | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| Business Promotion | \$170.44 | \$54.81 | \$119.09 | \$0.00 | \$544.82 | \$143.34 | \$0.00 | \$0.00 | \$41.79 | \$204.45 | \$119.46 | \$408.02 | \$ |
| Commissions Paid | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| Depreciation Expense | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| Dues & Subscriptions | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| Fees Paid | \$0.00 | \$0.00 | \$0.00 | \$4.00 | \$0.00 | \$4.00 | \$0.00 | \$0.00 | \$4.00 | \$0.00 | \$4.00 | \$0.00 | |
| Insurance | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| Professional Services | \$50.00 | \$1,765.36 | \$684.00 | \$0.00 | \$288.84 | \$48.00 | \$0.00 | \$0.00 | \$1,608.23 | \$0.00 | \$528.04 | \$623.78 | \$ |
| Management | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$200.00 | |
| Maintenance & Repairs | \$84.88 | \$398.81 | \$0.00 | \$231.95 | \$65.00 | \$913.81 | \$0.00 | \$254.14 | \$500.00 | \$1,500.00 | \$1,391.53 | \$0.00 | \$ |
| HVAC Maint. | \$330.86 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$679.33 | \$220.00 | \$228.28 | \$0.00 | \$0.00 | \$0.00 | \$2,300.00 | \$ |
| Plumbing | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$191.78 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$1,000.00 | \$0.00 | \$0.00 | \$ |
| Carpet/Flooring | \$0.00 | \$1,209.27 | \$0.00 | \$2,325.66 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$2,500.00 | \$2,039.00 | \$0.00 | \$ |
| Car Maint. and Repair | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| Carpet Cleaning | \$0.00 | \$50.00 | \$0.00 | \$80.00 | \$0.00 | \$160.00 | \$0.00 | \$0.00 | \$250.00 | \$0.00 | \$190.00 | \$0.00 | |
| Landscape/Yardwork | \$71.25 | \$31.25 | \$31.25 | \$125.00 | \$250.00 | \$0.00 | \$125.00 | \$125.00 | \$250.00 | \$0.00 | \$0.00 | \$250.00 | \$ |
| Payroll | | | | | | | | | | | | | |
| Wages | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| Vacation Pay Expense | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| Employer Expenses | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| Postage & Shipping | \$0.00 | \$38.06 | \$15.10 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$40.85 | |
| Rent | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| Gasoline | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| Telephone | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| Travel & Entertainment | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| Utilities | | | | | | | | | | | | | |
| Gas | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| Electricity | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| Water | \$252.67 | \$248.91 | \$226.34 | \$0.00 | \$578.43 | \$188.82 | \$0.00 | \$319.68 | \$446.50 | \$428.36 | \$400.46 | \$1,055.75 | \$ |
| Garbage | \$236.86 | \$236.86 | \$236.86 | \$244.83 | \$245.82 | \$245.50 | \$248.40 | \$248.98 | \$250.28 | \$255.94 | \$264.66 | \$267.03 | \$ |
| Taxes | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| Total Expenses | \$1,196.96 | \$4,033.33 | \$1,312.64 | \$3,011.44 | \$2,164.69 | \$2,382.80 | \$593.40 | \$1,176.08 | \$3,350.80 | \$5,888.75 | \$4,937.15 | \$5,145.43 | \$5 |
| Net Profit / (Loss) | \$11,175.04 | \$11,611.53 | \$58,166.39 | \$8,413.56 | \$11,993.80 | \$8,985.03 | \$11,160.12 | \$12,455.89 | \$8,386.80 | \$5,346.59 | \$7,294.85 | \$6,214.74 | \$16 |

735 E. 700 So.

Casa Grande 1985

| A | B | C | D | E | F | G | H | I | J | K | L | M | N |
|-------|---|--------|-------------|---------|--------|-------|------------|---------|--------|-----------|------|--------|--------|
| Unit | Tenants Names | Bed/ba | Phone | Rent \$ | Dep.\$ | Lease | Lease date | Pet Add | Dep.\$ | Filter sz | Keys | In/out | CrimeF |
| 1 | Redone 700 | 3/1.5 | | 650 | 500 | | | | | 20X30 | | | |
| 2 | Aaron Reep Manager 700 | 3/1.5 | 674-2920 | 650 | 500 | yes | 5/17/02 | dog | 250 | 20X30 | Y | Y | Y |
| 3 | John Cole 700 | 3/1.5 | | 650 | 500 | yes | 9/1/05 | na | na | 20X30 | Y | Y | Y |
| 4 | Andrew & Amy Carpenter 625 | 2/1 | 652-8175 | 575 | 400 | yes | 3/28/02 | na | na | 16 X 20 | Y | Y | Y |
| 5 | Eric & Ashley Lundquist 625 | 2/1 | 229-7235/36 | 575 | 400 | yes | 7/17/03 | na | na | 20X25 | Y | Y | Y |
| 6 | Alexandra Reinken 625 | 2/1 | | 575 | 400 | yes | | na | na | 16 X 20 | | | |
| 7 | Rowdy and Brooke Reeve 625 | 2/1 | 674-5514 | 575 | 400 | yes | 4/21/01 | na | na | 20X25 | Y | N | Y |
| 8 | Ken & Amity Hulse 625 | 2/1 | | 575 | 500 | yes | 7/20/04 | na | na | 16 X 20 | Y | Y | Y |
| 9 | Aaron LaCorti 625 | 2/1 | | 575 | 400 | | | | | 20X25 | | | |
| 10 | Kevin & Lori Murset 625 | 2/1 | 862-3880 | 575 | 0 | yes | 7/1/05 | na | na | 16X20 | Y | | Y |
| 11 | Jam Taylor 625 | 2/1 | | 575 | 400 | | | | | 20X25 | | | |
| 12 | Margaret Schoenfeld 700 | 3/1.5 | 688-2124 | 650 | 500 | yes | 3/30/03 | na | na | 20X30 | Y | Y | Y |
| 13 | Tim & Sandra Hansen 700 | 3/1.5 | 313-2929 | 650 | 500 | yes | 8/15/01 | 1 cat | 250 | 20X30 | Y | N | Y |
| 14 | Victoria, Thomas & Christine 680-0890 700 | 3/1.5 | 680-4659 | 650 | 525 | yes | 10/1/99 | na | na | 20X30 | No | N | Y |
| 15 | Ben & Cami Randall 231-2367 625 | 2/1 | 669-1772 | 575 | 400 | yes | 10/1/05 | na | na | 16X20 | Y | N | Y |
| 16 | Brett & Jenna Tomazin 625 | 2/1 | 862-4990 | 575 | 400 | yes | 11/16/05 | na | na | 20X30 | Y | Y | Y |
| 17 | David Pederson 625 | 2/1 | 628-5709 | 575 | 400 | yes | 2/14/05 | na | na | 16X20 | Y | | Y |
| 18 | Jordan Hart 625 | 2/1 | | 575 | 400 | yes | | | | 20X25 | | | |
| 19 | Mickie Cochrane 700 | 3/1.5 | 652-8159 | 650 | 500 | yes | 7/1/01 | na | na | 20X30 | Y | Y | Y |
| 20 | Bret & Lori Olsen 700 | 3/1.5 | | 650 | 500 | yes | 5/15/06 | na | na | 20X30 | Y | Y | Y |
| 21 | Joseph & Ginger Harrison 625 | 2/1 | 656-4285 | 575 | 400 | yes | 4/1/05 | na | na | 16 X 20 | Y | Y | Y |
| 22 | Javier Gutierrez 625 | 2/1 | | 575 | 400 | yes | 6/9/03 | | | 20X30 | Y | Y | Y |
| 23 | Tracy Rout 625 | 2/3 | | 575 | 400 | yes | 12/1/05 | na | na | 16 X 20 | Y | Y | Y |
| 24 | Eduardo & Suyapa Orellana 625 | 2/1 | 656-5099 | 575 | 400 | yes | 10/1/02 | na | na | | Y | Y | Y |
| 2099E | Mark and Melissa Yoder 700 | 3/2 | 652-8535 | 600 | 0 | | | | | | | | |
| 8 | 3 bedroom apts, each 1218 sq. ft. | | | | | | | | | | | | |
| 16 | 2 bedroom apts., each 887 sq.ft. | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| | Filters; 8-16 X 20 | | | | | | | | | | | | |
| | Filters; 5-20 X 25 15600 | | | | | | | | | | | | |
| | Filters; 11-20 X 30 | | | | | | | | | | | | |
| | Date of this updated list- 7/27/06 | | | | | | | | | | | | |

669 So. 700E

Casa Sanoma 1986

| A | B | C | D | E | F | G | H | I | J | K | L | M | N |
|-------|--|--------|--------------|---------|---------|-------|------------|---------|---------|-----------|------|--------|--------|
| Unit | Tenants Names | Bed/ba | Phone | Rent \$ | Dep. \$ | Lease | Lease date | Pet Add | Dep. \$ | Filter sz | Keys | In/Out | CrimeF |
| A | Jorge Torres, Cecilia Casique 750 | 3/1.5 | 229-5810 | 650 | 500 | yes | 12/6/03 | na | na | 20X25 | Y | Y | Y |
| B | Wade & Heidi Selman | 3/1.5 | 628-7232 | 650 | 500 | yes | 9/23/04 | dog | 250 | 20X25 | Y | Y | Y |
| C | Twitchell, Dale cell-467-8803 | 3/1.5 | 673-4108 | 650 | 300 | No | 6/13/99 | na | na | 20X25 | Y | Y | N |
| D | Jose Ortega | 3/1.5 | 652-9031 | 650 | 500 | Yes | 5/13/02 | na | na | 20X25 | Y | Y | Y |
| E | Marsa Moore | 3/1.5 | 675-9251 | 650 | 500 | yes | 9/7/04 | na | na | 20X25 | Y | Y | Y |
| F | Ortiz, Carlos Jr. 229-8408 | 3/1.5 | 656-3032 | 650 | 300 | Old | 2/4/98 | na | na | 20X25 | N | N | N |
| G | Tamara Hatch | 3/1.5 | 674-3193 | 650 | 500 | yes | 2/4/02 | cat | 250 | 20X25 | Y | Y | Y |
| H | Christopher & Cindy Collum | 3/1.5 | | 650 | 500 | yes | 6/19/06 | na | na | 20X25 | | | |
| I | Costel & Violeta Ionita | 3/1.5 | | 650 | 500 | yes | 6/22/06 | na | na | 20X25 | Y | Y | Y |
| J | Bruce & Andrea Bryant | 3/1.5 | 634-0712 | 650 | 500 | yes | 1/6/06 | na | na | 20X25 | Y | Y | Y |
| K | Jeramie & Tara Stephenson | 3/1.5 | 313-0280 | 650 | 500 | yes | 6/15/06 | na | na | 20X25 | Y | Y | Y |
| L | Rick & Mary McFadden | 3/1.5 | 229-1061 | 650 | 500 | yes | 4/12/03 | na | na | 20X25 | Y | Y | Y |
| M | Adame, Francisco | 3/1.5 | 656-2824 | 650 | 500 | yes | 11/13/00 | na | na | 20X25 | Y | N | Y |
| above | All apartments are 1218 sq. ft. each 910 ^{sq} | | | | | | | | | | | | |
| 171 N | Cesar & Sandy Asunsolo | 1/1 | 862-5977 | 450 | 300 | yes | 2/1/06 | na | na | na | Y | | Y |
| 55 E. | Graham Bird/Shandon Davis | 2/1.5 | 635-9169 | 575 | 500 | yes | 2/23/05 | na | na | na | Y | | Y |
| 51 E. | Pride & Kathy Aldredge | 2/1 | 635-7637 | 575 | 400 | yes | 4/1/04 | na | na | | Y | Y | Y |
| 49 E. | Lois Eder | 2/1 | 635-7167 | 550 | 500 | yes | 7/1/05 | 2cats | na | | Y | Y | Y |
| 0 | | | | | | | | | | | | | |
| 118N. | Morgan & Colleen Harris | 2/1 | 635-4951 | 300 | 0 | no | 6/1/05 | na | na | na | N | N | N |
| 167 A | B.J. & MaryAnne Yazzie 862-7775 | 3/1 | 862-7775 | 575 | 1095 | yes | 1/1/03 | na | na | na | | Y | |
| 167 B | Brandon Jackson, Sami Wysocki | 2/1 | 229-6649 | 575 | 500 | yes | 4/5/06 | na | na | na | | | |
| 167 C | Danny & Bree Dutton | 3/1 | 680-1024 | 600 | 500 | yes | 3/15/06 | na | na | na | Y | | Y |
| 167 D | Bruce & Sherri Pettus SW | 2/1 | 635-5440 | 525 | 450 | yes | 4/1/03 | na | na | na | | Y | |
| 403A | Jane Sykes | 2/1 | 928-643-6313 | 400 | 400 | | | | | | | | |
| 403B | Matt & Tori Jones | 2/1 | 435-689-0544 | 425 | 350 | | | | | | | | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| 0 | Filters are all 20 X 25 | | | | | | | | | | | | |
| 0 | | | | | | | | | | | | | |
| 131V | Brent & Stacey Dalton | 2/1 | 635-2900 | 650 | 500 | yes | 4/15/06 | | | na | Y | | Y |
| 129V | | 2/1 | | 650 | 500 | yes | | | | na | | | |
| | | | | | | | | | | | | | |

17 mo average
Casa Grande
24 units

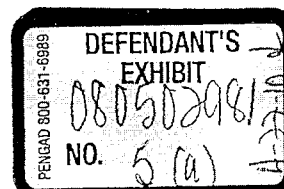
Raise Rents
2bd 625
3bd 700
Casa Sanoma
13 units

| | | |
|-----------------------|----------------------|----------|
| Expenses | | |
| Office Supplies | 00.00 | 206.81 |
| Advertising | 1539.14 | 557.41 |
| Interest Expense | 00.00 | 23.60 |
| Fees Paid | 23.29 | 0.00 |
| Professional Services | 955.04 | 0.00 |
| Management (650/mo) | 5059.46 | 2740.54 |
| Maintenance Repairs | 4531.21 | 400.00 |
| HVAC Maintenance | 3758.47 | 340.59 |
| Plumbing | 1213.33 | 0.00 |
| Carpet cleaning | 903.53 | 1096.74 |
| Landscaping 250/mo | 2500.00 | 1500.00 |
| Postage | 132.43 | 0.00 |
| Water | 4517.40 | 6719.05 |
| Gorbage 256/mo | 3072 | 0.00 |
| Taxes | 8642.28 | 3787.94 |
| Electricity | 318.00 | 0.00 |
| INS | 3705 | 2828.00 |
| | 39,552.58 | 23800.68 |
| | 39,870.58 | |

| | | | | |
|--------------------------------|-------------------------|---------------------------|------------------|-------------|
| potential Gross income | 172,800 | 8x 650 724 16x 575 644 | 101,400 | 13x 650 714 |
| Less Vacancy (3%) | 5184 | | 3042.00 | |
| Effective Gross Income | 167,616 | | 98,358.00 | |
| Expenses | 39,870.58 | | - 23,800.68 | |
| Net Operating Income | 127,745.42 | | 74,557.32 | |
| Capitalization 5.8% | 2,202,807.24 | | 1,285,471.03 | |
| Value based on Income Approach | 2,202,807.24 | | 1,285,500.00 | |
| | 2,202,500.00 | | 98,884.62 / unit | |

8-3bd 98,884.62 / unit

16-2bd 88,213.94 / unit



638-4537

680-7027

email cjmurset@sina.c

| | 13 | 24 |
|---|-------------|-------------|
| Potential Gross Income ^{600/m} | 98,600 | 168,000 |
| Less Vacancy + Collection Loss (3%) | (2,808) | (5,040) |
| Effective Gross Income | 90,792 | 162,960 |
| Expenses | 22,387 | 46,627 |
| Net operating Income | 68,405 | 116,333 |
| Capitalized at 5.5% | 1,243,727 | 2,115,145 |
| | 95,671/unit | 88,131/unit |

| | 13 units | 24 units |
|--------------------------|-----------------|-----------------------------|
| Expenses | | |
| Taxes | 3967 | 9053 |
| Insurance | 3300 | 5000 |
| Repairs + Att | 9700 | 16849 |
| Sewer/water | 2100 | 2600 |
| Advertising/Licensing | 620 | 1770 |
| Garbage | 2200 | 3072 |
| Landscape | 125/mo 500 | 2905 |
| Payroll | | 650 |
| | 22,387 | 7800 Trade rent for my unit |
| | | 46,627 |

EXPENSES

GRANDE

SANOMA

| | | | |
|------------------------|-----------------|-----------------|---------------------|
| OFFICE SUPPLIES | | \$ 206.81 | |
| ADVERTISING | \$ 1,539.14 | \$ 557.41 | |
| PROFFESIONAL SERVICES | \$ 955.04 | | |
| MANAGEMENT (650/MO) | \$ 5,059.46 | \$ 2,740.54 | |
| MAINTENANCE/REPAIRS | \$ 11,520.00 | \$ 7,800.00 | \$50/month per unit |
| CARPET CLEANING | \$ 903.53 | \$ 1,096.74 | |
| LANDSCAPING (250/MO) | \$ 1,500.00 | \$ 1,500.00 | |
| POSTAGE | \$ 132.43 | | |
| WATER/SEWER | \$ 4,517.40 | \$ 7,485.33 | |
| GARBAGE | \$ 3,072.00 | | \$256/month |
| TAXES | \$ 9,053.23 | \$ 3,968.07 | |
| ELECTRICITY | \$ 318.00 | | |
| INSURANCE | \$ 3,705.00 | \$ 2,828.00 | |
| TOTAL EXPENSES | \$ 42,275.23 | \$ 28,182.90 | |
| POTENTIAL GROSS INCOME | \$ 172,800.00 | \$ 101,400.00 | |
| LESS VACANCY (3%) | \$ 5,184.00 | \$ 3,042.00 | |
| EFFECTIVE GROSS INCOME | \$ 167,616.00 | \$ 98,358.00 | |
| EXPENSES | \$ 42,275.23 | \$ 28,182.90 | |
| NET OPERATING INCOME | \$ 125,340.77 | \$ 70,175.10 | |
| CAPITALIZATION 5% | \$ 2,506,815.40 | \$ 1,403,502.00 | |

8128.76/mo

10,000

if Income

payments at 7% 1,400,000

shortage

w/2 vacancies
at 700/mo

69,554 = 5796.17

98,000 = 8166.67/mo

28,446.77 2376.50/mo

28,446

130,000

10,000
10,000/unit

1,400,000

1,558,446

119,880/deer unit

2,015,000

155,000/unit

456,554

80,600

19,500

356,454

27,419/unit

2 no cost

prints

improvements

price

Total cost

sales price

Gross sales income

- sales commission

- closing costs

Net Income

13 unit Apartment Building
669 S 700E
St George Utah 84770
SG- 763 & SG-762-B
3 bedrooms
1200 square feet
Built in 1979
Rents \$650 600

16

2plex
19,200/mo
Ins - 450
Taxes 1400
5% expenses
3% Vacancy - 576
325,000

3plex
28,800
675
2100

4plex
38,400
- 900
2800

162,500 /door
improvements - 10,000
101,400
3042
98358
28047
77311
cap 6% 1288,500
99000/unit
sell for 140,800/unit

3042
4225
3900
1300
8580
21047

24 unit Apartment Building
735 E 700S
St George Utah 84770
SG- 760-A & SG- 762-A
Built in 1985

Expenses: management 3% 5184
Taxes 7800
Ins. 7200
sewer/water 2400
24 units
Repairs 55%/unit 15840
39424
11,120
645 9200 550

potential gross income 172,800
Vacancy 3% - 5184
Effective gross income 167,616
Expenses 38424
NOI 129,192
cap rate 6.0% 2,153,200
Value 89,717/unit

16- two bedroom apartments, 950 square feet, Rent are \$575

110,400 -
expenses 5%
5200 -
vacancy 3% 101,528
cap 7.5

1,354,000 = 84,000/d.
95,600/d.

8- three bedroom apartments, 1218 square feet, Rents are \$650

880
6480 14,400
17520

Total of 37 apartments

3bd

2bd

Information needs to confirmed by Buyer.

160,000 /door

3bd 2bd
800/mo 700/mo

2plex

improvements - 10,000
6% Commissions - 9750
profit 20,000
closing cost 5,000
110,250

210,240
- 6367
203,933
- 39,547
164,386

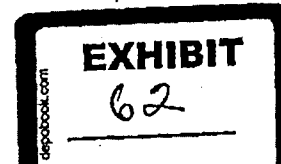
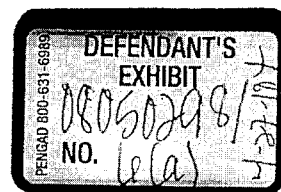
finance costs
5% 20
+ 4% (2mo)
= 9000

9000
101250

2988,836

124,534 /unit

20,000 /unit profit



Tab 6

ADDENDUM “6”

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TO: Darcy

From: Lori Muscolino

Fax #: 652-2339

Date: Oct 9, 2006

This transmission includes this page plus 7 Pages

Comments:

This is it !

Thanks,
Lori



DT03



REAL ESTATE PURCHASE CONTRACT

This is a legally binding contract. Utah law requires real estate licensees to use this form. Buyer and Seller, however, may agree to alter or delete its provisions or to use a different form. If you desire legal or tax advice, consult your attorney or tax advisor.



EARNEST MONEY RECEIPT

Buyer Davco Mgt. and or Assigns offers to purchase the Property described below and hereby delivers to the Brokerage, as Earnest Money, the amount of \$20000 in the form of Check which, upon Acceptance of this offer by all parties (as defined in Section 23), shall be deposited in accordance with state law.

Received by: _____ on _____ (Date)
(Signature of agent/broker acknowledges receipt of Earnest Money)

Brokerage: Prestige Title Phone Number: 435-688-1009

OFFER TO PURCHASE

1. PROPERTY: 669 S. 700 E. 13 Units also described as: Tax ID # SG-763 & SG-762-B City of St. George County of Washington State of Utah, ZIP 84770 (the "Property").

1.1 Included Items. Unless excluded herein, this sale includes the following items if presently owned and attached to the Property: plumbing, heating, air conditioning fixtures and equipment; ceiling fans; water heater; built-in appliances; light fixtures and bulbs; bathroom fixtures; curtains, draperies and rods; window and door screens; storm doors and windows; window blinds; awnings; installed television antenna; satellite dishes and system; permanently affixed carpets; automatic garage door opener and accompanying transmitter(s); fencing; and trees and shrubs. The following items shall also be included in this sale and conveyed under separate Bill of Sale with warranties as to title: Refrigerator in each unit.

1.2 Excluded Items. The following items are excluded from this sale: _____

1.3 Water Rights. The following water rights are included in this sale: _____

2. PURCHASE PRICE The purchase price for the Property is \$1403500.00

2.1 Method of Payment. The purchase price will be paid as follows:

\$20000 (a) Earnest Money Deposit. Under certain conditions described in this Contract, THIS DEPOSIT MAY BECOME TOTALLY NON-REFUNDABLE.

\$ (b) New Loan. Buyer agrees to apply for a new loan as provided in Section 2.3. Buyer will apply for one or more of the following loans: ☐ CONVENTIONAL ☐ FHA ☐ VA ☐ OTHER (specify) _____

If an FHA/VA loan applies, see attached FHA/VA Loan Addendum.

If the loan is to include any particular terms, then check below and give details:

☐ SPECIFIC LOAN TERMS _____

\$ (c) Loan Assumption Addendum (see attached Assumption Addendum, if applicable)

\$1383500.00 (d) Seller Financing (see attached Seller Financing Addendum, if applicable).

\$ (e) Other (specify) _____

\$ (f) Balance of Purchase Price in Cash at Settlement

\$1403500.00 PURCHASE PRICE. Total of lines (a) through (f)

2.2 Financing Condition. (check applicable box)

(a) ☐ Buyer's obligation to purchase the Property IS conditioned upon Buyer qualifying for the applicable loan(s) referenced in Section 2.1(b) or (c) (the "Loan"). This condition is referred to as the "Financing Condition."

(b) ☒ Buyer's obligation to purchase the Property IS NOT conditioned upon Buyer qualifying for a loan. Section 2.3 does not apply.

2.3 Application for Loan.

(a) Buyer's duties. No later than the Loan Application & Fee Deadline referenced in Section 24(a), Buyer shall apply for the Loan. "Loan Application" occurs only when Buyer has: (i) completed, signed, and delivered to the lender (the

Page 1 of 6 pages Seller's Initials RM Date 9/28/06 Buyer's Initials CE Date 9/1/06

DT04

"Lender") the initial loan application and documentation required by the Lender; and (ii) paid all loan application fees as required by the Lender. Buyer agrees to diligently work to obtain the Loan. Buyer will promptly provide the Lender with any additional documentation as required by the Lender.

(b) **Procedure if Loan Application is denied.** If Buyer receives written notice from the Lender that the Lender does not approve the Loan (a "Notice of Loan Denial"), Buyer shall, no later than three calendar days thereafter, provide a copy to Seller. Buyer or Seller may, within three calendar days after Seller's receipt of such notice, cancel this Contract by providing written notice to the other party. In the event of a cancellation under this Section 2.3(b): (i) if the Notice of Loan Denial was received by Buyer no later than the Loan Denial Deadline referenced in Section 2.4(d), the Earnest Money Deposit shall be returned to Buyer; (ii) if the Notice of Loan Denial was received by Buyer after that date, the Earnest Money Deposit shall be released to Seller, and Seller agrees to accept as Seller's exclusive remedy the Earnest Money Deposit as liquidated damages. A failure to cancel as provided in this Section 2.3(b) shall have no effect on the Financing Condition set forth in Section 2.2(a). Cancellation pursuant to the provisions of any other section of this Contract shall be governed by such other provisions.

2.4 Appraisal Condition. Buyer's obligation to purchase the Property ☐ IS ☒ IS NOT conditioned upon the Property appraising for not less than the Purchase Price. This condition is referred to as the "Appraisal Condition". If the Appraisal Condition applies and the Buyer receives written notice from the Lender that the Property has appraised for less than the Purchase Price (a "Notice of Appraised Value"), Buyer may cancel this Contract by providing a copy of such written notice to Seller no later than three days after Buyer's receipt of such written notice. In the event of a cancellation under this Section 2.4: (i) if the Notice of Appraised Value was received by Buyer no later than the Appraisal Deadline referenced in Section 2.4(e), the Earnest Money Deposit shall be returned to Buyer; (ii) if the Notice of Appraised Value was received by Buyer after that date, the Earnest Money Deposit shall be released to Seller, and Seller agrees to accept as Seller's exclusive remedy, the Earnest Money Deposit as liquidated damages. A failure to cancel as provided in this Section 2.4 shall be deemed a waiver of the Appraisal Condition by Buyer. Cancellation pursuant to the provisions of any other section of this Contract shall be governed by such other provisions.

3. SETTLEMENT AND CLOSING. Settlement shall take place on the Settlement Deadline referenced in Section 2.4(f), or on a date upon which Buyer and Seller agree in writing. "Settlement" shall occur only when all of the following have been completed: (a) Buyer and Seller have signed and delivered to each other or to the escrow/closing office all documents required by this Contract, by the Lender, by written escrow instructions or by applicable law; (b) any monies required to be paid by Buyer under these documents (except for the proceeds of any new loan) have been delivered by Buyer to Seller or to the escrow/closing office in the form of collected or cleared funds; and (c) any monies required to be paid by Seller under these documents have been delivered by Seller to Buyer or to the escrow/closing office in the form of collected or cleared funds. Seller and Buyer shall each pay one-half (1/2) of the fee charged by the escrow/closing office for its services in the settlement/closing process. Taxes and assessments for the current year, rents, and interest on assumed obligations shall be prorated at Settlement as set forth in this Section. Tenant deposits (including, but not limited to, security deposits, cleaning deposits and prepaid rents) shall be paid or credited by Seller to Buyer at Settlement. Prorations set forth in this Section shall be made as of the Settlement Deadline date referenced in Section 2.4(f), unless otherwise agreed to in writing by the parties. Such writing could include the settlement statement. The transaction will be considered closed when Settlement has been completed, and when all of the following have been completed: (i) the proceeds of any new loan have been delivered by the Lender to Seller or to the escrow/closing office; and (ii) the applicable Closing documents have been recorded in the office of the county recorder. The actions described in parts (i) and (ii) of the preceding sentence shall be completed within four calendar days of Settlement.

4. POSSESSION. Seller shall deliver physical possession to Buyer within: 1 hours ☐ _____ days after closing; ☒ Other (specify) At Recording

5. CONFIRMATION OF AGENCY DISCLOSURE. At the signing of this Contract:

☒ Seller's Initials [Signature] Buyer's Initials [Signature]

The Listing Agent, N/A, represents ☐ Seller ☐ Buyer ☐ both Buyer and Seller as a Limited Agent;
The Listing Broker, N/A, represents ☐ Seller ☐ Buyer ☐ both Buyer and Seller as a Limited Agent;

The Selling Agent, Lori Muscolino / Darcy Thompson, represents ☐ Seller ☒ Buyer ☐ both Buyer and Seller

as a Limited Agent;
The Selling Broker, Century 21 At The Rockies / Prudential, represents ☐ Seller ☒ Buyer ☐ both Buyer and Seller as a Limited Agent;

6. TITLE INSURANCE. At Settlement, Seller agrees to pay for a standard-coverage owner's policy of title insurance insuring Buyer in the amount of the Purchase Price. Any additional title insurance coverage shall be at Buyer's expense.

7. SELLER DISCLOSURES. No later than the Seller Disclosure Deadline referenced in Section 24(b), Seller shall provide to Buyer the following documents which are collectively referred to as the "Seller Disclosures":

- (a) a Seller property condition disclosure for the Property, signed and dated by Seller;
- (b) a commitment for the policy of title insurance;
- (c) a copy of any leases affecting the Property not expiring prior to Closing;
- (d) written notice of any claims and/or conditions known to Seller relating to environmental problems and building or zoning code violations; and
- (e) Other (specify) _____

8. BUYER'S RIGHT TO CANCEL BASED ON EVALUATIONS AND INSPECTIONS. Buyer's obligation to purchase under this Contract (check applicable boxes):

- (a) ☒ IS ☐ IS NOT conditioned upon Buyer's approval of the content of all the Seller Disclosures referenced in Section 7;
- (b) ☒ IS ☐ IS NOT conditioned upon Buyer's approval of a physical condition inspection of the Property;
- (c) ☐ IS ☒ IS NOT conditioned upon Buyer's approval of a survey of the Property by a licensed surveyor ("Survey");
- (d) ☒ IS ☐ IS NOT conditioned upon Buyer's approval of the cost, terms and availability of homeowner's insurance coverage for the Property;
- (e) ☐ IS ☒ IS NOT conditioned upon Buyer's approval of the following tests and evaluations of the Property: (specify) _____

If any of the above items are checked in the affirmative, then Sections 8.1, 8.2, 8.3 and 8.4 apply; otherwise, they do not apply. The items checked in the affirmative above are collectively referred to as the "Evaluations & Inspections." Unless otherwise provided in this Contract, the Evaluations & Inspections shall be paid for by Buyer and shall be conducted by individuals or entities of Buyer's choice. Seller agrees to cooperate with the Evaluations & Inspections and with the walk-through inspection under Section 11.

8.1 Evaluations & Inspections Deadline. No later than the Evaluations & Inspections Deadline referenced in Section 24(c) Buyer shall: (a) complete all Evaluations & Inspections; and (b) determine if the Evaluations & Inspections are acceptable to Buyer.

8.2 Right to Cancel or Object. If Buyer determines that the Evaluations & Inspections are unacceptable, Buyer may, no later than the Evaluations & Inspections Deadline, either: (a) cancel this Contract by providing written notice to Seller, whereupon the Earnest Money Deposit shall be released to Buyer; or (b) provide Seller with written notice of objections.

8.3 Failure to Respond. If by the expiration of the Evaluations & Inspections Deadline, Buyer does not: (a) cancel this Contract as provided in Section 8.2; or (b) deliver a written objection to Seller regarding the Evaluations & Inspections, the Evaluations & Inspections shall be deemed approved by Buyer.

8.4 Response by Seller. If Buyer provides written objections to Seller, Buyer and Seller shall have seven calendar days after Seller's receipt of Buyer's objections (the "Response Period") in which to agree in writing upon the manner of resolving Buyer's objections. Except as provided in Section 10.2, Seller may, but shall not be required to, resolve Buyer's objections. If Buyer and Seller have not agreed in writing upon the manner of resolving Buyer's objections, Buyer may cancel this Contract by providing written notice to Seller no later than three calendar days after expiration of the Response Period; whereupon the Earnest Money Deposit shall be released to Buyer. If this Contract is not canceled by Buyer under this Section 8.4, Buyer's objections shall be deemed waived by Buyer. This waiver shall not affect those items warranted in Section 10.

9. ADDITIONAL TERMS. There ☒ ARE ☐ ARE NOT addenda to this Contract containing additional terms. If there are, the terms of the following addenda are incorporated into this Contract by this reference: ☐ Addendum No. _____ ☐ Seller Financing Addendum ☐ FHA/VA Loan Addendum ☐ Assumption Addendum ☐ Lead-Based Paint Disclosure & Acknowledgement (in some transactions this disclosure is required by law) ☐ Lead-Based Paint Addendum (in some transactions this addendum is required by law) ☐ Other (specify): _____

10. SELLER WARRANTIES AND REPRESENTATIONS.

10.1 Condition of Title. Seller represents that Seller has fee title to the Property and will convey good and marketable title to Buyer at Closing by general warranty deed. Buyer agrees, however, to accept title to the Property subject to the following matters of record: easements, deed restrictions, CC&R's (meaning covenants, conditions and restrictions), and rights-of-way; and subject to the contents of the Commitment for Title Insurance as agreed to by Buyer under Section 8. Buyer also agrees to take the Property subject to existing leases affecting the Property and not expiring prior to Closing. Buyer agrees to be responsible for taxes, assessments, homeowners association dues, utilities, and other services

Page 3 of 6 pages Seller's Initials km Date 9/28/06 Buyer's Initials CE Date 9/1/06

DT06

provided to the Property after Closing. Except for any loan(s) specifically assumed by Buyer under Section 2.1(c), Seller will cause to be paid off by Closing all mortgages, trust deeds, judgments, mechanic's liens, tax liens and warrants. Seller will cause to be paid current by Closing all assessments and homeowners association dues.

10.2 Condition of Property. Seller warrants that the Property will be in the following condition ON THE DATE SELLER DELIVERS PHYSICAL POSSESSION TO BUYER:

- (a) the Property shall be broom-clean and free of debris and personal belongings. Any Seller or tenant moving-related damage to the Property shall be repaired at Seller's expense;
- (b) the heating, cooling, electrical, plumbing and sprinkler systems and fixtures, and the appliances and fireplaces will be in working order and fit for their intended purposes;
- (c) the roof and foundation shall be free of leaks known to Seller;
- (d) any private well or septic tank serving the Property shall have applicable permits, and shall be in working order and fit for its intended purpose; and
- (e) the Property and improvements, including the landscaping, will be in the same general condition as they were on the date of Acceptance.

10.3 Home Warranty Plan. The "Home Warranty Plan" referenced in this Section 10.3 is separate from the warranties provided by Seller under Sections 10.1 and 10.2 above. (Check applicable boxes):

A one-year Home Warranty Plan ☐ WILL ☒ WILL NOT be included in this transaction. If included, the Home Warranty Plan shall be ordered by ☐ Buyer ☐ Seller and shall be issued by a company selected by ☐ Buyer ☐ Seller. The cost of the Home Warranty Plan shall not exceed \$ _____ and shall be paid for at Settlement by ☐ Buyer ☐ Seller.

11. WALK-THROUGH INSPECTION. Before Settlement, Buyer may, upon reasonable notice and at a reasonable time, conduct a "walk-through" inspection of the Property to determine only that the Property is "as represented," meaning that the items referenced in Sections 1.1, 8.4 and 10.2 ("the items") are respectively present, repaired/changed as agreed, and in the warranted condition. If the items are not as represented, Seller will, prior to Settlement, replace, correct or repair the items or, with the consent of Buyer (and Lender if applicable), escrow an amount at Settlement to provide for the same. The failure to conduct a walk-through inspection, or to claim that an item is not as represented, shall not constitute a waiver by Buyer of the right to receive, on the date of possession, the items as represented.

12. CHANGES DURING TRANSACTION. Seller agrees that from the date of Acceptance until the date of Closing, none of the following shall occur without the prior written consent of Buyer: (a) no changes in any existing leases shall be made; (b) no new leases shall be entered into; (c) no substantial alterations or improvements to the Property shall be made or undertaken; and (d) no further financial encumbrances to the Property shall be made.

13. AUTHORITY OF SIGNERS. If Buyer or Seller is a corporation, partnership, trust, estate, limited liability company, or other entity, the person executing this Contract on its behalf warrants his or her authority to do so and to bind Buyer and Seller.

14. COMPLETE CONTRACT. This Contract together with its addenda, any attached exhibits, and Seller Disclosures, constitutes the entire Contract between the parties and supersedes and replaces any and all prior negotiations, representations, warranties, understandings or contracts between the parties. This Contract cannot be changed except by written agreement of the parties.

15. DISPUTE RESOLUTION. The parties agree that any dispute, arising prior to or after Closing, related to this Contract (check applicable box)

☒ SHALL

☐ MAY AT THE OPTION OF THE PARTIES

first be submitted to mediation. If the parties agree to mediation, the dispute shall be submitted to mediation through a mediation provider mutually agreed upon by the parties. Each party agrees to bear its own costs of mediation. If mediation fails, the other procedures and remedies available under this Contract shall apply. Nothing in this Section 15 shall prohibit any party from seeking emergency equitable relief pending mediation.

16. DEFAULT. If Buyer defaults, Seller may elect either to retain the Earnest Money Deposit as liquidated damages, or to return it and sue Buyer to specifically enforce this Contract or pursue other remedies available at law. If Seller defaults, in addition to return of the Earnest Money Deposit, Buyer may elect either to accept from Seller a sum equal to the Earnest Money Deposit as liquidated damages, or may sue Seller to specifically enforce this Contract or pursue other remedies available at law. If Buyer elects to accept liquidated damages, Seller agrees to pay the liquidated damages to Buyer upon demand. It is agreed that denial of a Loan Application made by the Buyer is not a default and is governed by Section 2.3(b).

17. ATTORNEY FEES AND COSTS. In the event of litigation or binding arbitration to enforce this Contract, the prevailing party shall be entitled to costs and reasonable attorney fees. However, attorney fees shall not be awarded for participation in mediation under Section 15.

18. NOTICES. Except as provided in Section 23, all notices required under this Contract must be: (a) in writing; (b) signed by the party giving notice; and (c) received by the other party or the other party's agent no later than the applicable date referenced in this Contract.

19. ABRIGATION. Except for the provisions of Sections 10.1, 10.2, 15 and 17 and express warranties made in this Contract, the provisions of this Contract shall not apply after Closing.

20. RISK OF LOSS. All risk of loss to the Property, including physical damage or destruction to the Property or its improvements due to any cause except ordinary wear and tear and loss caused by a taking in eminent domain, shall be borne by Seller until the transaction is closed.

21. TIME IS OF THE ESSENCE. Time is of the essence regarding the dates set forth in this Contract. Extensions must be agreed to in writing by all parties. Unless otherwise explicitly stated in this Contract: (a) performance under each Section of this Contract which references a date shall absolutely be required by 5:00 PM Mountain Time on the stated date; and (b) the term "days" shall mean calendar days and shall be counted beginning on the day following the event which triggers the timing requirement (i.e., Acceptance, Notice of Loan Denial, etc.). Performance dates and times referenced herein shall not be binding upon title companies, lenders, appraisers and others not parties to this Contract, except as otherwise agreed to in writing by such non-party.

22. FAX TRANSMISSION AND COUNTERPARTS. Facsimile (fax) transmission of a signed copy of this Contract, any addenda and counterparts, and the retransmission of any signed fax shall be the same as delivery of an original. This Contract and any addenda and counterparts may be executed in counterparts.

23. ACCEPTANCE. "Acceptance" occurs when Seller or Buyer, responding to an offer or counteroffer of the other: (a) signs the offer or counteroffer where noted to indicate acceptance; and (b) communicates to the other party or to the other party's agent that the offer or counteroffer has been signed as required.

24. CONTRACT DEADLINES. Buyer and Seller agree that the following deadlines shall apply to this Contract:

(a) Loan Application & Fee Deadline _____ (Date)

(b) Seller Disclosure Deadline September 6, 2006 (Date)

(c) Evaluations & Inspections Deadline 9/16/06 *RM* (Date)

(d) Loan Denial Deadline _____ (Date)

(e) Appraisal Deadline _____ (Date)

(f) Settlement Deadline September 29, 2006 (Date) *10/1/06*

25. OFFER AND TIME FOR ACCEPTANCE. Buyer offers to purchase the Property on the above terms and conditions. If Seller does not accept this offer by 5:00 [] AM [X] PM Mountain Time on August 25, 2006 (Date), this offer shall lapse, and the Brokerage shall return the Earnest Money Deposit to Buyer.

(Buyer's Signature) _____

(Offer Date) _____

(Buyer's Signature) _____

(Offer Date) _____

The later of the above Offer Dates shall be referred to as the "Offer Reference Date"

Davco Mgt. and or Assigns

(Buyers' Names) (PLEASE PRINT) _____ (Notice Address) _____

(Zip Code) _____ (Phone) _____

ACCEPTANCE/COUNTEROFFER/REJECTION

CHECK ONE:

☒ ACCEPTANCE OF OFFER TO PURCHASE: Seller Accepts the foregoing offer on the terms and conditions specified above.

☒ COUNTEROFFER: Seller presents for Buyer's Acceptance the terms of Buyer's offer subject to the exceptions or modifications as specified in the attached ADDENDUM NO. 2

Richard T. Murset 9/25/06
(Seller's Signature) (Date) (Time)

(Seller's Signature) (Date) (Time)

Richard T. MURSET 164 N. 160 E. Hurricane UT 84737 435-680-7027
(Sellers' Names) (PLEASE PRINT) (Notice Address) (Zip Code) (Phone)

☐ REJECTION: Seller rejects the foregoing offer.

(Seller's Signature)

(Date)

(Time)

(Seller's Signature)

(Date)

(Time)

DOCUMENT RECEIPT

State law requires Broker to furnish Buyer and Seller with copies of this Contract bearing all signatures. (Fill in applicable section below.)

A. I acknowledge receipt of a final copy of the foregoing Contract bearing all signatures:

(Buyer's Signature)

(Date)

(Buyer's Signature)

(Date)

(Seller's Signature)

(Date)

(Seller's Signature)

(Date)

B. I personally caused a final copy of the foregoing Contract bearing all signatures to be ☐ faxed ☐ mailed ☐ hand delivered on _____ (Date), postage prepaid, to the ☐ Seller ☐ Buyer.

Sent/Delivered by (specify) _____

THIS FORM APPROVED BY THE UTAH REAL ESTATE COMMISSION AND THE OFFICE OF THE UTAH ATTORNEY GENERAL, EFFECTIVE AUGUST 5, 2003. IT REPLACES AND SUPERSEDES ALL PREVIOUSLY APPROVED VERSIONS OF THIS FORM.

Page 1 of 1



ADDENDUM NO. 1 TO REAL ESTATE PURCHASE CONTRACT



THIS IS AN ☒ ADDENDUM ☐ COUNTEROFFER to that REAL ESTATE PURCHASE CONTRACT (the "REPC") with an Offer Reference Date of August 29, 2006 including all prior addenda and counteroffers, between Dayco Mot and or Assigns as Buyer, and IOTA LLC and or Richard T Murset as Seller, regarding the Property located at 669 S. 700 E. St George. The following terms are hereby incorporated as part of the REPC:

1. 1031 EXCHANGE (check applicable box)

☒ Seller - 1031 Exchange. Seller desires to enter into this transaction and to sell the Property as a "Relinquished Property" under Section 1031 of the Internal Revenue Code. Accordingly Buyer agrees to fully cooperate with the Seller in completing the 1031 Exchange, at no expense or liability to Buyer; or

☐ Buyer - 1031 Exchange. Buyer desires to enter into this transaction and to acquire the Property as a suitable "like-kind" exchange property under Section 1031 of the Internal Revenue Code. Accordingly Seller agrees to fully cooperate with the Buyer in completing the 1031 Exchange, at no expense or liability to Seller.

2. Buyer has been credited the amount of sales commissions of \$42,105 off the sales price. This amount will be paid to the brokers if the buyer completes the transaction. The transaction will be completed if the buyer pays in full the balance of the unpaid purchase price to the seller.

3. \$20,000.00 Earnest Money to be released to seller after closing.

BUYER AND SELLER AGREE THAT THE CONTRACT DEADLINES REFERENCED IN SECTION 24 OF THE REPC (CHECK APPLICABLE BOX): ☒ REMAIN UNCHANGED ☐ ARE CHANGED AS FOLLOWS:

To the extent the terms of this ADDENDUM modify or conflict with any provisions of the REPC, including all prior addenda and counteroffers, these terms shall control. All other terms of the REPC, including all prior addenda and counteroffers, not modified by this ADDENDUM shall remain the same. ☒ Seller ☐ Buyer shall have until 5:00 ☐ AM ☒ PM Mountain Time on August 25, 2006 (Date), to accept the terms of this ADDENDUM in accordance with the provisions of Section 23 of the REPC. Unless so accepted, the offer as set forth in this ADDENDUM shall lapse.

☒ Buyer ☒ Seller Signature (Date) (Time) ☐ Buyer ☐ Seller Signature (Date) (Time)

ACCEPTANCE/COUNTEROFFER/REJECTION

CHECK ONE:

☒ ACCEPTANCE: ☒ Seller ☐ Buyer hereby accepts the terms of this ADDENDUM.

☒ COUNTEROFFER: ☐ Seller ☐ Buyer presents as a counteroffer the terms of attached ADDENDUM NO. 2

Richard T. Murset 2:00pm 9/25/06
(Signature) (Date) (Time) (Signature) (Date) (Time)

☐ REJECTION: ☐ Seller ☐ Buyer rejects the foregoing ADDENDUM.

(Signature) (Date) (Time) (Signature) (Date) (Time)

THIS FORM APPROVED BY THE UTAH REAL ESTATE COMMISSION AND THE OFFICE OF THE UTAH ATTORNEY GENERAL, EFFECTIVE AUGUST 5, 2003. IT REPLACES AND SUPERSEDES ALL PREVIOUSLY APPROVED VERSIONS OF THIS FORM.

Tab 7

ADDENDUM “7”

EX 1

TERM LOAN
PROMISSORY NOTE

\$1,341,395.00

September 29, 2006

FOR VALUE RECEIVED, the undersigned, DAVCO MANAGEMENT COMPANY, L.C., an Utah limited liability company ("Borrower"), promises to pay to the order of IOTA, LLC, an Utah limited liability company ("Lender"), at 164 N. 160 E., Hurricane, Utah 84737, or at such other place as Lender may from time to time designate, the principal sum of **ONE MILLION THREE HUNDRED FORTY-ONE THOUSAND THREE HUNDRED NINETY-FIVE DOLLARS (\$1,341,395.00)**, together with all subsequent advances made, expenditures authorized and additional payments provided for in this Term Loan Promissory Note, and in any of the Loan Documents (defined below).

1. **Definitions.** As used in this Note, the following terms shall have the meanings set forth below:

"Deed of Trust" means the Deed of Trust, Security Agreement, Assignment of Rents and Leases, and Fixture Filing, dated the same date as this Note, executed by Borrower, as grantor, in favor of Lender, as beneficiary, and encumbering the Property.

"Event of Default" shall have the meaning given in the Deed of Trust.

"Loan" means the term loan advanced by Lender to Borrower in the principal amount of **ONE MILLION THREE HUNDRED FORTY-ONE THOUSAND THREE HUNDRED NINETY-FIVE DOLLARS (\$1,341,395.00)**.

"Loan Documents" means the following documents executed in conjunction with this Note: the Deed of Trust; a Certificate and Indemnity Regarding Hazardous Substances, a Uniform Commercial Code Financing Statement; one or more Guaranties in favor of Lender; and such other documents as may now be given or as may be entered into after the date of this Note by Borrower, any guarantor of Borrower's obligations under this Note or any other party for the benefit of Lender as security for this Note.

"Maturity Date" shall mean **December 1, 2007**.

"Month" means a calendar month.

"Note" means this Term Loan Promissory Note and any extensions, renewals or modifications thereof.

"Payment Date" means the **1st day of each Month** on which Borrower shall pay to Lender accrued interest, on the outstanding principal of this Note, as required by the terms of this Note.

"Principal Indebtedness" means at any time and from time to time during the term of this Note all advances, disbursements, expenditures and payments made by Lender after the date of this Note pursuant to the terms of this Note or any of the Loan Documents, and includes the unpaid principal balance of the Senior Note.



"Property" means certain real property located in Washington County, Utah, as more particularly described on Exhibit "A" attached to and incorporated in this Note by reference.

"Senior Note" means that certain note in the amount of \$500,000 made by Lender in favor of LaSalle Bank National Association

2. Security. This Note is to be secured by the Deed of Trust, and other Loan Documents. Reference is made to such documents for a description of the property and interests encumbered or pledged as security for this Note, and the rights, remedies and obligations of Lender with respect thereto.

3. Interest Accruals. Interest shall accrue on the unpaid Principal Indebtedness at an annual rate of 7.0%.

4. Interest Calculation Basis. All interest accruing under this Note shall be calculated on the basis of a 365-day year for the actual number of days elapsed.

5. Payments of Accrued Interest.

(a) Beginning on ~~October 1, 2006~~ ^{November 1, 2006}, Borrower shall make monthly interest only payments to Lender of accrued interest on the unpaid Principal Indebtedness in the amount of \$7,824.81.

(b) The entire unpaid Principal Indebtedness, together with all accrued and unpaid interest thereon, if not sooner paid, shall be due and payable in full on the Maturity Date, with Borrower receiving a credit at the Maturity Date in the amount of security deposits held by Lender with respect to the Property.

6. Default Rate of Interest. During any period of time in which an Event of Default has occurred and is continuing, interest shall accrue against the outstanding Principal Indebtedness evidenced hereby at an annual rate equal to eighteen percent (18.0%), calculated on the basis of a 365-day year for the actual number of days elapsed.

7. Late Fee Charges. If any payment required by this Note or any of the Loan Documents is not received by Lender within ten (10) days after such payment is due, a late fee charge equal to five percent (5.0%) of such late payment shall be due and payable.

8. Usury Savings Clause. It is the express intent hereof that Borrower not pay and Lender not receive, directly or indirectly in any manner whatsoever, interest in excess of that which may be legally paid by Borrower under applicable law, and this Note is subject to the express condition that at no time shall Borrower be obligated or required to pay, nor shall Lender be permitted to collect, interest on the Principal Indebtedness at a rate which could subject Lender to either civil or criminal liability as a result of being in excess of the maximum rate which Borrower is permitted by law to agree to pay. If any such excess amount of interest is contracted for, charged, paid, received or applied under the Loan Documents or this Note, or in the event the maturity of this Note is accelerated in whole or in part or the principal of or interest on this Note shall be prepaid, so that under any of such circumstances the amount of interest contracted for, charged, paid, received or applied under the Loan Documents or this Note shall exceed the maximum amount of interest permitted by applicable law, then in any such event: (a) neither Borrower nor any other person liable for payment of the indebtedness evidenced hereby shall be obligated to pay the amount of such interest to the extent that it is in excess of the maximum amount of interest

permitted by applicable law; (b) any such excess which may have been collected shall, at Lender's option, either be applied as a credit against the then unpaid principal amount of this Note (without payment of a prepayment premium) or refunded to Borrower; and (c) the effective rate of interest shall be automatically reduced to the maximum lawful rate of interest allowed under applicable law, as now or hereafter construed by the courts having jurisdiction thereof. Without limiting the generality of the foregoing, all calculations of the rate of interest contracted for, charged or received under the Loan Documents or this Note which are made for the purposes of determining whether such rate exceeds the maximum amount of interest permitted by applicable law shall be made, to the extent permitted by applicable law, by amortizing, prorating, allocating and spreading in equal parts during the period of the full stated term of this Note, all interest at any time contracted for, charged or received in connection with the indebtedness evidenced by this Note.

9. Application of Payments. All payments on this Note shall, at the option of Lender, be applied first to the payment of accrued interest and after all such interest has been paid, any remainder shall be applied toward repayment of any additional advances Lender has made under the terms of any of the Loan Documents which have not already been added to the Principal Indebtedness then outstanding, and the balance, if any, toward the reduction of the Principal Indebtedness.

10. Incorporation of Loan Documents. The terms, conditions, covenants, provisions, stipulations and agreements of the Loan Documents are hereby made a part of this Note by reference to such documents in the same manner and with the same effect as if the Loan Documents were fully set forth herein. Borrower hereby covenants and promises to abide by and comply with each and every covenant and condition set forth in this Note and the Loan Documents.

11. Prepayment. Borrower may prepay all or any portion of the Principal Indebtedness before it is due, without notice to Lender and without payment of any prepayment fee or premium.

12. Waivers, Substitution of Security. Borrower waives presentment for payment, notice of dishonor and protest, and consents to any extension of time with respect to any payment due under this Note, to any substitution or release of collateral, and to the addition or release of any party. No waiver of any payment under this Note shall operate as a waiver of any other payment. No delay or failure of Lender in the exercise of any right or remedy provided for under this Note shall be deemed a waiver of such right by Lender, and no exercise of any right or remedy shall be deemed a waiver of any other right or remedy which Lender may have.

13. Governing Law. This Note is to be construed in accordance with the laws of the State of Utah, without giving effect to principles of conflicts of laws.

14. General. Time is of the essence hereof. Upon the occurrence and continuance of an Event of Default, Lender shall have, in addition to all rights and remedies available to Lender at law or in equity, all rights and remedies specified in any of the Loan Documents.

15 taxes and Insurance beginning
Jan 1, 2007 payments will increase to \$ 8,399.59
7824.81 (interest) + 339.12 (taxes) + 235.66 (insurance)

Btm
107

DATED effective as of the date first above written.

BORROWER:

DAVCO MANAGEMENT COMPANY, L.C., an Utah
limited liability company

By: 

David Fisher its Managing Member

EXHIBIT "A"

PROPERTY DESCRIPTION

The following described real property is located in Washington County, Utah:

PARCEL #1:

THE SOUTH ONE-HALF OF LOT 4, BLOCK 4, PLAT "B", ST. GEORGE CITY SURVEY, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDS OF WASHINGTON COUNTY, STATE OF UTAH.

PARCEL #2:

THE WEST ONE-HALF OF LOT 3, BLOCK 4, PLAT "B", ST. GEORGE CITY SURVEY, ACCORDING TO THE OFFICIAL PLAT THEREOF, RECORDS OF WASHINGTON COUNTY, STATE OF UTAH.

Property Address: 669 S 700 East, St. George, UT 84770
P.I.# SG-763 & SG-762-B

Tab 8

ADDENDUM “8”

ALL-INCLUSIVE PROMISSORY NOTE

(Secured by All-Inclusive Trust Deed)

\$2,411,596.00

November 30, 2006

St. George, Utah

IN INSTALLMENTS AS HEREIN STATED, for value received, DAVCO MANAGEMENT COMPANY LLC, hereinafter referred to collectively as "Maker", promises to pay to CALIFORNIA BENEFIT INC hereinafter referred to as "Holder", or order, at 164 North 160 East, Hurricane, Utah, the sum of Two Million Four Hundred Eleven Thousand Five Hundred Ninety-Six and No Dollars (\$2,411,596.00) with interest at the rate of seven percent (7%) per annum, said principal and interest being payable as follows:

Beginning January 1, 2007, and each month thereafter, a payment of interest at the rate of seven percent (7%) in the amount of \$14,067.64 plus pro-rated taxes and hazard insurance. A balloon payment of the principal balance of \$2,411,596.00 plus unpaid interest, taxes and insurance, due on or before December 10, 2007.

Any such prepayment shall be first applied to all accrued and unpaid interest, and the balance to the reduction of principal.

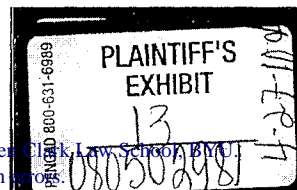
2. The total principal amount of this Note includes the unpaid principal balance of any existing Promissory Notes ("Senior Notes") secured by Trust Deeds. Such Trust Deeds are hereinafter collectively referred to as "Senior Encumbrances". The Senior Notes are more particularly described as follows:

(A) A Promissory Note dated January 11, 2005, in favor of LaSalle Bank as Holder, with California Benefit Inc. as Maker, in the original principal amount of \$700,000.00;

3. At the option of Maker, and at any time, Maker prepay the amounts required herein, provided, however:

(a) Maker shall designate at the time the prepayment is made whether the prepayment shall be credited to unpaid principal or in prepayment of future installments due under this Note; and

(b) In the event that Holder is required under the terms of this Note or the All-Inclusive Trust Deed securing this Note, to make prepayments on the Senior Notes as a direct result of any prepayment(s) on this Note by Maker, and Holder thereby incurs a prepayment penalty under



the Senior Notes, then in such event, Maker agrees to pay to Holder, on demand, the full amount of such prepayment penalty. Any prepayment penalties so paid by Maker shall not reduce the unpaid balance of this Note.

4. When all the sums payable pursuant to the terms of this Note and the Trust Deed securing this Note have been paid in full, Holder shall: (1) immediately pay all remaining sums to be paid under the terms of the Senior Notes and Senior Encumbrances; and (2) surrender this Note to Maker marked paid in full and execute and deliver to the Trustee of the Trust Deed a Request for Full Reconveyance of the Trust Deed securing this Note.

5. Provided Maker is not in default under any terms of the Note or the All-Inclusive Deed of Trust securing this Note, Holder shall pay when due all installments required under the terms of the Senior Note(s) and Senior Encumbrance(s). In the event of any default by Maker under any terms of this Note or the All-Inclusive Trust Deed securing this Note, Holder's obligation to make payments on the Senior Note(s) shall be deferred until any such default is cured. All penalties, charges and other expenses incurred under the Senior Notes and the Senior Encumbrances as a result of any such default by Maker shall be added to the principal amount of this Note and shall be immediately payable by Maker to Holder. Should Holder default in making any payments on the Senior Notes as required herein, Maker may make said payments directly to the Holder of such Senior Notes; any and all payments so made by Maker shall be credited to this Note.

6. When all sums due pursuant to the terms of this Note and the All-Inclusive Trust Deed securing this Note, at any time, are equal to or less than the unpaid balance of principal and interest then due under the terms of the Senior Notes, then:

(a) Upon (i) assumption by Maker of the Senior Note(s) and (ii) release of Holder from all liabilities and obligations on the Senior Notes and Senior Encumbrances, Maker, at Maker's option, may request and shall receive from Holder, cancellation and delivery of the Note, and Holder shall execute and deliver to the Trustee a Request for Full Reconveyance of the All-Inclusive Trust Deed securing this Note; or

(b) Even in the absence of assumption and release under subsection (a), above, Holder, at his option, may cancel this Note and deliver same to Maker and execute and deliver to Trustee a Request for Full Reconveyance of the All-Inclusive Trust Deed securing this Note; or

(c) In the event neither Holder nor Maker exercises the options provided in (a) and (b) of this section, and this Note and the All-Inclusive Trust Deed securing this Note therefore remain in effect, then the payments and interest rate shown in Section 1 of this Note, to the extent they differ from the Senior Notes shall immediately and automatically be adjusted to equal the payments and interest rate then required under the Senior Notes, and Maker, in addition to such adjusted payments, shall also pay a monthly servicing fee to Holder of an amount equal to -0- percent

(0%) of such adjusted monthly payments.

7. Holder shall have no further obligation under the terms of this Note or the All-Inclusive Trust Deed securing this Note, after: (1) foreclosure by Holder or his Trustee of the All-Inclusive Trust Deed securing this Note, or (2) delivery by Holder to Trustee of a Request for Reconveyance of the All-Inclusive Trust Deed securing this Note.

8. In the event the Holder of the Senior Notes is entitled to any remedy pursuant to any due on sale, non-alienation, or non-assumption provision as a result of the execution of this Note and/or any document(s) related hereto, the entire unpaid balance of this Note, without further notice, shall become immediately due and payable thirty (30) days following written notice to the Maker of this Note of the intent of the Holders of the Senior Notes to exercise any such remedy.

9. In the event that any payment under this Note is not made, or any obligation provided to be satisfied or performed under this Note or the All-Inclusive Trust Deed securing this Note is not satisfied or performed at the time and in the manner required, or in the event Maker is adjudged a bankrupt or executes an assignment for the benefit of creditors, Holder, at Holder's option and without notice or demand, may declare the entire principal balance, all amounts of accrued interest and all other amounts then due under the terms of this Note and the All-Inclusive Trust Deed securing this Note immediately due and payable. After acceleration, the unpaid principal balance and all other sums owed hereunder shall bear interest at the Default Rate. The acceptance of any payments of installments thereafter by Holder will not constitute a waiver by Holder of the right to accelerate.

10. In the event that any payment under this Note is not made, or any obligation provided to be satisfied or performed under this Note or the All-Inclusive Trust Deed securing this Note is not satisfied or performed at the time and in the manner required, the defaulting party shall pay any and all costs and expenses (regardless of the particular nature thereof and whether or not incurred in connection with the exercise of the power of sale provided for in the All-Inclusive Trust Deed securing this Note) which may be incurred by the Maker or Holder hereof in connection with the enforcement of any rights under this Note, including, without limitation, courts costs, reasonable attorney's fees, and other costs incurred by Holder in pursuing any such remedies, with such amounts to bear interest at the Default Rate.

11. The Maker and endorser hereof waive presentment for payment, protest, demand, notice of protest, notice of dishonor and notice of nonpayment and expressly agree that this Note or any payment hereunder may be extended from time to time by the Holder hereof without in any way affecting the liability of such parties. No course of dealing between the Maker and Holder in exercising any rights hereunder, shall operate as a waiver of rights of Holder.

12. This Note shall inure to the benefit of and shall be binding upon respective successors

and assigns of the Maker and Holder.

13. This Note shall be construed in accordance with the laws of the State of Utah.

14. In this Note, whenever the context requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

15. If Maker consists of more than one person, Maker's obligations hereunder shall be joint and several.

16. This Note is secured by an All-Inclusive Trust Deed of even date herewith.

IN WITNESS WHEREOF this Promissory Note is execute on the 30th day of November 2006.

MAKER:

DAVCO MANAGEMENT COMPANY LLC

By: 

David Fisher, Managing Member, Maker

ACCEPTANCE BY HOLDER

The undersigned hereby accepts the foregoing All-Inclusive Promissory Note and agrees to perform each and all of the terms thereof on the part of the Holder to be performed.

HOLDER:

California Benefit Inc.

By: 

Richard T. Murset, Vice President

Tab 9

ADDENDUM “9”

PLAINTIFF'S
EXHIBIT
8
080502481

P2
P12
P14

DOC # 20080039416

Warranty Deed Page 1 of 2
Russell Shirts Washington County Recorder
10/09/2008 11:12:34 AM Fee \$ 14.00
By DAVCO MGMT CO



Mail Tax Notice To:
Grantee
40 N. 300 East, Ste 101
St. George, UT 84770

WARRANTY DEED

DARWIN FISHER, a married man, Grantor, hereby CONVEYS AND WARRANTS to:

DAVCO MANAGEMENT COMPANY LLC, a Utah Limited Liability Company, Grantee, of St. George, UT, for the sum of TEN DOLLARS AND OTHER VALUABLE CONSIDERATION the following described tract of land in **WASHINGTON** County, State of Utah:

See Exhibit A attached.

Tax ID No.: SG-762-B

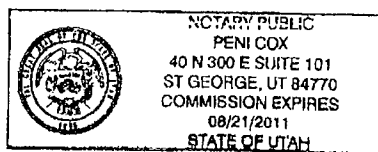
Together with all improvements and appurtenances thereunto belonging, but being Subject to Easements, Rights of Way and Restrictions of Record.
Less and Excepting any and all water rights associated therewith.

Witness the hand of said Grantor, this 7th day of October, 2008.

DARWIN FISHER

STATE OF UTAH)
COUNTY OF WASHINGTON)
SS.

On this 7 day of October, 2008, before me, a notary public, personally appeared DARWIN FISHER, proved on the basis of satisfactory evidence to be the person whose name is subscribed to this instrument, and acknowledged to me that he executed the same. Witness my hand and official seal.



Notary Public
Residing at St. George, Utah

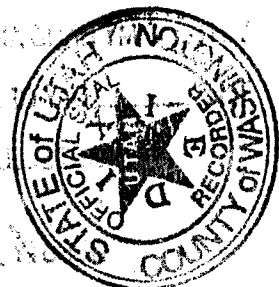


EXHIBIT A

Beginning N 0°08'44" E along the East Right of Way line of 700 East Street 49.97 feet from the Southwest corner of Lot 3 Block No. 4, Plat B of St. George City Survey and running thence N 0°08'44" E along said Right of Way 82.02 feet to the Northwest corner of a parcel more particularly described in instrument #00641842; thence S 89°51'44" E along the north line of said parcel 132.01 feet to the Northeast corner of said parcel; thence S 0°08'44" W along the East line of said parcel 82.03 feet; Thence N 89°51'30" W 132.01 feet to the point of beginning. Contains 0.25 acres.

Together with a 26.00 foot public utility easement, and ingress and egress easement across, below and above the following described parcels:

Beginning at the Southwest Corner of Lot 4, Block No. 4, Plat B St. George City Survey and Running thence N 0°08'44" E along the East Right of way of 700 East Street 66.00 feet, said point also being the Northwest Corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence S 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said south line 81.84 feet to point of beginning. Contains 0.12 acres.

Beginning S 89°51'44" E along the South line of Lot 4, Book No. 4, Plat B, St. George City Survey 81.84 feet and running thence N 0°08'44" E 66.00 feet to a point on the South line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E along said South line 81.82 feet; thence S 0°08'44" W 66.00 feet to the South line of Lot 4; thence N 89°51'44" W along said South line 81.82 feet to the point of beginning. Contains 0.12 acres

Tax ID No.: SG-762-B



Warranty Deed Page 1 of 1
 Russell Shirts Washington County Recorder
 10/09/2008 11:12:34 AM Fee \$ 10.00
 By DAVCO MGMT CO



WARRANTY DEED

DARWIN FISHER, a married man, Grantor, hereby CONVEYS AND WARRANTS to:

DAVCO MANAGEMENT COMPANY LLC, a Utah Limited Liability Company, Grantee of St. George, UT, for the sum of TEN DOLLARS AND OTHER VALUABLE CONSIDERATION the following described tract of land in WASHINGTON County, State of Utah:

Beginning at the Southwest corner of Lot 4 Block No. 4, Plat B of St. George City Survey and running thence N 0°08'44" E along the East Right of Way of 700 East Street 66.00 feet, said point also being the Northwest corner of a parcel described in Book 1328 Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence S 89°51'51" E along the north line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the south line of said parcel; thence S 89°51'44" W along said south line 81.84 feet to the point of beginning. Contains 0.12 acres.

Tax ID No.: SG-763-C

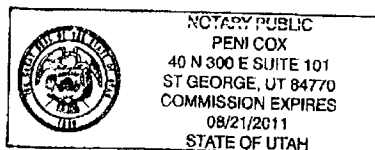
Together with all improvements and appurtenances thereunto belonging, but being Subject to Easements, Rights of Way and Restrictions of Record. Less and Excepting any and all water rights associated therewith.

Witness the hand of said Grantor, this 7th day of October, 2008

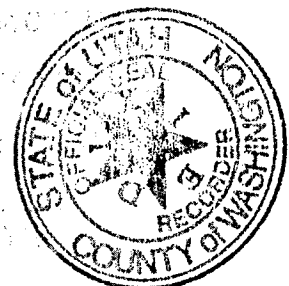
DARWIN FISHER

STATE OF UTAH)
)
) :SS.
COUNTY OF WASHINGTON)

On this 7 day of October, 2008, before me, a notary public, personally appeared DARWIN FISHER, proved on the basis of satisfactory evidence to be the person whose name is subscribed to this instrument, and acknowledged to me that he executed the same. Witness my hand and official seal.



Notary Public
Residing at St. George, Utah



Warranty Deed
Russell Shirts Washington County Recorder
10/09/2008 11:12:34 AM Fee \$ 11.00
By DAVCO MGMT CO

Digitized by the Howard W. Hunter Law Library, J. Reuben Clark Law School, BYU.
Machine-generated OCR, may contain errors.

Warranty Deed Page 1 of 2
Russell Shirts Washington County Recorder
10/09/2008 11:12:34 AM Fee \$ 14.00
By DAVCO MGMT CO

By DAVE CO. RIGHT CO.

DARWIN FISHER, a married man, Grantor, hereby CONVEYS AND WARRANTS to:

See Exhibit A attached.

Witness the hand of said Grantor, this 7th day of October, 2008.

STATE OF UTAH)
)
) ss.
COUNTY OF WASHINGTON)

NOTARY PUBLIC
PENI COX
40 N 300 E SUITE 101
ST GEORGE, UT 84770
COMMISSION EXPIRES
08/21/2011
STATE OF UTAH

Notary Public
Residing at St. George, Utah

EXHIBIT A

Beginning S 89°51'44" E along the South line of Lot 4 Block No. 4, Plat B St. George City Survey 163.66 feet and running thence N 0°08'44" E 66.00 feet to the south line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E along said south line 100.35 feet to a point on the east line of lot 4; thence S 0°08'44" W along said east line 66.01 feet to the Southeast corner of Lot 4; thence N 89°51'44" W 100.35 feet to the point of beginning. Contains 0.15 acres.

Together with a 26.00 foot public utility easement, and ingress and egress easement across, below and above the following described parcels:

Beginning at the Southwest Corner of Lot 4, Block No. 4, Plat B St. George City Survey and Running thence N 0°08'44" E along the East Right of way of 700 East Street 66.00 feet, said point also being the Northwest Corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence S 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said south line 81.84 feet to point of beginning. Contains 0.12 acres.

Beginning S 89°51'44" E along the South line of Lot 4, Book No. 4, Plat B, St. George City Survey 81.84 feet and running thence N 0°08'44" E 66.00 feet to a point on the South line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E along said South line 81.82 feet; thence S 0°08'44" W 66.00 feet to the South line of Lot 4; thence N 89°51'44" W along said South line 81.82 feet to the point of beginning. Contains 0.12 acres

Tax ID No.: SG-763



Tab 10

ADDENDUM “10”

7:50 PM

11/06/07

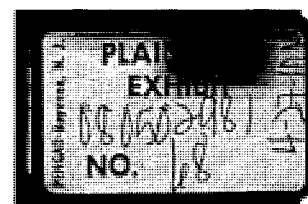
accrual Basis

135

CASA GRANDE
Profit & Loss
January 1 through November 6, 2007

Jan 1 - Nov 6, 07

| | |
|-------------------------|------------|
| Ordinary Income/Expense | |
| Income | |
| RENTAL INCOME | |
| Nonrefundable Deposits | 9,875.00 |
| RENT | 194,268.50 |
| Total RENTAL INCOME | 204,143.50 |
| Total Income | 204,143.50 |
| Expense | |
| Insurance | |
| PROPERTY | 3,705.00 |
| Total Insurance | 3,705.00 |
| Interest Expense | |
| Loan Interest | 143,358.30 |
| Total Interest Expense | 143,358.30 |
| Maintenance | |
| Yard Care | 1,215.00 |
| Total Maintenance | 1,215.00 |
| Repairs | |
| A/C/Heating | 873.26 |
| Building Repairs | 355.95 |
| Carpet Cleaning | 240.00 |
| Housekeeping | 180.00 |
| Pest Control | 149.00 |
| Plumbing | 322.00 |
| Total Repairs | 2,120.21 |
| Taxes | |
| Property | 8,697.22 |
| Total Taxes | 8,697.22 |
| Utilities | |
| Garbage | 910.60 |
| Water | 1,603.60 |
| Total Utilities | 2,514.20 |
| Total Expense | 161,609.93 |
| Net Ordinary Income | 42,533.57 |
| Net Income | 42,533.57 |



Tab 11

ADDENDUM “11”

STATEMENT OF CREDIT DENIAL, TERMINATION, OR CHANGE

Applicants: David Fisher

735 East 700 South #1-24
Saint George, UT 84770

Loan Amount: \$ 2,550,000
Interest Rate: 7.750 %
Term: 360 months

1. In compliance with Regulation 'B' (Equal Credit Opportunity Act), you are advised that your recent application for an extension or renewal of credit has been declined. The decision to deny your application was based on the following reason(s):

A. CREDIT

- ☐ No Credit File
☐ Insufficient Credit Reference
☐ Insufficient Credit File
☐ Unable to Verify Credit References
☐ Garnishment, Attachment, Foreclosure, Repossession or Suit
☐ Excessive Obligations
☐ Insufficient Income for Total Obligations
☐ Unacceptable Payment Record on Previous Mortgage
☐ Lack of Cash Reserves
☒ Delinquent Credit Obligations
☐ Bankruptcy
☒ Information From a Consumer Reporting Agency

B. EMPLOYMENT STATUS

- ☐ Unable to Verify Employment
☐ Length of Employment
☐ Temporary or Irregular Employment, Insufficient Stability of Income

C. INCOME

- ☐ Insufficient Income for Mortgage Payments
☐ Unable to Verify Income

D. RESIDENCY

- ☐ Temporary Residence
☐ Too Short a Period of Residence
☐ Unable to Verify Residence

E. INSURANCE, GUARANTY or PURCHASE

DENIED BY:

- ☐ Department of Housing and Urban Development
☐ Department of Veterans Affairs
☐ Federal National Mortgage Association
☐ Federal Home Loan Mortgage Corporation

F. OTHER

- ☒ Insufficient Funds to Close the Loan
☐ Credit Application Incomplete
☐ Inadequate Collateral
☐ Unacceptable Property
☐ Insufficient Data - Property
☐ Unacceptable Appraisal
☐ Unacceptable Leasehold Estate
☐ We do not grant credit to any applicant on the terms and conditions you have requested.
☐ Withdrawn by Applicant
☒ Seasoning requirements

2. Disclosure of use of information obtained from an outside source. This section should be completed if the credit decision was based in whole or in part on information that has been obtained from an outside source.

- ☒ Our credit decision was based in whole or in part on information obtained in a report from the consumer reporting agency listed below. You have a right under the Fair Credit Reporting Act to know the information contained in your credit file at the consumer reporting agency. The reporting agency played no part in our decision and is unable to supply specific reasons why we have denied credit to you. You also have a right to a free copy of your report from the reporting agency, if you request it no later than 60 days after you receive this notice. In addition, if you find that any information contained in the report you receive is inaccurate or incomplete, you have the right to dispute the matter with the reporting agency.

Agency #1: Experian / P.O. Box 2002 / Allen, TX 75013 / Toll Free #: 888-397-3742

Agency #2: TransUnion / P.O. Box 1000 / Chester, PA 19022 / Toll Free #: 800-888-4213

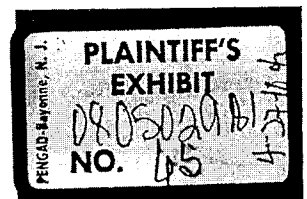
Agency #3: Equifax / P.O. Box 740241 / Atlanta, GA 30374 / Toll Free #: 800-685-1111

- ☐ Our credit decision was based in whole or in part on information obtained from an affiliate or from an outside source other than a consumer reporting agency. Under the Fair Credit Reporting Act, you have the right to make a written request, no later than 60 days after you receive this notice, for disclosure of the nature of this information.

If you have any questions regarding this notice, you should contact:

emortgage
619 S Bluff Street, Tower 1, Suite 201 Saint George, UT 84770
435-652-5200

[]



NOTICE

3. The Federal Equal Credit Opportunity Act prohibits creditors from discrimination against credit applicants on the basis of race, color, religion, national origin, sex, marital status, or age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal Agency that administers compliance with this law concerning this creditor is:

4. Should you have any additional information which might assist us in evaluating your creditworthiness, please let us know. Thank you for applying.

5. This notification is given by us on behalf of

emortgage
619 S Bluff Street, Tower 1, Suite 201
Saint George, UT 84770
435-652-5200

Tab 12

ADDENDUM “12”

STATEMENT OF CREDIT DENIAL, TERMINATION, OR CANCELLATION

Applicants: David Fisher

Loan Amount: \$ 1,450,000
Interest Rate: 7.750 %
Term: 360 months

1. In compliance with Regulation 'B' (Equal Credit Opportunity Act), you are advised that your recent application for an extension or renewal of credit has been declined. The decision to deny your application was based on the following reason(s):

A. CREDIT

- ☐ No Credit File
☐ Insufficient Credit Reference
☐ Insufficient Credit File
☐ Unable to Verify Credit References
☐ Garnishment, Attachment, Foreclosure, Repossession or Suit
☐ Excessive Obligations
☐ Insufficient Income for Total Obligations
☐ Unacceptable Payment Record on Previous Mortgage
☐ Lack of Cash Reserves
☐ Delinquent Credit Obligations
☐ Bankruptcy
☐ Information From a Consumer Reporting Agency

B. EMPLOYMENT STATUS

- ☐ Unable to Verify Employment
☐ Length of Employment
☐ Temporary or Irregular Employment, Insufficient Stability of Income

C. INCOME

- ☐ Insufficient Income for Mortgage Payments
☐ Unable to Verify Income

D. RESIDENCY

- ☐ Temporary Residence
☐ Too Short a Period of Residence
☐ Unable to Verify Residence

E. INSURANCE, GUARANTY or PURCHASE DENIED BY:

- ☐ Department of Housing and Urban Development
☐ Department of Veterans Affairs
☐ Federal National Mortgage Association
☐ Federal Home Loan Mortgage Corporation

F. OTHER

- ☐ Insufficient Funds to Close the Loan
☐ Credit Application Incomplete
☐ Inadequate Collateral
☐ Unacceptable Property
☐ Insufficient Data - Property
☐ Unacceptable Appraisal
☐ Unacceptable Leasehold Estate
☐ We do not grant credit to any applicant on the terms and conditions you have requested.
☒ Withdrawn by Applicant
☐ Withdrawn for now. May redo
☐ late 2008.

2. Disclosure of use of information obtained from an outside source. This section should be completed if the credit decision was based in whole or in part on information that has been obtained from an outside source.

- ☐ Our credit decision was based in whole or in part on information obtained in a report from the consumer reporting agency listed below. You have a right under the Fair Credit Reporting Act to know the information contained in your credit file at the consumer reporting agency. The reporting agency played no part in our decision and is unable to supply specific reasons why we have denied credit to you. You also have a right to a free copy of your report from the reporting agency, if you request it no later than 60 days after you receive this notice. In addition, if you find that any information contained in the report you receive is inaccurate or incomplete, you have the right to dispute the matter with the reporting agency.

Agency #1: Experian / P.O. Box 2002 / Allen, TX 75013 / Toll Free #: 888-397-3742
Agency #2: TransUnion / P.O. Box 1000 / Chester, PA 19022 / Toll Free #: 800-888-4213
Agency #3: Equifax / P.O. Box 740241 / Atlanta, GA 30374 / Toll Free #: 800-685-1111

- ☐ Our credit decision was based in whole or in part on information obtained from an affiliate or from an outside source other than a consumer reporting agency. Under the Fair Credit Reporting Act, you have the right to make a written request, no later than 60 days after you receive this notice, for disclosure of the nature of this information. If you have any questions regarding this notice, you should contact:

emortgage
619 S Bluff Street, Tower 1, Suite 201 Saint George, UT 84770
435-652-5200

[]

NOTICE

3. The Federal Equal Credit Opportunity Act prohibits creditors from discrimination against credit applicants on the basis of race, color, religion, national origin, sex, marital status, or age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal Agency that administers compliance with this law concerning this creditor is:

4. Should you have any additional information which might assist us in evaluating your creditworthiness, please let us know. Thank you for applying.

5. This notification is given by us on behalf of

emortgage
619 S Bluff Street, Tower 1, Suite 201
Saint George, UT 84770
435-652-5200

By:

Tracy K. [Signature]

Tracy K. [Signature], Operations Manager

Notice Mailed on 03/12/2008

Digitized by Howard W. [Signature] Law Library, J. Reuben Clark Law School, BYU

Machine-generated OCR, may contain errors.

File No. Fisher2

Tab 13

ADDENDUM “13”

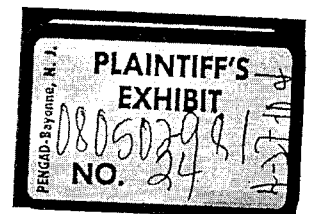
m: David Fisher | American Mortgage [dfisher@amfs-usa.com]
t: Wednesday, March 26, 2008 9:02 AM
o: 'Rich Murset'
subject: RE: mortgage stuff

hanks. I received an e-mail from my broker asking me the status of the 2005 2006 YTD operating statements. How are those coming?

-----Original Message-----

rom: Rich Murset [mailto:lagunawelding@gmail.com]
ent: Tuesday, March 25, 2008 10:04 PM
o: David Fisher; David Fisher | American Mortgage
ubject: mortgage stuff

asked my normal mortgage broker if he had some more leads for you and I will forward a couple of them to you.
ich



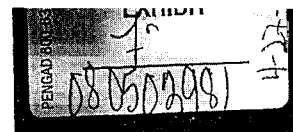
Tab 14

ADDENDUM “14”

K-10
L-10

DOC # 20080013381

Trust Deed Page 1 of 3
Russell Shirts Washington County Recorder
04/02/2008 09:02:23 AM Fee \$ 24.00
By AMERICAN MORTGAGE



When Recorded Mail To:

FAB5 ~~BE~~ American Mortgage
40 N 300 E # 102
St. George, UT 84790

TRUST DEED

Tax Serial # SG-762-C, SG-762-B,
SG-763-C, SG-763-B, SG-763

THIS TRUST DEED, made this 1st day of April, 2008, between DAVID FISHER, as Trustor, whose address is St. George, Utah, PRESTIGE TITLE INSURANCE AGENCY, INC, as Trustee, and FAB5 MANAGEMENT LLC, as Beneficiary.

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

SEE EXHIBIT "A" ATTACHED

Together with all building, fixtures and improvements thereon and all water rights, rights of way, easements, rents, issues, profits, income, tenements, hereditaments, privileges and appurtenances thereunto now or hereafter used or enjoyed with said property, or any part thereof,

FOR THE PURPOSE OF SECURING payment of the indebtedness evidenced by a promissory note of even date herewith, in the principal sum of \$500,000.00, payable to the order of Beneficiary at the times, in the manner and with interest as therein set forth, and payment of any sums expended or advanced by Beneficiary to protect the security hereof.

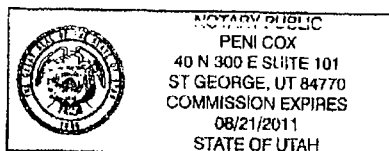
Trustor agrees to pay all taxes and assessments on the above property, to pay all charges and assessments on water or water stock used on or with said property, not to commit waste, to maintain adequate fire insurance on improvements on said property, to pay all costs and expenses of collection (including Trustee's and attorney's fees in event of default in payment of the indebtedness secured hereby and to pay reasonable Trustee's fees for any of the services performed by Trustee hereunder, including a reconveyance hereof.

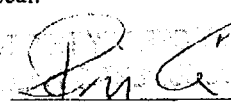
The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to him at the address hereinabove set forth.


DAVID FISHER, Trustor

STATE OF UTAH)
)ss.
COUNTY OF WASHINGTON)

On this 1 day of April, 2008, before me, a notary public, personally appeared DAVID FISHER, proved on the basis of satisfactory evidence to be the person whose name is subscribed to this instrument, and acknowledged to me that he executed the same. Witness my hand and official seal.




Notary Public

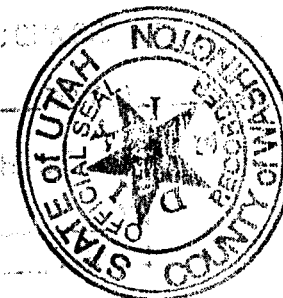


EXHIBIT "A"
to Trust Deed dated April 1, 2008

PARCEL 1: Tax ID No.: SG-762-C

Beginning at the Southwest corner of Lot 3, Block No. 4, Plat B of St. George City Survey and running thence N 0°08'44" E along the East Right of Way of 700 East Street 49.97 Feet; thence S. 89°51'30" East 132.01 feet to a point on the East line of a parcel more particularly described in instrument #00641842 recorded and on file at Washington County Recorder's Office, State of Utah; thence S 0°08'44" W along said line 49.97 feet to the Southwest corner of said parcel, said point also being on the North line a parcel more particularly described in instrument #624716; thence N 89° 51'30" W along said parcel 132.01 feet to the point of beginning.

Subject to a Grant of Easement, Instrument #467954, more particularly described as: Beginning at the Southwest corner of Lot 3, Block 4, Plat "B", of the St. George City Survey, as platted on the official map of said survey in the Washington County Recorder's Office, State of Utah, and running thence North along the block line of said block, 55.00 feet; thence East, parallel to the south line of said Lot 3, Block 4, St. George City Survey, 30.00 feet; thence South parallel to the west line of said block, 55.00 feet to the south line of said Lot 3; thence West along the south line of said Lot 3, 30.00 feet, more or less, to the point of beginning.

PARCEL 2: Tax ID No.: SG-762-B

Beginning N 0°08'44" E along the East Right of Way line of 700 East Street 49.97 feet from the Southwest corner of Lot 3 Block No. 4, Plat B of St. George City Survey and running thence N 0°08'44" E along said Right of Way 82.02 feet to the Northwest corner of a parcel more particularly described in instrument #00641842; thence S 89°51'44" E along the north line of said parcel 132.01 feet to the Northeast corner of said parcel; thence S 0°08'44" W along the East line of said parcel 82.03 feet; Thence N 89°51'30" W 132.01 feet to the point of beginning.

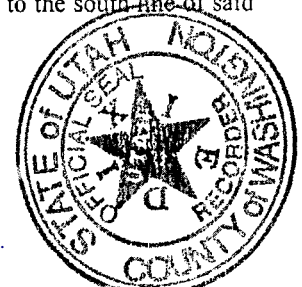
Together with a 26.00 foot public utility easement, and ingress and egress easement across, below and above the following described parcels:

Beginning at the Southwest Corner of Lot 4, Block No. 4, Plat B St. George City Survey and Running thence N 0°08'44" E along the East Right of way of 700 East Street 66.00 feet, said point also being the Northwest Corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence S 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said south line 81.84 feet to point of beginning. Contains 0.12 acres.

Beginning S 89°51'44" E along the South line of Lot 4, Book No. 4, Plat B, St. George City Survey 81.84 feet and running thence N 0°08'44" E 66.00 feet to a point on the South line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E along said South line 81.82 feet; thence S 0°08'44" W 66.00 feet to the South line of Lot 4; thence N 89°51'44" W along said South line 81.82 feet to the point of beginning. Contains 0.12 acres

PARCEL 3: TAX ID No.: SG-763-C

Beginning at the Southwest corner of Lot 4 Block No. 4, Plat B of St. George City Survey and running thence N 0°08'44" E along the East Right of Way of 700 East Street 66.00 feet, said point also being the Northwest corner of a parcel described in Book 1328 Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence S 89°51'51" E along the north line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the south line of said parcel; thence S 89°51'44" W along said south line 81.84 feet to the point of beginning.



PARCEL 4: TAX ID No.: SG-763-B

Beginning S 89°51'44" E along the South line of Lot 4 Block No. 4, Plat B of St. George City Survey 81.84 feet and running thence N 0°08'44" E 66.00 feet to a point on the South line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E along said South line 81.82 feet; thence S 0°08'44" W 66.00 feet to the south line of lot 4; thence N 89°51'44" W along said South line 81.82 feet to the point of beginning. Contains 0.12 acres.

Together with a 26.00 foot public utility easement, and ingress and egress easement across, below and above the following described parcel:

Beginning at the Southwest Corner of Lot 4, Block No. 4, Plat B St. George City Survey and Running thence N 0°08'44" E along the East Right of way of 700 East Street 66.00 feet, said point also being the Northwest Corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence S 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said south line 81.84 feet to point of beginning.

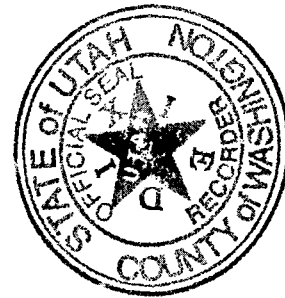
PARCEL 5: TAX ID No.: SG-763

Beginning S 89°51'44" E along the South line of Lot 4 Block No. 4, Plat B St. George City Survey 163.66 feet and running thence N 0°08'44" E 66.00 feet to the south line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E along said south line 100.35 feet to a point on the east line of lot 4; thence S 0°08'44" W along said east line 66.01 feet to the Southeast corner of Lot 4; thence N 89°51'44" W 100.35 feet to the point of beginning. Contains 0.15 acres.

Together with a 26.00 foot public utility easement, and ingress and egress easement across, below and above the following described parcels:

Beginning at the Southwest Corner of Lot 4, Block No. 4, Plat B St. George City Survey and Running thence N 0°08'44" E along the East Right of way of 700 East Street 66.00 feet, said point also being the Northwest Corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence S 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said south line 81.84 feet to point of beginning. Contains 0.12 acres.

Beginning S 89°51'44" E along the South line of Lot 4, Book No. 4, Plat B, St. George City Survey 81.84 feet and running thence N 0°08'44" E 66.00 feet to a point on the South line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E along said South line 81.82 feet; thence S 0°08'44" W 66.00 feet to the South line of Lot 4; thence N 89°51'44" W along said South line 81.82 feet to the point of beginning.



Tab 15

ADDENDUM “15”

25
David Fisher | American Mortgage

From: Rich Murset [mac_wad@sisna.com]
Sent: Tuesday, June 03, 2008 10:13 PM
To: David Fisher | American Mortgage
Subject: Loan Status

Dave,

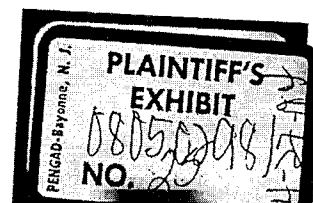
We are now six months past our deadline for having the apartments refinanced. We will give you until the end of July to do this, we have lots of things still hanging in the balance and we would like to move forward. If you have any thoughts about this give me call or you can tell me about it when I pick up the checks.

Thanks, Rich

Information from ESET NOD32 Antivirus, version of virus signature database 3158
(20080604)

The message was checked by ESET NOD32 Antivirus.

<http://www.eset.com>



Tab 16

ADDENDUM “16”

David Fisher | American Mortgage

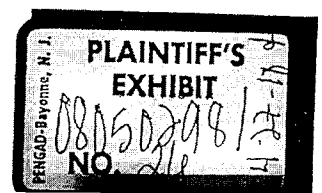
From: David Fisher | American Mortgage [dfisher@amfs-usa.com]
Sent: Friday, June 20, 2008 2:18 PM
To: 'Rich Murset'; 'Rich Murset'
Subject: loan for apts

I tried to reach you but your cell phone and home phone are disconnected. I heard from my broker at Icon Commercial lending. I received a letter of intent from him. I should have a letter of Commitment in 7-10 days. Call me for more details. 703-3686.

Information from ESET NOD32 Antivirus, version of virus signature database 3204
(20080620)

The message was checked by ESET NOD32 Antivirus.

<http://www.eset.com>



Tab 17

ADDENDUM “17”

David Fisher | American Mortgage

From: David Fisher | American Mortgage [dfisher@amfs-usa.com]
Sent: Monday, July 21, 2008 2:20 PM
To: 'Rich Murset'
Subject: RE: progress

Good. The loan officer said that he received my e-mail with the updated financials except for the 07 returns. My cpa is making a couple of changes and then sending them back to me for review then I will forward them to the loan officer.

-----Original Message-----

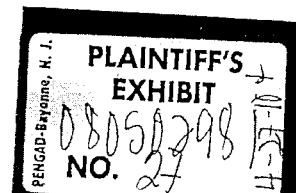
From: Rich Murset [mailto:lagunawelding@gmail.com]
Sent: Saturday, July 19, 2008 7:33 PM
To: David Fisher
Subject: progress

I was just checking on if you are making any progress since I spoke with you last?
Thanks, Rich

Information from ESET NOD32 Antivirus, version of virus signature database 3284
(20080721)

The message was checked by ESET NOD32 Antivirus.

<http://www.eset.com>



Tab 18

ADDENDUM “18”

101000048
09/18/2008
6510170886

This is a LEGAL COPY of
check. You can use it
the same way you would
the original check.

RETURN REASON-C
STOP PAYMENT

09/15/2008 091506602493948
091506602493948
091506602493948

DAVCO MANAGEMENT 06-98
40 NO. 300 E., STE. 101 PH. 435-703-3686
ST. GEORGE, UT 84770

97-225/1243
051434009

8552

DATE 9/9/08

RETURN REASON
STOP PAYMENT

California Benefits

after thousand two hundred + five + 83/100

\$ 15205.83

DOLLARS

FAR WEST BANK
North Provo Financial Center
2191 N. Canyon Rd.
Provo, Utah 84604
Toll Service 1-800-872-3005

MEMO

⑆124302257⑆051434009⑆08552⑆0001520583⑆

⑆124302257⑆051434009⑆08552⑆0001520583⑆

235 E 700 So. Payment

22105278
09/18/2008
3330978821

This is a LEGAL COPY
your check. You can
use it the same way
you would use the
original check.

RETURN REASON-C
STOP PAYMENT

09/15/2008 091506602493948
091506602493948
091506602493948

DAVCO MANAGEMENT 06-98
40 NO. 300 E., STE. 101 PH. 435-703-3686
ST. GEORGE, UT 84770

97-225/1243
051434009

8551

DATE 9/8/08

RETURN REASON
STOP PAYMENT

Boys' Life deposit

fifty one + 85/100

\$ 8451.85

DOLLARS

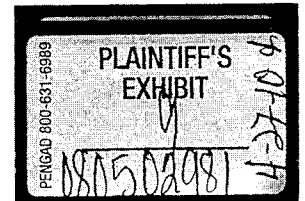
FAR WEST BANK
North Provo Financial Center
2191 N. Canyon Rd.
Provo, Utah 84604
Toll Service 1-800-872-3005

MEMO

⑆124302257⑆051434009⑆08551⑆0000845185⑆

⑆124302257⑆051434009⑆08551⑆0000845185⑆

669 So. 700 E Payment



Tab 19

ADDENDUM “19”

9/30/08

David,

I have looked over the info that you have sent to me. First let me clarify two things.

1.

I never, verbally or in writing extended the deadline by one year. I worked with you as each possibility came and went, but I never agreed to a one year extension. If I had, I would not have been pressing you for something to happen until that second year had expired.

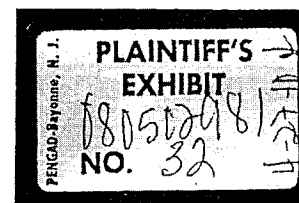
2. I have never said that I have not benefited from the the sale of these properties to you. You have done precisely what I expected you to do and that was to improve them and to raise the rents and to make the payments as you agreed. When I speak of being injured, it is simply because I have not had the money to work with that you agreed to pay me. I make money by using money and my hands have been tied by not having the money. I also could have paid off mortgages that I have and continue to pay on. I have missed many many opportunities because of this, and that is how I have been injured and continue to be injured, not from monthly payments.

This is what I propose:

I would go with your option A (you continue to manage and maintain the apartments and you continue trying to get the financing to be able to pay me off) subject to compliance by you to the following conditions;

1. That I have a cashiers check for both of the payments (\$8451.85 for Casa Sonoma, \$15,205.83 for Casa Grande) with late fees, that you stopped payment on for your September payments by tomorrow, Wednesday Oct. 1st at 5PM.
2. That I have a cashiers check for both of your payments (\$8451.85 for Casa Sonoma, \$15,205.83 for Casa Grande) for October to me by October 6th.
3. You have all subsequent payments to me in the form of cashiers checks no later than the 6th of that month.
4. I will have my attorney draft and we will both sign a formal agreement extending our existing agreement until April 1, 2009. You would have until that time to refinance as you have been trying to do.
5. You must agree to this in writing and have it to me no later than October 1, 2008 at 12 Noon.
6. If you can't agree to this then we will go forward with the foreclosure and all of the provisions in the original documents.

Sincerely,
Rich Murset



PS, if you decided to continue to look for financing, I have a lead for you. Call Ryan Bolton at Superior Lending. His number is 627-0494 or cell # 801-558-9632

Tab 20

ADDENDUM “20”

Rich,

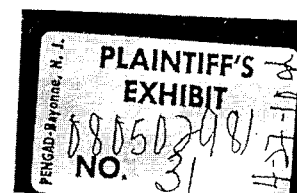
I have been reviewing in my mind our conversation and reviewing the e-mail correspondence we have had in the past. I'm not going to waste the time addressing your remarks about honor or thievery, but rather I will address the facts.

Before purchasing the Casa Sanoma apartments on October 1, 2006, I informed you that I had to own them for a year before I could get them refinanced. That is what commercial lenders were telling me at the time. When I closed on Casa Grande apartments on December 1, 2006 we agreed that I would have a year from that point to refinance both Sanoma and Grande. At the end of 2007, after a year had passed from the time I purchased the apartments from you, I notified you that the lenders I had contacted were asking for 2 years ownership and financial. You were gracious enough to agree to extend the deadline for another year.

When we talked here in my office on September 9, 2008, two weeks ago, I proposed the idea that if I were to deed the properties back to you, that I would be reimbursed the funds I used to improve the properties. You said that you would consider the idea of reimbursing me. It did not sound very promising to me.

You have mentioned a couple of times that you have been hurt in this arrangement. So I have created a spreadsheet so I could see for myself how much you may have been injured. I have attached a copy to this e-mail for you to review. I used the expenses for 2005 and the rent roles you supplied to me with to calculate the income. However, I have learned in recent discussions with you that the information you provided did not include all the expenses because you personally took care of many of the aspects of the property management including fumigation, simple repair, and clean up around the yards. Therefore some work had to be done by you in order to net as much as you did on both properties which was \$7,093 per month average after all expenses and PITI were paid. I have been paying you \$23,657.68 per month. After you make the mortgage payment (PITI), and because you do not have any other expenses, you are left with \$15,006.24 each month as profit. An increase of \$7,913.13 more than what you were taking home before without management responsibilities or out of pocket expenses that you had before I purchased them.

From 10/1/06 to 8/31/08 I paid you in \$204,059.95 for Casa Sanoma and from 12/1/06 to 8/31/08 I paid you \$322,978.41 for Casa Grande for a total of \$527,038.36. According to your financials, during the same periods you would have generated \$134,935.25 for Casa Sanoma and \$195,359.01 for Casa Grande for a total of \$330,294.26, a difference of \$196,744.10 of pure profit. Debt service for that period was \$188,788.04, therefore your disposable income for that period increased from \$141,506.22 to \$338,250.32, an increase of 139%, or \$196,744.10. During this period I have put approximately \$138,000 worth of improvement into the property. In most cases the improvements were so extensive that it required that the units being improved to be vacant until completion. You did not have to endure the loss in rental income during these vacancy periods. The payments to you remained constant. If you would have kept the property and made the improvements yourself, you would have had the cost of the improvements and the loss of rental income to deal with. If you had not made the improvements then you could not have raised your rents as high as I did or even as high as I was paying you.



What I have found from the dealings and discussions with the various lenders and appraisers that I have been working with in trying to get these apartments refinanced, is that the price I paid for them was too high. I am being told that they are worth at least 10% more than the price I bought them for. This is not because of the decline in the market. Market sales are slow so time on the market will be longer if you are trying to sell. But the value of investment property is based upon the rate of return. Higher rents mean a higher return. As a matter of fact the effective age has been lowered. That is to say that they are not considered as old as they really are because of the remodeling and improvements. The rental income has been raised 35.24%. Even though the vacancy rate has been at 0% for the last 12 months, and I have been managing them myself, the appraisers always use a 5% vacancy rate and 10% management expense when determining the value. Having dealt with rental properties and been through the process of obtaining financing on them, I am sure you are aware of this. Rather than using these standard expense rates, I used your actual expenses when I was determining a purchase price, which was free rent for your on-site manager that equaled a 3% expense. This oversight put me in my opinion paying about 12 to 15% too much for the properties, at least. Regardless of that, I managed to increase the value 20 to 25 percent to where they are worth more now than when I purchased them. As I said before, at least 10% more than the purchase price.

You say that you have done nothing but try to make this work for me for an extra year. However beginning 6 months into the 'extra year' you are giving me a deadline as of the end of the 7th month. Then in the 8th month you are requesting a deed in lieu of foreclosure. The 9th month you want an additional \$2,500 per month to cover missed opportunities and to help pay for foreclosure. All this before the 'extra year' has ended.

I have improved the property, reduced the need for repair or upgrading in the near future, and I have increased the rental income sufficiently that your disposable income has been 2.4 times what it was before with less work and expense to you. When you take them back your income will be even higher. I don't feel that any of this has hurt you.

The property is worth considerably more than it was when I purchased it from you. Well, I have improved it for you, which you get. I have raised the rents, most of which you have gotten for the past 21 months, and the remainder you will get. You have had no work or expense associated with these things. And with a higher value and the time you can sell the properties for as much or more than what I was paying for them. And I believe you know this.

What I would like to do is:

Option A:

- 1) Continue to manage and maintain the apartments.
- 2) Continue trying to get the financing to be able to pay you off.

Option B:

- 1) Continue to manage and maintain the apartments.

2) Reduce the payment to you. The amount will be the same amount you showed on your financials as your profit before debt service

3) The difference I will apply towards reimbursing me for the improvements I made. After paying you and the expenses each month, the remainder of the collected rents I will keep until I have been reimbursed for the improvements.

4) When I have been reimbursed for the improvements, I will deed the properties to you.

Option C:

1) You can foreclose on the properties.

CALIFORNIA BENEFITS-CASA GRANDE

| | 2005 | PAYMENTS 12 MONTHS | DIFFERENCE |
|-------------------------|---------------|-----------------------|--------------|
| INCOME | \$ 148,592.28 | | |
| TOTAL INCOME | \$ 148,592.28 | \$ 182,469.96 | |
| EXPENSES | | | |
| OFFICE SUPPLIES | | | |
| BUSSINESS PROMOTION | \$ 1,806.22 | | |
| COMMISSION PAID | | | |
| DEPRECIATION | | | |
| DUES & SUBSCRPTIONS | | | |
| FEES PAID | | | |
| INSURANCE | | | |
| PROFESSIONAL SERVICES | \$ 955.04 | | |
| MANAGEMENT | \$ 7,800.00 | | |
| MAINTENANCE & REPAIRS | \$ 5,573.20 | | |
| HVAC MAINT | \$ 2,800.00 | | |
| PLUMBING | \$ 1,213.33 | | |
| CARPET/FLOORING | \$ 5,200.00 | | |
| CAR MAINT & REPAIR | | | |
| CARPET CLEANING | \$ 903.53 | | |
| LANDSCAPE/YARDWORK | \$ 3,000.00 | | |
| PAYROLL | | | |
| POSTAGE & SHIPPING | \$ 94.01 | | |
| RENT | | | |
| GASOLINE | | | |
| TELEPHONE | | | |
| TRAVEL | | | |
| GAS | | | |
| ELECTRICITY | | | |
| WATER | \$ 4,517.40 | | |
| GARBAGE | \$ 3,095.85 | | |
| TAXES | | | |
| TOTAL EXPENSE | \$ 36,958.58 | \$ - | |
| NET PROFIT BEFORE PITI | \$ 111,633.70 | \$ 182,469.96 | \$ 70,836.26 |
| AVERAGE PER MONTH | \$ 9,302.81 | \$ 15,205.83 | \$ 5,903.02 |
| PITI | \$ 5,097.54 | \$ 5,097.54 | |
| TOTAL DISPOSABLE INCOME | \$ 4,205.27 | \$ 10,108.29 | |

IOTA-CASA SANOMA

| 2005 | PAYMENTS 12 MONTHS | DIFFERENCE |
|------|-----------------------|------------|
|------|-----------------------|------------|

\$ 89,040.00

\$ 89,040.00 \$ 101,422.20

\$ 206.81

\$ 557.41

\$ 6,240.00

\$ 1,300.00

\$ 1,096.74

\$ 1,500.00

\$ 2,110.87

\$ 5,627.23

\$ 18,639.06 \$ -

\$ 70,400.94 \$ 101,422.20 \$ 31,021.26

\$ 5,866.75 \$ 8,451.85 \$ 2,585.11

\$ 3,553.90 \$ 3,553.90

\$ 2,312.85 \$ 4,897.95

David Fisher | American Mortgage

From: Rich Murset [mac_wad@sisna.com]
Sent: Tuesday, September 30, 2008 2:55 PM
To: David Fisher | American Mortgage
Subject: Agreement

Information from ESET NOD32 Antivirus, version of virus signature database 3484
(20080930)

The message was checked by ESET NOD32 Antivirus.

<http://www.eset.com>

Tab 21

ADDENDUM “21”

David Fisher | American Mortgage

From: David Fisher | American Mortgage [dfisher@amfs-usa.com]
Sent: Thursday, October 02, 2008 11:38 AM
To: 'Rich Murset'
Subject: RE: Agreement

There is one term to your proposal that I am unable to guarantee that I can comply with, and that is a cashier check for the payment amounts on the 6th of every month. As you know, tenants do not always pay before the 5th of the month, especially now when the amount of work available is limited. Some tenants have to pay half the rent at the first of the month and the other half two weeks later when they are paid again because they don't make enough in one check to pay all the rent at once. Therefore, I possibly would not have enough rent collected by the 5th of the month to be able to have the funds in my bank to cover the cashier's checks by the 6th of the month.

From: Rich Murset [mailto:mac_wad@sisna.com]
Sent: Tuesday, September 30, 2008 2:55 PM
To: David Fisher | American Mortgage
Subject: Agreement

Information from ESET NOD32 Antivirus, version of virus signature database 3484
(20080930)

The message was checked by ESET NOD32 Antivirus.

<http://www.eset.com>

Information from ESET NOD32 Antivirus, version of virus signature database 3490
(20081002)

The message was checked by ESET NOD32 Antivirus.

<http://www.eset.com>



Tab 22

ADDENDUM “22”

David Fisher | American Mortgage

From: Rich Murset [lagunawelding@gmail.com]
Sent: Friday, October 03, 2008 12:22 PM
To: David Fisher | American Mortgage
Cc: mac_wad@sisna.com
Subject: Re: proposal

I have been speaking with my attorney and my family this morning. Tentatively this is what we are thinking:

Since you let the other timelines pass we would have to come up with something else.

We would still need to have something in writing agreeing to extend. My attorney would draft that.

We would still need September's payment now.

We would agree to take half payments on the sixth and the other half on the 15th, it would still have to be in cashier's check. This would apply to October and all others.

We are meeting with the tenants on Sunday at 6PM. I would like you to explain to them who I am and that the agreement that we have allows me to collect rents if you do not pay and that you intend to make the payments. I will have to have the September payment and the half of October to feel good about telling them that, so that I can say that you are now current, and I will not contact them unless you fail to pay.

I am sure there will be some other details, but this is the essence of it.

I look forward to your reply.

On Fri, Oct 3, 2008 at 10:44 AM, David Fisher | American Mortgage <dfisher@amfs-usa.com> wrote:

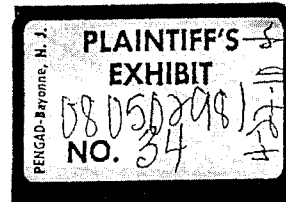
I agree. Lets see what we can do.

From: Rich Murset [mailto:lagunawelding@gmail.com]
Sent: Thursday, October 02, 2008 8:27 PM
To: dfisher@amfs-usa.com
Cc: mac_wad@sisna.com
Subject: proposal

Oct. 2, 2008

David, I was on the road today and not able to check email until now. I will consider your proposal with my family and get back with you tomorrow. I think it would be in all our best interests to work something out.

Rich



Information from ESET NOD32 Antivirus, version of virus signature database 3493
(20081003)

The message was checked by ESET NOD32 Antivirus.

<http://www.eset.com>

David Fisher | American Mortgage

m: David Fisher | American Mortgage [dfisher@amfs-usa.com]
nt: Thursday, October 09, 2008 12:21 PM
o: 'Rich Murset'
subject: RE: Response

put the apartments in my Darwin's name as another route in trying to obtain financing.
they are in my name now.

-----Original Message-----

From: Rich Murset [mailto:mac_wad@sisna.com]
Sent: Wednesday, October 08, 2008 3:11 PM
To: David Fisher | American Mortgage
Cc: Paul Veasy
Subject: Response

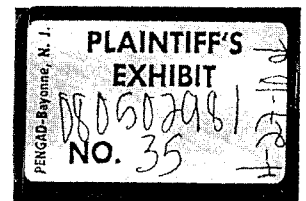
>>
>> October 8, 2008
>>
>> David Fisher,
>> My last response dated October 3, 2008 had nothing new in it that
>> my previous letter, dated September 30th, 2008 did not, other than
>> the timing of payments and the tenant meeting, which you were aware
>> of. Regardless, you have failed to address the default of the loans
>> by Davco Management.
>> Again, I did not grant you a one year extension; either orally or
>> in writing, but rather was patient with you in allowing you to
> pursue the refinancing of the properties.
Now that you are withholding monthly payments and rents as well,
> you have pushed us to take action. I have discovered that you
>> have also taken out a \$500,000 loan with Fab5 Management on Casa
>> Sonoma and that you have conveyed ownership of the property to
>> Darwin Fisher without my consent, which is a breach of the terms of
>> the Deed of Trust.
>> The failure to satisfy my two written offers is unacceptable. We
>> will commence foreclosure on the properties and will take separate
>> action on the monthly payments of rent and our liability as a
>> Guarantor.
>>
>> Sincerely, Richard T. Murset
>

CC: Paul Veasy

Information from ESET NOD32 Antivirus, version of virus signature database 3505
(20081008)

The message was checked by ESET NOD32 Antivirus.

<http://www.eset.com>



Tab 23

ADDENDUM “23”

Summary of Activities of David Fisher & Davco from 9/1/08 to 2/20/09

Charges:

How much was collected from tenants from 9/1/08 to 2/20/09? \$163,243

Before 11/4/08 court order? \$68,971

After court order? \$94,272

Total \$163,243

What is the source of this info? Detailed accounting records for each unit provided by David Fisher and Davco.

What is the amount of deposits (security & cleaning) collected for the 37 units? (includes \$2,711.00 recorded in detailed records)

\$30,050

From Casa Sonoma? \$11,450

From Casa Grande? \$18,600

Total \$30,050

What is the source of this info? Tenant leases and detailed accounting records for each unit provided by David Fisher and Davco.

Total income to David Fisher and Davco from 9/1/08 to 2/20/09

Source: Same as above \$193,293

Credits:

How much was deposited in compliance with the court order by tenants, And not collected by David Fisher or Davco?

\$7,400.00

Source: Court records

How much was deposited with the court by David Fisher and Davco after the hearing in August 2009?

Source: Court records

\$33,805.83

How much was refunded to tenants from deposits from 9/1/08-2/20/09?

Note: 24 move outs during this period

Source: Detailed accounting records for each unit.

\$3,164.00

What is the total amount of debt service, i.e. repairs, utilities, garbage, cleaning, yard care, pest control for the period of 9/1/08 to 2/20/09?

\$16,078.21

Source: invoices submitted by David Fisher and Davco

What is the net amount of rents and security deposits owed by Davco to Iota and California Benefit?

\$132,844.96



Summary of Activities of David Fisher & Davco from 9/1/08 to 2/20/09

Charges:

How much was collected from tenants from 9/1/08 to 2/20/09? \$163,243
Before 11/4/08 court order? \$68,971
After court order? \$94,272
Total \$163,243

What is the source of this info? Detailed accounting records for each unit provided by David Fisher and Davco.

What is the amount of deposits (security & cleaning) collected for the 37 units? (includes \$2,711.00 recorded in detailed records)

\$30,050
From Casa Sonoma? \$11,450
From Casa Grande? \$18,600
Total \$30,050

What is the source of this info? Tenant leases and detailed accounting records for each unit provided by David Fisher and Davco.

Total income to David Fisher and Davco from 9/1/08 to 2/20/09

Source: Same as above \$193,293

Credits:

How much was deposited in compliance with the court order by tenants, And not collected by David Fisher or Davco? \$7,400.00
Source: Court records

How much was deposited with the court by David Fisher and Davco after the hearing in August 2009?
Source: Court records

\$33,805.83
How much was refunded to tenants from deposits from 9/1/08-2/20/09?
Note: 24 move outs during this period
Source: Detailed accounting records for each unit. \$3,164.00

What is the total amount of debt service, i.e. repairs, utilities, garbage, cleaning, yard care, pest control for the period of 9/1/08 to 2/20/09? \$16,078.21
Source: invoices submitted by David Fisher and Davco

What is the net amount of rents and security deposits owed by Davco to Iota and California Benefit?

\$132,844.96

Tab 24

ADDENDUM “24”

14

NOTICE OF TRUSTEE'S SALE

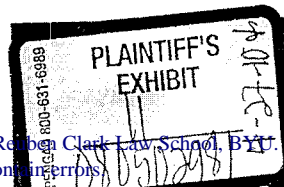
The property described below will be sold at public auction to the highest bidder. The sale will be held at the main entrance of the Washington County Courthouse, 220 North 200 East, St. George, Utah on February 20, 2009 at 1:30 p.m. The purpose of the sale is the foreclosure of a Deed of Trust, Security Agreement, Assignment of Rents and Leases, and Fixture Filing (the "Trust Deed") granted by DAVCO MANAGEMENT COMPANY, L.C., as Trustor, in favor of IOTA, LLC, as Beneficiary, and PAUL VEASY, an active member of the Utah State Bar, as the Successor Trustee. The Trust Deed was recorded on October 4, 2006 as Entry No. 20060046174 in the Official Records of the County Recorder of Washington County, State of Utah and covers the real property located at 669 South 700 East, St. George, Utah and is more particularly described as:

PARCEL #1: The South One-Half of Lot 4, Block 4, PLAT "B", ST. GEORGE CITY SURVEY, according to the official plat thereof, records of Washington County, State of Utah. (For reference purposes only: Tax Parcel No. SG-763) PARCEL #2: The West One-Half of Lot 3, Block 4, PLAT "B", ST. GEORGE CITY SURVEY, according to the official plat thereof, records of Washington County, State of Utah. (For reference purposes only: Tax Parcel No. SG-762-B)

The above described Parcels 1 and 2 are now described of record as follows:

PARCEL 1: Beginning at the Southwest corner of Lot 3, Block No. 4, Plat B of St. George City Survey and running thence N 0°08'44" E along the East Right of Way of 700 East Street 49.97 Feet; thence S. 89°51'30" East 132.01 feet to a point on the East line of a parcel more particularly described in instrument #00641842 recorded and on file at Washington County Recorder's Office, State of Utah; thence S 0°08'44" W along said line 49.97 feet to the Southwest corner of said parcel, said point also being on the North line of a parcel more particularly described in instrument #624716; thence N 89° 51'30" W along said parcel 132.01 feet to the point of beginning. (For reference purposes only: Tax Parcel No.: SG-762-C)

PARCEL 2: Beginning N 0°08'44" E along the East Right of Way line of 700 East Street 49.97 feet from the Southwest corner of Lot 3 Block No. 4, Plat B of St. George City Survey and running thence N 0°08'44" E along said Right of Way 82.02 feet to the Northwest corner of a parcel more particularly described in instrument #00641842; thence S 89°51'44" East along the north line of said parcel 132.01 feet to the Northeast corner of said parcel; thence S 0°08'44" W along the East line of said parcel 82.03 feet; Thence N 89°51'30" W 132.01 feet to the point of beginning. Together with a 26.00 foot public utility easement, and ingress and egress easement across, below and above the following described parcels: Parcel A: Beginning at the Southwest Corner of Lot 4, Block No. 4, Plat B St. George City Survey and Running thence N 0°08'44" E along the East Right of way of 700 East Street 66.00 feet, said point also being the Northwest Corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence S 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said south line 81.84 feet to point of beginning. Parcel B: Beginning S 89°51'44" E along the South line of Lot 4, Block No. 4, Plat B, St. George City Survey 81.84 feet and running thence N 0°08'44" E 66.00 feet to a point on the South line of a parcel more



particularly described in instrument #960637; thence S 89°51'51" E along said South line 81.82 feet; thence S 0°08'44" W 66.00 feet to the South line of Lot 4; thence N 89°51'44" W along said South line 81.82 feet to the point of beginning. (For reference purposes only: Tax ID No.: SG-762-B)

PARCEL 3: Beginning at the Southwest corner of Lot 4, Block No. 4, Plat B of St. George City Survey and running thence N 0°08'44" E along the East Right of Way of 700 East Street 66.00 feet, said point also being the Northwest corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence S 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said South line 81.84 feet to the point of beginning. (For reference purposes only: Tax ID No.: SG-763-C)

PARCEL 4: Beginning S 89°51'44" E along the South line of Lot 4, Block No. 4, Plat B St. George City Survey 81.84 feet and running thence N 0°08'44" E 66.00 feet to a point on the South line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E along said South line 81.82 feet; thence S 0°08'44" W 66.00 feet to the south line of lot 4; thence N 89°51'44" W along said South line 81.82 feet to the point of beginning. Together with a 26.00 foot public utility easement, and ingress and egress easement across, below and above the following described parcel: Beginning at the Southwest Corner of Lot 4, Block No. 4, Plat B St. George City Survey and Running thence N 0°08'44" E along the East Right of way of 700 East Street 66.00 feet, said point also being the Northwest Corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence South 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said South line 81.84 feet to point of beginning. (For reference purposes only: Tax Parcel No. SG-763-B)

PARCEL 5: Beginning S 89°51'44" E along the South line of Lot 4, Block No. 4, Plat B St. George City Survey 163.66 feet and running thence N 0°08'44" E 66.00 feet to the South line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E along said South line 100.35 feet to a point on the East line of lot 4; thence S 0°08'44" W along said East line 66.01 feet to the Southeast Corner of Lot 4, thence N 89°51'44" W 100.35 feet to the point of beginning. Together with a 26.00 foot public utility easement, and ingress and egress easement across, below and above the following described parcels: Parcel #1: Beginning at the Southwest Corner of Lot 4, Block No. 4, Plat B St. George City Survey and Running thence N 0°08'44" E along the East Right of Way of 700 East Street 66.00 feet, said point also being the Northwest Corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence S 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said line 81.84 feet to point of beginning. Parcel #2: Beginning S 89°51'44" E along the South line of Lot 4, Block No. 4, Plat B St. George City Survey 81.84 feet and running thence N 0°08'44" E 66.00 feet to a point on the South line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E along said South line 81.82 feet; thence S 0°08'44" W 66.00 feet to the South line of Lot 4; thence N 89°51'44" W along said South line 81.82 feet to the point of beginning. (For reference purposes only: Tax Parcel No. SG-763)

The undersigned disclaims any liability for any error in the street address.

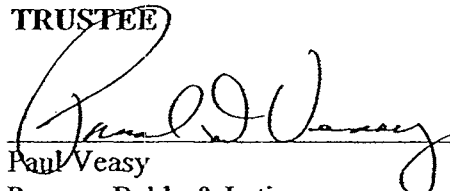
The Notice of Default for the Trust Deed was recorded on October 15, 2008 as Entry No. 20080040111 in the Official Records of the County Recorder of Washington County, State of Utah.

The current Beneficiary of the Trust Deed is IOTA, INC. and the record owner of the above described property as of the recording of the Notice of Default is DARWIN FISHER.

The purchase price is payable in lawful money of the United States at the time of sale. Bidders must tender to the Trustee the purchase price by 12:00 noon the day following the sale. The payment must be in the form of a cashier's check and Bank "Official Checks" are not acceptable. A Trustee's Deed will be made available to the successful bidder within three business days following receipt of the bid amount. The property is to be sold without any warranties whatsoever, including, but not limited to, warranties of title, possession, condition or encumbrances. For further information about the sale please contact the Trustee. The purpose of this Notice is to collect a debt and any information obtained may be used for that purpose.

DATED as of January 20, 2009.

TRUSTEE



Paul Veasy
Parsons Behle & Latimer
201 South Main Street, Suite 1800
Salt Lake City, Utah 84111
(801) 532-1234
Office Hours 8:30 a.m. to 5:00 p.m.

A Marketing and Communications Company

PARCEL #1: The South One-Half of Lot 4, Block 4, PLAT "B", ST. GEORGE CITY SURVEY, according to the official plat thereof, records of Washington County, State of Utah. (For reference purposes only: Tax Parcel No. SG-763) **PARCEL #2:** The West One-Half of Lot 3, Block 4, PLAT "B", ST. GEORGE CITY SURVEY, according to the official plat thereof, records of Washington County, State of Utah. (For reference purposes only: Tax Parcel No. SG-763)

0'08'44" W along the East line of said parcel 82.03 feet; Thence N 89°51'30" W 132.01 feet to the point of beginning. Together with a 26.00 foot public utility easement, and ingress and egress easement across, below and above the following described parcels: Parcel A: Beginning at the Southwest Corner of Lot 4, Block No. 4, Plat B, South line 81.84 feet to the point of beginning. (For reference purposes only: Tax ID No.: SG-763-C)

PARCEL 4: Beginning S 89°51'44" E along the South line of Lot 4, Block No. 4, Plat B St. George City Survey 81.84 feet and running thence N 0°08'44" E 66.00 feet to a point on the South line of a par-

EXCELL INTERIOR PAINTING
Licensed and insured,
Free Estimates,
Jim Elliott Owner.
(435) 705-4144

EXPERT PAINTING
34 YEARS EXPERIENCE
INTERIOR EXTERIOR
10% HOLIDAY DISC.
STUCCO, CONCRETE, LICINS,
LOCAL RPTS. FREE ESTIMATE
CALL BRUCE
435-619-4969

February 6, 2007.
The Spectrum
UPAXLP
NOTICE OF
TRUSTEE'S SALE

following de-
scribed property will be
at public auction
the highest bidder at
the time of sale on the
entrance of the
Washington County
of Justice, 220
h 200 East, St.
ge, Utah, on Feb-
y 16, 2009 at 1:00

S 89°51'44" E along the South line of Lot 4, Block No. 4, Plat B St. George City Survey 163.66 feet and running thence N 0°08'44" E 66.00 feet to the South line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E along said South line 100.35 feet to a point on the East line of lot 4; thence S 0°08'44" W along said East line 66.01 feet to the Southeast Corner of Lot 4, thence N 89°51'44" W 100.35 feet to the point of beginning. Together with a 26.00 foot public utility easement, and ingress and egress, easement across, below and above the following described parcels: Parcel #1: Beginning at the Southwest Corner of Lot 4, Block No. 4, Plat B St. George City Survey and running thence N 0°08'44" E along the East Right of Way of 700 East Street 66.00 feet, said point also being the Northwest Corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence S 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said line 81.84 feet to point of beginning. Parcel #2: Beginning S 89°51'44" E along the North line of Lot 4, Block No. 4, Plat B St.

STATE OF UTAH SS.
COUNTY OF WASHINGTON

Aubrey Paxton, being duly sworn,
deposes and says that she is
an accounting representative, at
the daily newspaper published at
St. George, Washington County,
State of Utah, also distributed in
Iron County, and that the notice
PUB # : L5875

is a true copy of which is here to
attached, was published in its issue
dated the 23 day of
January 2009
and was published again in the
issues of said newspaper dated:
1/30, 2/6, 2009 for
a total of 3 insertion(s)


Aubrey Paxton

Subscribed and sworn before me
this 20th day of
August 2009.


 NOTARY PUBLIC RESIDING
 AT WASHINGTON COUNTY

NOTARY PUBLIC
BONNIE THOMPSON
 Commission Number 576618
 My Commission Expires
 November 10, 2012
 State of Utah

of beginning. Parcel
#2: Beginning S
89°51'44" E along the
South line of Lot 4,
Block No. 4, Plat B St.
George City Survey
81.84 feet and running
thence N 0°08'44" E
66.00 feet to a point on
the South line of a par-
cel more particularly
described in instru-
ment #960637; thence
S 89°51'51" E along
said South line 81.82
feet; thence S 0°08'44"
W 66.00 feet to the
South line of Lot 4;
thence N 89°51'44" W
along said South line
81.82 feet to the point
of beginning. (For ref-
erence purposes only:
Tax Parcel No. SG-763)
The undersigned dis-
claims any liability for
any error in the street
address.

The Notice of Default
for the Trust Deed was
recorded on October
15, 2008 as Entry No.
20080040111 in the Of-
ficial Records of the
County Recorder of
Washington County,
State of Utah.

The current Benefici-
ary of the Trust Deed
is IOTA, INC. and the
record owner of the
above described prop-
erty as of the recording
of the Notice of Default
is DARWIN FISHER.

The purchase price is
payable in lawful
money of the United
States at the time of
sale. Bidders must ten-
der to the Trustee the
purchase price by
12:00 noon the day fol-
lowing the sale. The
payment must be in
the form of a cashier's
check and Bank "Offi-
cial Checks" are not ac-
ceptable. A Trustee's
Deed will be made
available to the suc-
cessful bidder within
three business days fol-
lowing receipt of the
bid amount. The prop-
erty is to be sold with-
out any warranties
whatsoever, including,
but not limited to, war-
ranties of title, posses-
sion, condition or en-
cumbrances. For fur-
ther information about
the sale please contact
the Trustee. The pur-
pose of this Notice is to
collect a debt and any
information obtained
may be used for that
purpose.

DATED as of January

2009
TRUSTEE



BONNIE THOMPSON
Commission Number 576618
My Commission Expires
November 10, 2012
State of Utah

TRUSTEE(S)
OTA LLC,; CALIFORNIA BENEFIT, INC.
vs.
TRUSTOR(S)
DAVCO MANAGEMENT COMPANY L.C.

RETURN OF SERVICE

I GARY S. STUBBS, , a person authorized under State or Federal law to serve this process, does/do say;

For: PARSONS, BEHLE & LATIMER, LAW OFFICES

Date/Time Received: 1/22/2009

Document(s): NOTICE OF TRUSTEE'S SALE

Serve To: DAVCO MANAGEMENT COMPANY L.C.

Address: 669 SOUTH 700 EAST, ST GEORGE, UT 84770

Date/Time Served: 1/22/2009 2:15 PM

Method of Service: POSTED to the PROPERTY

Person Served: DAVCO MANAGEMENT COMPANY L.C.

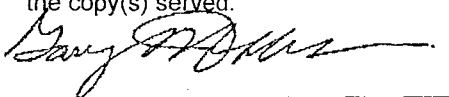
Location of Service: 669 SOUTH 700 EAST, ST GEORGE, UT 84770

Military Status: N/A

ALSO POSTED THE WASHINGTON COUNTY RECORDERS OFFICES
7 NORTH 200 EAST, ST. GEORGE, UTAH 84770

POSTING FEE \$ 40.00

SECTION 46-5-101; SELF-AUTHENTICATION, Effective 03/04/2008, as amended: I declare (or certify, verify or state) under criminal penalty of the State of Utah that the foregoing is true and correct. And I am authorized under Section 78B-8-302, as amended of the Utah Code and Federal Rule 4 , to serve this process. Fees in accordance with the Utah Code and recoverable under Section 78B-8-303 & 78B-8-302 (1) , AND only when required by law, I have signed my name, date and time of service upon the copy(s) served.



GARY S. STUBBS 100943

Executed on

01/23/09

CIVIL PROCESS SERVICES & INVESTIGATIONS
POST OFFICE BOX 603
WASHINGTON, UTAH 84780
(435) 632-1092

ID: 200900637

Client Reference: 18031-001



A PROFESSIONAL
LAW CORPORATION

201 South Main Street
Suite 1800
Salt Lake City Utah
84111-2218
Post Office Box 45898
Salt Lake City Utah
84145-0898
Telephone 801 532-1234
Facsimile 801 536-6111
E-Mail: pbl@pblutah.com

Tammara Fox

Direct Dial
(801) 536-6805
E-Mail
tfox@pblutah.com

January 22, 2009

VIA FACSIMILE

ATTN: Gary Stubbs
(435.627.0571 – fax)

Re: Posting of Notice of Trustee's Sale

669 S. 700 E.
St. George, UT

Dear Gary:

We are requesting that you post a Notice of Trustee's Sale for one (1) property located in Washington County, State of Utah, a copy of which is attached. Please post one copy of the Notice of Trustee's Sale on the subject properties and post one copy of the Notice at the Washington County Recorder's Office. After posting is completed, please return an Affidavit of Posting along with your statement to our office.

The sale date for the property is scheduled for February 20, 2009. Please complete the postings no later than **Thursday, January 30, 2009**.

Thank you for your assistance and call if you have any questions.

Sincerely,

Tammara Fox

Tammara Fox
Paralegal

Enclosures

Posted
Date: 01-22-09
Time: 2:15 AM/PM
By: [Signature]
Civil Process Services
673-8126



A PROFESSIONAL
LAW CORPORATION

One Utah Center
201 South Main Street, Suite 1800
Post Office Box 45898
Salt Lake City, Utah 84145-0898
Telephone 801 532-1234
Facsimile 801 536-6111

FACSIMILE TRANSMISSION

DATE: January 22, 2009

551

mpm

To:

| NAME | FAX NO. | PHONE NO. |
|---------------------|---------------------|-----------|
| <u>Gary Stubbbs</u> | <u>435.627.0571</u> | |
| | | |
| | | |

FROM: Tammara Fox, PRAKGL PHONE: 801.536.6805

SENT BY: fox center PHONE: 801.536.6700

| | |
|---------------------------------|------------------|
| CLIENT-MATTER NUMBER: | <u>18031-001</u> |
| NUMBER OF PAGES WITH COVER PAGE | <u>8</u> |

MESSAGE:

Notice of Trustee's Sale -
let me know if you need a
map of the property.
Thanks! Tammara

PL000363

CAUTION - CONFIDENTIAL

THIS FACSIMILE INFORMATION IS CONFIDENTIAL AND MAY ALSO CONTAIN PRIVILEGED ATTORNEY-CLIENT INFORMATION OR WORK PRODUCT. THE INFORMATION IS INTENDED ONLY FOR THE USE OF THE ADDRESSEE. IF YOU ARE NOT THE INTENDED RECIPIENT, OR THE PERSON RESPONSIBLE TO DELIVER IT TO THE INTENDED RECIPIENT, YOU MAY NOT USE, DISSEMINATE, DISTRIBUTE OR COPY THIS COMMUNICATION. IF YOU HAVE RECEIVED THE FACSIMILE IN ERROR, PLEASE IMMEDIATELY NOTIFY US BY TELEPHONE, AND RETURN THE ORIGINAL MESSAGE TO US AT THE ADDRESS ABOVE VIA THE U.S. POSTAL SERVICE. THANK YOU.

IF YOU DO NOT RECEIVE ALL OF THE PAGES, PLEASE CALL (801) 536-6700 AS SOON AS POSSIBLE.

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Machine-generated OCR, may contain errors.

NOTICE OF TRUSTEE'S SALE

The property described below will be sold at public auction to the highest bidder. The sale will be held at the main entrance of the Washington County Courthouse, 220 North 200 East, St. George, Utah on February 20, 2009 at 1:30 p.m. The purpose of the sale is the foreclosure of a Decd of Trust, Security Agreement, Assignment of Rents and Leases, and Fixture Filing (the "Trust Deed") granted by DAVCO MANAGEMENT COMPANY, L.C., as Trustor, in favor of IOTA, LLC, as Beneficiary, and PAUL VEASY, an active member of the Utah State Bar, as the Successor Trustee. The Trust Deed was recorded on October 4, 2006 as Entry No. 20060046174 in the Official Records of the County Recorder of Washington County, State of Utah and covers the real property located at 669 South 700 East, St. George, Utah and is more particularly described as:

PARCEL #1: The South One-Half of Lot 4, Block 4, PLAT "B", ST. GEORGE CITY SURVEY, according to the official plat thereof, records of Washington County, State of Utah. (For reference purposes only: Tax Parcel No. SG-763) PARCEL #2: The West One-Half of Lot 3, Block 4, PLAT "B", ST. GEORGE CITY SURVEY, according to the official plat thereof, records of Washington County, State of Utah. (For reference purposes only: Tax Parcel No. SG-762-B)

The above described Parcels 1 and 2 are now described of record as follows:

PARCEL 1: Beginning at the Southwest corner of Lot 3, Block No. 4, Plat B of St. George City Survey and running thence N 0°08'44" E along the East Right of Way of 700 East Street 49.97 Feet; thence S. 89°51'30" East 132.01 feet to a point on the East line of a parcel more particularly described in instrument #00641842 recorded and on file at Washington County Recorder's Office, State of Utah; thence S 0°08'44" W along said line 49.97 feet to the Southwest corner of said parcel, said point also being on the North line of a parcel more particularly described in instrument #624716; thence N 89° 51'30" W along said parcel 132.01 feet to the point of beginning. (For reference purposes only: Tax Parcel No.: SG-762-C)

PARCEL 2: Beginning N 0°08'44" E along the East Right of Way line of 700 East Street 49.97 feet from the Southwest corner of Lot 3 Block No. 4, Plat B of St. George City Survey and running thence N 0°08'44" E along said Right of Way 82.02 feet to the Northwest corner of a parcel more particularly described in instrument #00641842; thence S 89°51'44" East along the north line of said parcel 132.01 feet to the Northeast corner of said parcel; thence S 0°08'44" W along the East line of said parcel 82.03 feet; Thence N 89°51'30" W 132.01 feet to the point of beginning. Together with a 26.00 foot public utility easement, and ingress and egress easement across, below and above the following described parcels: Parcel A: Beginning at the Southwest Corner of Lot 4, Block No. 4, Plat B St. George City Survey and Running thence N 0°08'44" E along the East Right of way of 700 East Street 66.00 feet, said point also being the Northwest Corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence S 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said south line 81.84 feet to point of beginning. Parcel B: Beginning S 89°51'44" E along the South line of Lot 4, Block No. 4, Plat B, St. George City Survey 81.84 feet and running thence N 0°08'44" E 66.00 feet to a point on the South line of a parcel more

01-22-09
[Signature]
1

particularly described in instrument #960637; thence S 89°51'51" E along said South line 81.82 feet; thence S 0°08'44" W 66.00 feet to the South line of Lot 4; thence N 89°51'44" W along said South line 81.82 feet to the point of beginning. (For reference purposes only: Tax ID No.: SG-762-B)

PARCEL 3: Beginning at the Southwest corner of Lot 4, Block No. 4, Plat B of St. George City Survey and running thence N 0°08'44" E along the East Right of Way of 700 East Street 66.00 feet, said point also being the Northwest corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence S 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said South line 81.84 feet to the point of beginning. (For reference purposes only: Tax ID No.: SG-763-C)

PARCEL 4: Beginning S 89°51'44" E along the South line of Lot 4, Block No. 4, Plat B St. George City Survey 81.84 feet and running thence N 0°08'44" E 66.00 feet to a point on the South line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E along said South line 81.82 feet; thence S 0°08'44" W 66.00 feet to the south line of lot 4; thence N 89°51'44" W along said South line 81.82 feet to the point of beginning. Together with a 26.00 foot public utility easement, and ingress and egress easement across, below and above the following described parcel: Beginning at the Southwest Corner of Lot 4, Block No. 4, Plat B St. George City Survey and Running thence N 0°08'44" E along the East Right of way of 700 East Street 66.00 feet, said point also being the Northwest Corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence South 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said South line 81.84 feet to point of beginning. (For reference purposes only: Tax Parcel No. SG-763-B)

PARCEL 5: Beginning S 89°51'44" E along the South line of Lot 4, Block No. 4, Plat B St. George City Survey 163.66 feet and running thence N 0°08'44" E 66.00 feet to the South line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E along said South line 100.35 feet to a point on the East line of lot 4; thence S 0°08'44" W along said East line 66.01 feet to the Southeast Corner of Lot 4, thence N 89°51'44" W 100.35 feet to the point of beginning. Together with a 26.00 foot public utility easement, and ingress and egress easement across, below and above the following described parcels: Parcel #1: Beginning at the Southwest Corner of Lot 4, Block No. 4, Plat B St. George City Survey and Running thence N 0°08'44" E along the East Right of Way of 700 East Street 66.00 feet, said point also being the Northwest Corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence S 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said line 81.84 feet to point of beginning. Parcel #2: Beginning S 89°51'44" E along the South line of Lot 4, Block No. 4, Plat B St. George City Survey 81.84 feet and running thence N 0°08'44" E 66.00 feet to a point on the South line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E along said South line 81.82 feet; thence S 0°08'44" W 66.00 feet to the South line of Lot 4; thence N 89°51'44" W along said South line 81.82 feet to the point of beginning. (For reference purposes only: Tax Parcel No. SG-763)

The undersigned disclaims any liability for any error in the street address.

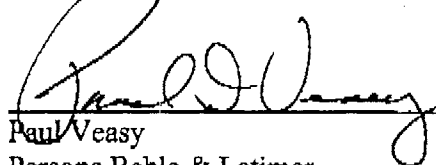
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The current Beneficiary of the Trust Deed is IOTA, INC. and the record owner of the above described property as of the recording of the Notice of Default is DARWIN FISHER.

The purchase price is payable in lawful money of the United States at the time of sale. Bidders must tender to the Trustee the purchase price by 12:00 noon the day following the sale. The payment must be in the form of a cashier's check and Bank "Official Checks" are not acceptable. A Trustee's Deed will be made available to the successful bidder within three business days following receipt of the bid amount. The property is to be sold without any warranties whatsoever, including, but not limited to, warranties of title, possession, condition or encumbrances. For further information about the sale please contact the Trustee. The purpose of this Notice is to collect a debt and any information obtained may be used for that purpose.

DATED as of January 20, 2009.

TRUSTEE



Paul Veasy
Parsons Behle & Latimer
201 South Main Street, Suite 1800
Salt Lake City, Utah 84111
(801) 532-1234
Office Hours 8:30 a.m. to 5:00 p.m.

UNITED STATES POSTAL SERVICE

PROVO UT 845

29 JAN 2009 PM 2 L

First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

• Sender: Please print your name, address, and ZIP+4 in this box •

Tammara Fox
Parsons Behle & Latimer
201 South Main Street, Suite 1800
Salt Lake City, UT 84111

PL000305

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Darwin Fisher
40 North 300 East, Suite 101
St. George, UT 84737
(18031.001)

2. Arti
(Tra

7008 1140 0002 1095 4785

COMPLETE THIS SECTION ON DELIVERY:

A. Signature

X ☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

1-29-09

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No**PL000306**

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

UNITED STATES POSTAL SERVICE

PROVO UT 834

79 JAN 2019 PM 1-7



First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

• Sender: Please print your name, address, and ZIP+4 in this box •

Tammara Fox
Parsons Behle & Latimer
201 South Main Street, Suite 1800
Salt Lake City, UT 84111

PL000307

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Darwin Fisher
40 North 300 East, Suite 101
St. George, UT 84770
(18031.001)

2. Article
(Transf

7008 1140 0002 1095 4686

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

1-29-09

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No**PL000308**

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

UNITED STATES POSTAL SERVICE

PROVO UT 846

29 JAN 2009 PM 12

First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

• Sender: Please print your name, address, and ZIP+4 in this box •

Tammara Fox
Parsons Behle & Latimer
201 South Main Street, Suite 1800
Salt Lake City, UT 84111

PL000309

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Darwin Fisher
598 W. Sugarleo Circle
St George, UT 84790
(18031.001)

2. Article
(Trace)

7008 1140 0002 1095 4754

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent
☐ Addressee

B. Received by (Printed Name)

J. Fisher

C. Date of Delivery

1-29-9

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

PL000310

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes



A PROFESSIONAL
LAW CORPORATION

Sender: Shawn C. Ferrin

One Utah Center
201 South Main Street, Suite 1800
Post Office Box 45898
Salt Lake City, Utah 84145-0898

SALT LAKE CITY UT 841

JAN 27 2009

~~RECEIVED~~



02 1A \$ 00.42⁰⁰
0004379716 JAN 27 2009
MAILED FROM ZIP CODE 84111

FAB5 Management, LLC
c/o American Mortgage
40 North 300 East, Suite 102
St. George, UT 84737

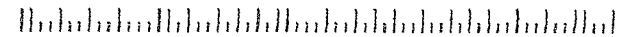
PL000317

NIXIE 841 DE 1 00 02/08/09

RETURN TO SENDER
NOT DELIVERABLE AS ADDRESSED
UNABLE TO FORWARD

BC: 84145089899 *1236-00712-27-42

847709414508989





A PROFESSIONAL
LAW CORPORATION

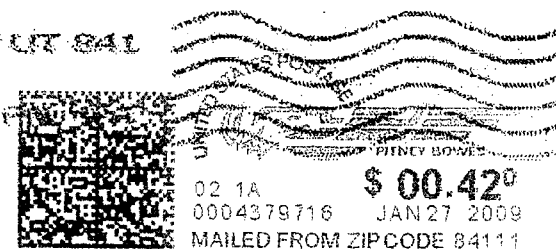
Sender: Shawn C. Ferrin

One Utah Center
201 South Main Street, Suite 1800
Post Office Box 45898
Salt Lake City, Utah 84145-0898

SALT LAKE CITY UT 841

27 JAN 2009

[Handwritten signature]



David Fisher
5688 North 1320 West
St. George, UT 84790

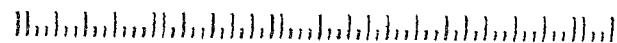
PL000318

NIXIE 841 DE 1 00 02/09/09

RETURN TO SENDER
NOT DELIVERABLE AS ADDRESSED
UNABLE TO FORWARD

BC: 8414508989 *1236-20537-27-41

8414508989



NOTICE OF TRUSTEE'S SALE

The property described below will be sold at public auction to the highest bidder. The sale will be held at the main entrance of the Washington County Courthouse, 220 North 200 East, St. George, Utah on February 20, 2009 at 1:30 p.m. The purpose of the sale is the foreclosure of a Deed of Trust, Security Agreement, Assignment of Rents and Leases, and Fixture Filing (the "Trust Deed") granted by DAVCO MANAGEMENT COMPANY, L.C., as Trustor, in favor of IOTA, LLC, as Beneficiary, and PAUL VEASY, an active member of the Utah State Bar, as the Successor Trustee. The Trust Deed was recorded on October 4, 2006 as Entry No. 20060046174 in the Official Records of the County Recorder of Washington County, State of Utah and covers the real property located at 669 South 700 East, St. George, Utah and is more particularly described as:

PARCEL #1: The South One-Half of Lot 4, Block 4, PLAT "B", ST. GEORGE CITY SURVEY, according to the official plat thereof, records of Washington County, State of Utah. (For reference purposes only: Tax Parcel No. SG-763) PARCEL #2: The West One-Half of Lot 3, Block 4, PLAT "B", ST. GEORGE CITY SURVEY, according to the official plat thereof, records of Washington County, State of Utah. (For reference purposes only: Tax Parcel No. SG-762-B)

The above described Parcels 1 and 2 are now described of record as follows:

PARCEL 1: Beginning at the Southwest corner of Lot 3, Block No. 4, Plat B of St. George City Survey and running thence N 0°08'44" E along the East Right of Way of 700 East Street 49.97 Feet; thence S. 89°51'30" East 132.01 feet to a point on the East line of a parcel more particularly described in instrument #00641842 recorded and on file at Washington County Recorder's Office, State of Utah; thence S 0°08'44" W along said line 49.97 feet to the Southwest corner of said parcel, said point also being on the North line of a parcel more particularly described in instrument #624716; thence N 89°51'30" W along said parcel 132.01 feet to the point of beginning. (For reference purposes only: Tax Parcel No.: SG-762-C)

PARCEL 2: Beginning N 0°08'44" E along the East Right of Way line of 700 East Street 49.97 feet from the Southwest corner of Lot 3 Block No. 4, Plat B of St. George City Survey and running thence N 0°08'44" E along said Right of Way 82.02 feet to the Northwest corner of a parcel more particularly described in instrument #00641842; thence S 89°51'44" East along the north line of said parcel 132.01 feet to the Northeast corner of said parcel; thence S 0°08'44" W along the East line of said parcel 82.03 feet; Thence N 89°51'30" W 132.01 feet to the point of beginning. Together with a 26.00 foot public utility easement, and ingress and egress easement across, below and above the following described parcels: Parcel A: Beginning at the Southwest Corner of Lot 4, Block No. 4, Plat B St. George City Survey and Running thence N 0°08'44" E along the East Right of way of 700 East Street 66.00 feet, said point also being the Northwest Corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence S 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said south line 81.84 feet to point of beginning. Parcel B: Beginning S 89°51'44" E along the South line of Lot 4, Block No. 4, Plat B, St. George City Survey 81.84 feet and running thence N 0°08'44" E 66.00 feet to a point on the South line of a parcel more

particularly described in instrument #960637; thence S 89°51'51" E along said South line 81.82 feet; thence S 0°08'44" W 66.00 feet to the South line of Lot 4; thence N 89°51'44" W along said South line 81.82 feet to the point of beginning. (For reference purposes only: Tax ID No.: SG-762-B)

PARCEL 3: Beginning at the Southwest corner of Lot 4, Block No. 4, Plat B of St. George City Survey and running thence N 0°08'44" E along the East Right of Way of 700 East Street 66.00 feet, said point also being the Northwest corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence S 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said South line 81.84 feet to the point of beginning. (For reference purposes only: Tax ID No.: SG-763-C)

PARCEL 4: Beginning S 89°51'44" E along the South line of Lot 4, Block No. 4, Plat B St. George City Survey 81.84 feet and running thence N 0°08'44" E 66.00 feet to a point on the South line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E along said South line 81.82 feet; thence S 0°08'44" W 66.00 feet to the south line of lot 4; thence N 89°51'44" W along said South line 81.82 feet to the point of beginning. Together with a 26.00 foot public utility easement, and ingress and egress easement across, below and above the following described parcel: Beginning at the Southwest Corner of Lot 4, Block No. 4, Plat B St. George City Survey and Running thence N 0°08'44" E along the East Right of way of 700 East Street 66.00 feet, said point also being the Northwest Corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence South 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said South line 81.84 feet to point of beginning. (For reference purposes only: Tax Parcel No. SG-763-B)

PARCEL 5: Beginning S 89°51'44" E along the South line of Lot 4, Block No. 4, Plat B St. George City Survey 163.66 feet and running thence N 0°08'44" E 66.00 feet to the South line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E along said South line 100.35 feet to a point on the East line of lot 4; thence S 0°08'44" W along said East line 66.01 feet to the Southeast Corner of Lot 4, thence N 89°51'44" W 100.35 feet to the point of beginning. Together with a 26.00 foot public utility easement, and ingress and egress easement across, below and above the following described parcels: Parcel #1: Beginning at the Southwest Corner of Lot 4, Block No. 4, Plat B St. George City Survey and Running thence N 0°08'44" E along the East Right of Way of 700 East Street 66.00 feet, said point also being the Northwest Corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence S 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said line 81.84 feet to point of beginning. Parcel #2: Beginning S 89°51'44" E along the South line of Lot 4, Block No. 4, Plat B St. George City Survey 81.84 feet and running thence N 0°08'44" E 66.00 feet to a point on the South line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E along said South line 81.82 feet; thence S 0°08'44" W 66.00 feet to the South line of Lot 4; thence N 89°51'44" W along said South line 81.82 feet to the point of beginning. (For reference purposes only: Tax Parcel No. SG-763)

The undersigned disclaims any liability for any error in the street address.

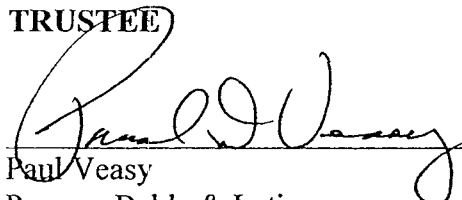
The Notice of Default for the Trust Deed was recorded on October 15, 2008 as Entry No. 20080040111 in the Official Records of the County Recorder of Washington County, State of Utah.

The current Beneficiary of the Trust Deed is IOTA, INC. and the record owner of the above described property as of the recording of the Notice of Default is DARWIN FISHER.

The purchase price is payable in lawful money of the United States at the time of sale. Bidders must tender to the Trustee the purchase price by 12:00 noon the day following the sale. The payment must be in the form of a cashier's check and Bank "Official Checks" are not acceptable. A Trustee's Deed will be made available to the successful bidder within three business days following receipt of the bid amount. The property is to be sold without any warranties whatsoever, including, but not limited to, warranties of title, possession, condition or encumbrances. For further information about the sale please contact the Trustee. The purpose of this Notice is to collect a debt and any information obtained may be used for that purpose.

DATED as of January 20, 2009.

TRUSTEE

A handwritten signature in dark ink, appearing to read "Paul Veasy", is written over a horizontal line.

Paul Veasy
Parsons Behle & Latimer
201 South Main Street, Suite 1800
Salt Lake City, Utah 84111
(801) 532-1234
Office Hours 8:30 a.m. to 5:00 p.m.



A PROFESSIONAL
LAW CORPORATION

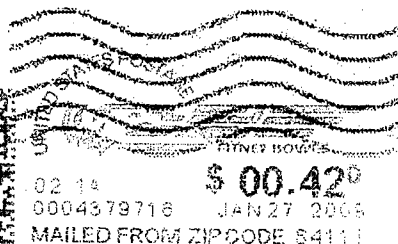
Sender: Shawn C. Ferrin

One Utah Center
201 South Main Street, Suite 1800
Post Office Box 45898
Salt Lake City, Utah 84145-0898

SALT LAKE CITY UT 841

27 JAN 2009

~~PD~~



Davco Management Company, L.C.
40 North 300 East, Suite 102
St. George, UT 84737
Attn: David Fisher

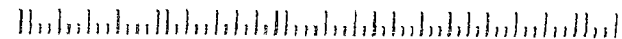
PL000319

NIXIE 841 DE 1 00 02/08/09

RETURN TO SENDER
NOT DELIVERABLE AS ADDRESSED
UNABLE TO FORWARD

BC: 84145089898 *1238-01432-27-42

847708414500898



P-4
L-11

When Recorded Return To:

Parsons Behle & Latimer
201 South Main Street, Suite 1800
Post Office Box 45898
Salt Lake City, Utah 84145-0898
Attn: Paul Veasy

DOC # 20080040111

Notice of Default Page 1 of 4
Russell Shiris Washington County Recorder
10/16/2008 03:37:45 PM Fee \$ 27.00
By GUARDIAN TITLE CO



Space above for County Recorder's use

[Parcel Nos. _____]

NOTICE OF DEFAULT AND ELECTION TO SELL

NOTICE IS HEREBY GIVEN of the default of that certain Deed of Trust, Security Agreement, Assignment of Rents and Leases, and Fixture Filing (the "Deed of Trust"), together with the indebtedness secured thereby, which is dated September 29, 2006 and granted by DAVCO MANAGEMENT COMPANY, L.C., as Trustor in favor of IOTA, LLC as Beneficiary and INWEST TITLE SERVICES, INC., as original Trustee, and PAUL VEASY, an active member of the Utah State Bar residing in Utah, has been substituted as Successor Trustee (hereafter "Trustee"). The Deed of Trust was recorded on October 4, 2006, as Entry No. 20060046174 in the Official Records of the County Recorder of Washington County, Utah. The Deed of Trust embraces the following described real property situated in Washington County, Utah (hereafter "Trust Property");

PARCEL #1:

The South One-Half of Lot 4, Block 4, PLAT "B", ST. GEORGE CITY SURVEY, according to the official plat thereof, records of Washington County, State of Utah. (For reference purposes only: Tax Parcel No. SG-763)

PARCEL #2:

The West One-Half of Lot 3, Block 4, PLAT "B", ST. GEORGE CITY SURVEY, according to the official plat thereof, records of Washington County, State of Utah. (For reference purposes only: Tax Parcel No. SG-762-B)

The above described Parcels 1 and 2 are now described of record as follows:

PARCEL 1:

Beginning at the Southwest corner of Lot 3, Block No. 4, Plat B of St. George City Survey and running thence N 0°08'44" E along the East Right of Way of 700 East Street 49.97 Feet; thence S. 89°51'30" East 132.01 feet to a point on the East line of a parcel more particularly described in instrument #00641842 recorded and on file at Washington County Recorder's Office, State of Utah; thence S 0°08'44" W along said line 49.97 feet

4842-8863-3347.1

3

to the Southwest corner of said parcel, said point also being on the North line of a parcel more particularly described in instrument #624716; thence N 89° 51'30" W along said parcel 132.01 feet to the point of beginning.

(For reference purposes only: Tax Parcel No.: SG-762-C)

PARCEL 2:

Beginning N 0°08'44" E along the East Right of Way line of 700 East Street 49.97 feet from the Southwest corner of Lot 3 Block No. 4, Plat B of St. George City Survey and running thence N 0°08'44" E along said Right of Way 82.02 feet to the Northwest corner of a parcel more particularly described in instrument #00641842; thence S 89°51'44" East along the north line of said parcel 132.01 feet to the Northeast corner of said parcel; thence S 0°08'44" W along the East line of said parcel 82.03 feet; Thence N 89°51'30" W 132.01 feet to the point of beginning.

Together with a 26.00 foot public utility easement, and ingress and egress easement across, below and above the following described parcels:

Parcel A:

Beginning at the Southwest Corner of Lot 4, Block No. 4, Plat B St. George City Survey and Running thence N 0°08'44" E along the East Right of way of 700 East Street 66.00 feet, said point also being the Northwest Corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence S 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said south line 81.84 feet to point of beginning.

Parcel B:

Beginning S 89°51'44" E along the South line of Lot 4, Block No. 4, Plat B, St. George City Survey 81.84 feet and running thence N 0°08'44" E 66.00 feet to a point on the South line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E along said South line 81.82 feet; thence S 0°08'44" W 66.00 feet to the South line of Lot 4; thence N 89°51'44" W along said South line 81.82 feet to the point of beginning.

(For reference purposes only: Tax ID No.: SG-762-B)

PARCEL 3:

Beginning at the Southwest corner of Lot 4, Block No. 4, Plat B of St. George City Survey and running thence N 0°08'44" E along the East Right of Way of 700 East Street 66.00 feet, said point also being the Northwest corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence S 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said South line 81.84 feet to the point of beginning.

(For reference purposes only: Tax ID No.: SG-763-C)

PARCEL 4:

Beginning S 89°51'44" E along the South line of Lot 4, Block No. 4, Plat B St. George City Survey 81.84 feet and running thence N 0°08'44" E 66.00 feet to a point on the South line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E

along said South line 81.82 feet; thence S 0°08'44" W 66.00 feet to the south line of lot 4; thence N 89°51'44" W along said South line 81.82 feet to the point of beginning. Together with a 26.00 foot public utility easement, and ingress and egress easement across, below and above the following described parcel:

*Beginning at the Southwest Corner of Lot 4, Block No. 4, Plat B St. George City Survey and Running thence N 0°08'44" E along the East Right of way of 700 East Street 66.00 feet, said point also being the Northwest Corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence South 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said South line 81.84 feet to point of beginning.
(For reference purposes only: Tax Parcel No. SG-763-B)*

PARCEL 5:

*Beginning S 89°51'44" E along the South line of Lot 4, Block No. 4, Plat B St. George City Survey 163.66 feet and running thence N 0°08'44" E 66.00 feet to the South line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E along said South line 100.35 feet to a point on the East line of lot 4; thence S 0°08'44" W along said East line 66.01 feet to the Southeast Corner of Lot 4, thence N 89°51'44" W 100.35 feet to the point of beginning.
Together with a 26.00 foot public utility easement, and ingress and egress easement across, below and above the following described parcels:*

Parcel #1

Beginning at the Southwest Corner of Lot 4, Block No. 4, Plat B St. George City Survey and Running thence N 0°08'44" E along the East Right of Way of 700 East Street 66.00 feet, said point also being the Northwest Corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence S 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said line 81.84 feet to point of beginning.

Parcel #2

*Beginning S 89°51'44" E along the South line of Lot 4, Block No. 4, Plat B St. George City Survey 81.84 feet and running thence N 0°08'44" E 66.00 feet to a point on the South line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E along said South line 81.82 feet; thence S 0°08'44" W 66.00 feet to the South line of Lot 4; thence N 89°51'44" W along said South line 81.82 feet to the point of beginning.
(For reference purposes only: Tax Parcel No. SG-763)*

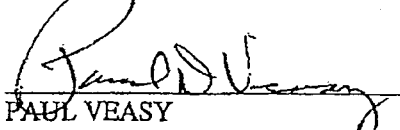
Breaches of the obligations for which the Trust Property was given as security have occurred. The Trustee does hereby elect to sell or cause the Trust Property to be sold to satisfy the obligations secured by the Deed of Trust, including appropriate fees, charges, and expenses incurred by the Trustee, advances, if any, under the terms of the Deed of

Trust, interest thereon, and the unpaid principal and accrued interest of the Secured Promissory Note (the "Note") secured by the Deed of Trust.

The nature of such breach is the failure of the Trustor to pay the Note. The payoff due to Beneficiary as of October 8, 2008 is \$1,341,395.00, together with accruing interest, and all costs and fees including attorneys' fees have been declared to be due and payable.

DATED this 14 day of October, 2008.

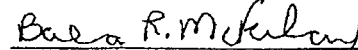
TRUSTEE:

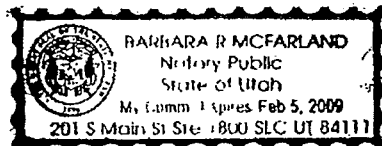

PAUL VEASY
Parsons Behle & Latimer
201 South Main Street, Suite 1800
Salt Lake City, Utah 84111
(801) 532-1234
Office Hours 9:00 a.m. to 5:00 p.m.

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

The foregoing NOTICE OF DEFAULT AND ELECTION TO SELL was acknowledged before me this 14th day of October, 2008, by PAUL VEASY, as Trustee.

My Commission Expires:


NOTARY PUBLIC
Residing at: SL County UT





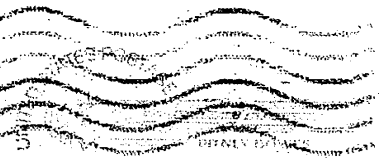
A PROFESSIONAL
LAW CORPORATION

Sender: Tammara Fox

One Utah Center
201 South Main Street, Suite 1800
Post Office Box 45898
Salt Lake City, Utah 84145-0898

SALT LAKE CITY UT 841

22 OCT 2008



02 11
00043787-6
\$ 00.42⁰⁰
MAILED FROM ZIP CODE 84111

~~PDU~~

17

Jamara Fox

Occupant
669 South 700 East
St. George, UT 84770

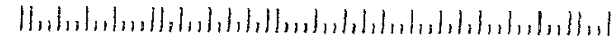
PL000320

NIXIE 841 DE 1 00 10/29/08

RETURN TO SENDER
INSUFFICIENT ADDRESS
UNABLE TO FORWARD

BC: 84145089898 *1296-15352-22-39

84770+5233 841450898





A PROFESSIONAL
LAW CORPORATION

Sender: Shawn C. Ferrin

One Utah Center
201 South Main Street, Suite 1800
Post Office Box 45898
Salt Lake City, Utah 84145-0898

CERTIFIED MAIL

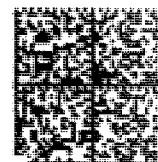
FOE



7008 1240 0002 1095 4747

- ☒ Not Deliverable As Addressed
Unable to Forward
☐ Insufficient Address
☐ Moved - Left No Return
☐ Unclaimed ☐ Refused
☐ Attempted - Not Known
☐ No Such Street ☐ Number
☐ Vacant ☐ Illegible
☐ No Mail Receptacle
☐ Box Closed - No Order
☐ Returned For Better Address
☐ Postage Due

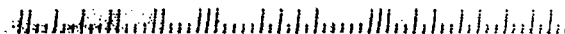
David Fisher
5688 North 1320 West
St. George, UT 84790



UNITED STATES POSTAGE
02 1A
0004379716 JAN 27 2009
MAILED FROM ZIP CODE 34111
\$ 05.32⁰

PL000321

84770+5918 R002



PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

SENDER: COMPLETE THIS SECTION

- Complete Items 1, 2, and 3. Also complete Item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

David Fisher
5688 North 1320 West
St. George, UT 84790
(18031.001)

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

PL000322

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article #
(Transfer)

7008 1140 0002 1095 4747

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540



A PROFESSIONAL
LAW CORPORATION

Sender: Shawn C. Ferrin

One Utah Center
201 South Main Street, Suite 1800
Post Office Box 45898
Salt Lake City, Utah 84145-0898

*Needs
with
In*



7008 1140 0002 1095 4709

Occupant
669 South 700 East
St. George, UT 84770



UNITED STATES POSTAGE
PITNEY BOWES
02 1A
0004379716
\$ 05.32⁰
JAN 27 2009
MAILED FROM ZIP CODE 84111

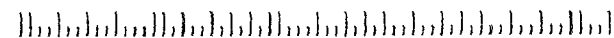
PL000323

NIXIE 841 4C 1 01 02/01/09

RETURN TO SENDER
INSUFFICIENT ADDRESS
UNABLE TO FORWARD

BC: 84145099999 *0336-00419-27-46

84770+0000000000



PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Occupant
669 South 700 East
St. George, UT 84770
(18031.001)

2. 7008 1140 0002 1095 4709

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (*Printed Name*)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

PL000324

3. Service Type

☒ Certified Mail ☐ Express Mail

☐ Registered ☐ Return Receipt for Merchandise

☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (*Extra Fee*)

☐ Yes

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540



A PROFESSIONAL
LAW CORPORATION

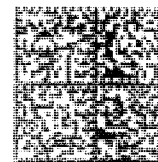
Sender: Tammara Fox

One Utah Center
201 South Main Street, Suite 1800
Post Office Box 45898
Salt Lake City, Utah 84145-0898

*ST
PRIZ*
CERTIFIED MAIL™



7008 1830 0000 8062 8706



UNITED STATES POSTAGE
02 1A \$ 05.49⁰⁰
0004379716
MAILED FROM ZIP CODE 34111

Occupant
669 South 700 East
St. George, UT 84770

ANK

[Handwritten signature]

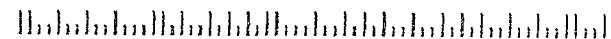
PL000325

NIXIE 841 SE 1 01 11/02/08

RETURN TO SENDER
ATTEMPTED - NOT KNOWN
UNABLE TO FORWARD

BC: 84145089898 *2689-07008-02-04

841450898



PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Occupant
669 South 700 East
St. George, UT 84770
(18031.001)

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (*Printed Name*)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

PL000326

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (*Extra Fee*)

☐ Yes

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540



A PROFESSIONAL
LAW CORPORATION

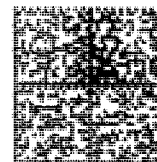
Sender: Tammara Fox

One Utah Center
201 South Main Street, Suite 1800
Post Office Box 45898
Salt Lake City, Utah 84145-0898

CERTIFIED MAIL



7008 1830 0000 8062 8720



UNITED STATES POSTAGE
02 1A
0004379716
MAILED FROM ZIP CODE 84111
\$ 05.49⁰⁰
PENNEY BOWES

FAB5 Management, LLC
c/o American Mortgage
40 North 300 East, Suite 102
St. George, UT 84737

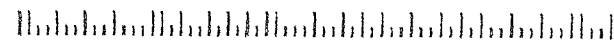
PL000327

NIXIE 841 SE 1 01 11/02/08

RETURN TO SENDER
NO SUCH NUMBER
UNABLE TO FORWARD

BC: 84145089898 *2689-00610-02-08

841450898



PLACE STICKER ABOVE OR TO THE RIGHT OF THE RETURN ADDRESS. FOLD AT DOTTED LINE.

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

FABS Management, LLC
c/o American Mortgage
40 North 300 East, Suite 102
St. George, UT 84737
(18031.001)

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (*Printed Name*)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

PL000328

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (*Extra Fee*)

☐ Yes

2. Article Numl

(*Transfer from*)

7008 1830 0000 8062 8720

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

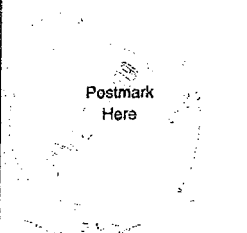
7008 1140 0002 1095 4778

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

| | |
|---|------|
| Postage | \$ |
| Certified Fee | |
| Return Receipt Fee (Endorsement Required) | |
| Restricted Delivery Fee (Endorsement Required) | |
| Total | 5.32 |



| | |
|--------------------|-------------------------------------|
| Sent To | Darwin Fisher |
| Street or PO | 40 North 300 East, Suite 101 |
| City, State, ZIP+4 | St. George, UT 84770 (18031.001) |
| | PL000336 |

Certified Mail Provides:

PL000337

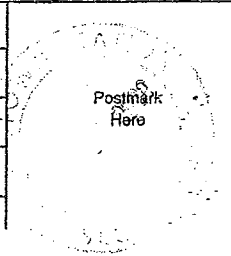
- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

Important Reminders:

- Certified Mail may **ONLY** be combined with First-Class Mail[®] or Priority Mail[®].
- Certified Mail is *not* available for any class of international mail.
- **NO INSURANCE COVERAGE IS PROVIDED** with Certified Mail. For valuables, please consider Insured or Registered Mail.
- For an additional fee, a *Return Receipt* may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS[®] postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "Restricted Delivery".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.

PS Form 3800, August 2006 (Reverse) PSN 7530-02-000-9047

| | |
|---|---|
| U.S. Postal Service CERTIFIED MAIL[®] RECEIPT <i>(Domestic Mail Only; No Insurance Coverage Provided)</i> | |
| For delivery information visit our website at www.usps.com | |
| OFFICIAL USE | |
| FDX Postage \$ Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) Total Postage & Fees \$ | 5.32  |
| Darwin Fisher 40 North 300 East, Suite 101 St. George, UT 84737 (18031.001) | |
| PL000338 | |

7008 1140 0002 1095 4785

Certified Mail Provides:

PL000339

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

Important Reminders:

- Certified Mail may **ONLY** be combined with First-Class Mail[®] or Priority Mail[®].
- Certified Mail is *not* available for any class of international mail.
- **NO INSURANCE COVERAGE IS PROVIDED** with Certified Mail. For valuables, please consider Insured or Registered Mail.
- For an additional fee, a *Return Receipt* may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS[®] postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "Restricted Delivery".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.

PS Form 3800, August 2006 (Reverse) PSN 7530-02-000-9047

U.S. Postal Service
CERTIFIED MAIL RECEIPT

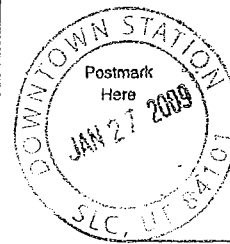
(Domestic Mail Only, No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

2006 1140 0002 1095 4761

| | |
|---|---------|
| Postage | \$ |
| Certified Fee | |
| Return Receipt Fee (Endorsement Required) | |
| Restricted Delivery Fee (Endorsement Required) | |
| Total | \$ 5.32 |



Darwin Fisher
 2147 Alveo Drive
 Washington, UT 84780

PL000340

Certified Mail Provides:

PL000341

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

Important Reminders:

- Certified Mail may **ONLY** be combined with First-Class Mail[®] or Priority Mail[®].
- Certified Mail is *not* available for any class of international mail.
- **NO INSURANCE COVERAGE IS PROVIDED** with Certified Mail. For valuables, please consider Insured or Registered Mail.
- For an additional fee, a *Return Receipt* may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS[®] postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "*Restricted Delivery*".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

7006 1140 0002 1095 4754

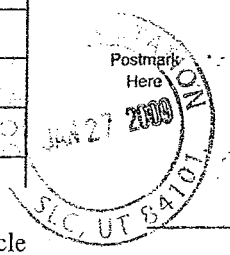
U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

| | |
|---|---------|
| Postage | \$ |
| Certified Fee | |
| Return Receipt Fee (Endorsement Required) | |
| Restricted Delivery Fee (Endorsement Required) | |
| Total Postage & Fees | \$ 5.32 |

FOX



Darwin Fisher
598 W. Sugarleo Circle
St George, UT 84790
(18031.001)

PL000342

Certified Mail Provides:

PL000343

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

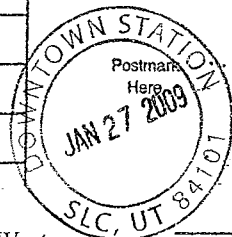
Important Reminders:

- Certified Mail may **ONLY** be combined with First-Class Mail[®] or Priority Mail[®].
- Certified Mail is *not* available for any class of international mail.
- **NO INSURANCE COVERAGE IS PROVIDED** with Certified Mail. For valuables, please consider Insured or Registered Mail.
- For an additional fee, a *Return Receipt* may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS[®] postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with "Restricted Delivery".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

For delivery information visit our website at www.usps.com

| | |
|--|----|
| FO Postage Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) | \$ |
| | |
| | |
| | |

David Fisher
5688 North 1320 West
St. George, UT 84790
(1803.1.001)



PL000344

Certified Mail Provides:

PL000345

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

Important Reminders:

- Certified Mail may **ONLY** be combined with First-Class Mail® or Priority Mail®.
- Certified Mail is *not* available for any class of international mail.
- **NO INSURANCE COVERAGE IS PROVIDED** with Certified Mail. For valuables, please consider Insured or Registered Mail.
- For an additional fee, a *Return Receipt* may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS® postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "*Restricted Delivery*".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

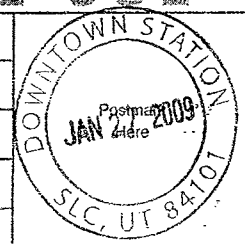
IMPORTANT: Save this receipt and present it when making an inquiry.

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

| | | | |
|-----|---|----|------|
| FDX | Postage | \$ | |
| | Certified Fee | | |
| | Return Receipt Fee (Endorsement Required) | | |
| | Restricted Delivery Fee (Endorsement Required) | | |
| | Total | \$ | 5.32 |



7008 1140 0002 1095 4730

See
Str
or
Cj

David Fisher
598 W. Sugarleo Circle
St George, UT 84790
(18031.001)

PL000346

Certified Mail Provides: **PL000347**

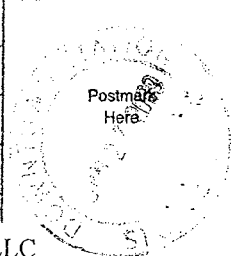
- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

Important Reminders:

- Certified Mail may **ONLY** be combined with First-Class Mail® or Priority Mail®.
- Certified Mail is *not* available for any class of international mail.
- **NO INSURANCE COVERAGE IS PROVIDED** with Certified Mail. For valuables, please consider insured or Registered Mail.
- For an additional fee, a *Return Receipt* may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS® postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "*Restricted Delivery*".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.

PS Form 3800, August 2006 (*Reverse*) PSN 7530-02-000-9047

| | | | | | | |
|--|--|--|--|--|--|------|
| U.S. Postal Service CERTIFIED MAIL RECEIPT <i>(Domestic Mail Only; No Insurance Coverage Provided)</i> | | | | | | |
| For delivery information visit our website at www.usps.com | | | | | | |
| OFFICIAL USE | | | | | | |
| FDX Postage \$ Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) | <table border="1"> <tr><td></td></tr> <tr><td></td></tr> <tr><td></td></tr> <tr><td></td></tr> <tr><td>5.32</td></tr> </table> | | | | | 5.32 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| 5.32 | | | | | | |
| 7008 1140 0002 1095 4723 <i>Tr</i> <i>Sei</i> <i>Str</i> <i>or</i> <i>Cil</i> | <div style="text-align: right;">  </div> FAB5 Management, LLC c/o American Mortgage 40 North 300 East, Suite 102 St. George, UT 84737 (18031.001) | | | | | |
| PL000348 <small>Instructions</small> | | | | | | |

Certified Mail Provides:

PL000349

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

Important Reminders:

- Certified Mail may ONLY be combined with First-Class Mail® or Priority Mail®.
- Certified Mail is *not* available for any class of international mail.
- NO INSURANCE COVERAGE IS PROVIDED with Certified Mail. For valuables, please consider Insured or Registered Mail.
- For an additional fee, a *Return Receipt* may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS® postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "*Restricted Delivery*".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.

PS Form 3800, August 2006 (Reverse) PSN 7530-02-000-9047

| | |
|--|------------------------|
| U.S. Postal Service CERTIFIED MAIL RECEIPT <small>(Domestic Mail Only; No Insurance Coverage Provided)</small> | |
| For delivery information visit our website at www.usps.com | |
| OFFICIAL USE | |
| FOX Postage \$ Certified Fee Return Receipt Fee <small>(Endorsement Required)</small> Restricted Delivery Fee <small>(Endorsement Required)</small> | \$ |
| 4.32 Davco Management Company 40 North 300 East, Suite 102 St. George, UT 84737 Attn: David Fisher (18031.001) | |
| JAN 27 2009 TOWN STATION Here ST. GEORGE, UT 84737 | |
| PL000350 | |

Certified Mail Provides:

PL000351

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

Important Reminders:

- Certified Mail may **ONLY** be combined with First-Class Mail® or Priority Mail®.
- Certified Mail is *not* available for any class of international mail.
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- For an additional fee, a *Return Receipt* may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS® postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "*Restricted Delivery*".
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IMPORTANT: Save this receipt and present it when making an inquiry.

PS Form 3800, August 2006 (Reverse) PSN 7530-02-000-9047

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

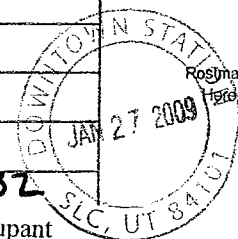
For delivery information visit our website at www.usps.com

OFFICIAL USE

FOX

Postage \$
Certified Fee
Return Receipt Fee
(Endorsement Required)
Restricted Delivery Fee
(Endorsement Required)

5.32



To
Ser.
Str.
or I
City

Occupant
669 South 700 East
St. George, UT 84770
(18031.001)

PL000352

7008 1140 0002 1095 4709

Certified Mail Provides:

PL000353

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

Important Reminders:

- Certified Mail may **ONLY** be combined with First-Class Mail® or Priority Mail®.
- Certified Mail is *not* available for any class of international mail.
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- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "*Restricted Delivery*".
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IMPORTANT: Save this receipt and present it when making an inquiry.

PS Form 3800, August 2006 (Reverse) PSN 7530-02-000-9047

AFFIDAVIT OF MAILING

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

TAMMARA FOX, being first duly sworn upon oath, deposes and says as follows:

1. That I am a citizen of the United States, over the age of twenty-one years and residing in Salt Lake County, Utah.

2. That on the 27 day of January, 2009, affiant addressed envelopes to the following persons at their addresses listed after each name:

Occupant
669 South 700 East
St. George, UT 84770

Davco Management Company, L.C.
40 North 300 East, Suite 102
St. George, UT 84737
Attn: David Fisher

FAB5 Management, LLC
c/o American Mortgage
40 North 300 East, Suite 102
St. George, UT 84737

David Fisher
598 W. Sugarleo Circle
St George, UT 84790

David Fisher
5688 North 1320 West
St. George, UT 84790

Darwin Fisher
598 W. Sugarleo Circle
St George, UT 84790

Darwin Fisher
2147 Alveo Drive
Washington, UT 84780

Darwin Fisher
40 North 300 East, Suite 101
St. George, UT 84770

Darwin Fisher
40 North 300 East, Suite 101
St. George, UT 84737

3. That on such date, affiant placed in each envelope a conformed copy of a Notice of Trustee's Sale form, a copy of which is attached hereto as an exhibit and incorporated herein.

4. That on such date, affiant mailed envelopes with their enclosures with sufficient postage prepaid by U.S. Postal Service certified mail return receipt requested and by first class mail to the persons addressed as above listed.

DATED this 27 day of January, 2009

James Fox

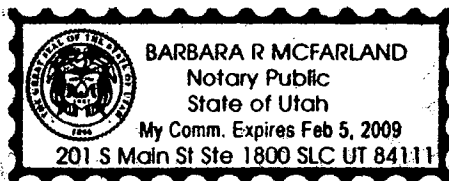
SUBSCRIBED AND SWORN to before me this 27th day of January, 2009

My Commission Expires:

Barbara R. McFarland

NOTARY PUBLIC

Residing at: SL County Utah



NOTICE OF TRUSTEE'S SALE

The property described below will be sold at public auction to the highest bidder. The sale will be held at the main entrance of the Washington County Courthouse, 220 North 200 East, St. George, Utah on February 20, 2009 at 1:30 p.m. The purpose of the sale is the foreclosure of an All-Inclusive Deed of Trust and Assignment of Rents (the "Trust Deed") granted by DAVCO MANAGEMENT COMPANY, L.C., as Trustor, in favor of CALIFORNIA BENEFIT, INC., as Beneficiary, and PAUL VEASY, an active member of the Utah State Bar, as the Successor Trustee. The Trust Deed was recorded on December 1, 2006 as Entry No. 20060055872 in the Official Records of the County Recorder of Washington County, State of Utah and covers the real property located at 735 East 700 South, St. George, Utah and is more particularly described as *Parcel 1. The East One-Half of Lot 3, Block 4, Plat "B", St. George City Survey, according to the Official Plat thereof, records of Washington County, State of Utah. Parcel 2. Lot 2, Block 4, Plat "B", St. George City Survey, according to the Official Plat thereof, records of Washington County, State of Utah.* The undersigned disclaims any liability for any error in the street address.

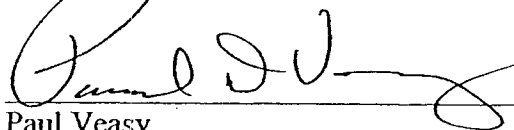
The Notice of Default for the Trust Deed was recorded on October 15, 2008 as Entry No. 20080040113 in the Official Records of the County Recorder of Washington County, State of Utah.

The current Beneficiary of the Trust Deed is CALIFORNIA BENEFIT, INC. and the record owner of the above described property as of the recording of the Notice of Default is DAVCO MANAGEMENT COMPANY, L.C.

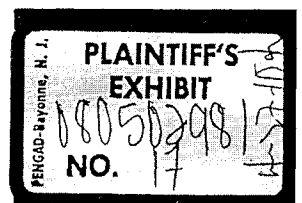
The purchase price is payable in lawful money of the United States at the time of sale. Bidders must tender to the Trustee the purchase price by 12:00 noon the day following the sale. The payment must be in the form of a cashier's check and Bank "Official Checks" are not acceptable. A Trustee's Deed will be made available to the successful bidder within three business days following receipt of the bid amount. The property is to be sold without any warranties whatsoever, including, but not limited to, warranties of title, possession, condition or encumbrances. For further information about the sale please contact the Trustee. The purpose of this Notice is to collect a debt and any information obtained may be used for that purpose.

DATED as of January 20, 2009.

TRUSTEE



Paul Veasy
Parsons Behle & Latimer
201 South Main Street, Suite 1800
Salt Lake City, Utah 84111
(801) 532-1234
Office Hours 8:30 a.m. to 5:00 p.m.



SPECTRUM

A Marketing and Communications Company

LEGAL NOTICES

NOTICE OF TRUSTEE'S SALE

The property described below will be sold at public auction to the highest bidder. The sale will be held at the main entrance of the Washington County Courthouse, 220 North 200 East, St. George, Utah on February 20, 2009 at 1:30 p.m. The purpose of the sale is the foreclosure of an All-Inclusive Deed of Trust and Assignment of Rents (the "Trust Deed") granted by DAVCO MANAGEMENT COMPANY, L.C., as Trustor, in favor of CALIFORNIA BENEFIT, INC., as Beneficiary, and PAUL VEASY, an active member of the Utah State Bar, as the Successor Trustee. The Trust Deed was recorded on December 1, 2006 as Entry No. 20060055872 in the Official Records of the County Recorder of Washington County, State of Utah and covers the real property located at 735 East 700 South, St. George, Utah and is more particularly described as Parcel 1. The East One-Half of Lot 3, Block 4, Plat "B", St. George City Survey, according to the Official Plat thereof, records of Washington County, State of Utah. Parcel 2. Lot 2, Block 4, Plat "B", St. George City Survey, according to the Official Plat thereof, records of Washington County, State of Utah. The undersigned disclaims any liability for any error in the street address.

The Notice of Default for the Trust Deed was

recorded on October 15, 2008 as Entry No. 20080040113 in the Official Records of the County Recorder of Washington County, State of Utah.

The current Beneficiary of the Trust Deed is CALIFORNIA BENEFIT, INC. and the record owner of the above described property as of the recording of the Notice of Default is DAVCO MANAGEMENT COMPANY, L.C.

The purchase price is payable in lawful money of the United States at the time of sale. Bidders must tender to the Trustee the purchase price by 12:00 noon the day following the sale. The payment must be in the form of a cashier's check and Bank "Official Checks" are not acceptable. A Trustee's Deed will be made available to the successful bidder within three business days following receipt of the bid amount. The property is to be sold without any warranties whatsoever, including, but not limited to, warranties of title, possession, condition or encumbrances. For further information about the sale please contact the Trustee. The purpose of this Notice is to collect a debt and any information obtained may be used for that purpose.

DATED as of January 23, 2009.
TRUSTEE

Paul Veasy
Parsons Behle & Latimer
201 South Main Street,
Suite 1800
Salt Lake City, Utah
84111
(801) 532-1234
Office Hours 8:30 a.m.
to 5:00 p.m.

Pub#L5876
published on
January 23, 2009 &
February 6, 2009.
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Machines generated OCR, no original errors.

PROOF OF PUBLICATION

STATE OF UTAH SS.
COUNTY OF WASHINGTON

Aubrey Paxton, being duly sworn, deposes and says that she is an accounting representative, at the daily newspaper published at St. George, Washington County, State of Utah, also distributed in Iron County, and that the notice

PUB # : L5876

is a true copy of which is here to attached, was published in its issue dated the 23 day of

January 2009

and was published again in the issues of said newspaper dated:

1/30, 2/6, 2009 for

a total of 3 insertion(s)

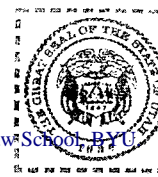

Aubrey Paxton

Subscribed and sworn before me

this 20th day of

August 2009.


NOTARY PUBLIC RESIDING
AT WASHINGTON COUNTY



Notary Public
BONNIE THOMPSON
Commission Number 576618
My Commission Expires
November 10, 2012
State of Utah

TRUSTEE(S)
JTA LLC,; CALIFORNIA BENEFIT, INC.
vs.

TRUSTOR(S)
DAVCO MANAGEMENT COMPANY L.C.

RETURN OF SERVICE

I GARY S. STUBBS, , a person authorized under State or Federal law to serve this process, does/do say;

For: PARSONS, BEHLE & LATIMER, LAW OFFICES

Date/Time Received: 1/22/2009

Document(s): NOTICE OF TRUSTEE'S SALE

Serve To: DAVCO MANAGEMENT COMPANY L.C.

Address: 735 EAST 700 SOUTH, ST GEORGE, UT 84770

Date/Time Served: 1/22/2009 2:20 PM

Method of Service: POSTED to the PROPERTY

Person Served: DAVCO MANAGEMENT COMPANY L.C.

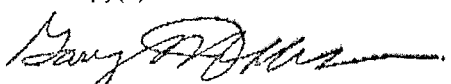
Location of Service: 735 EAST 700 SOUTH, ST GEORGE, UT 84770

Military Status: N/A

ALSO POSTED THE WASHINGTON COUNTY RECORDERS OFFICES
7 NORTH 200 EAST, ST. GEORGE, UTAH 84770

POSTING FEE \$ 40.00

SECTION 46-5-101; SELF-AUTHENTICATION, Effective 03/04/2008, as amended: I declare (or certify, verify or state) under criminal penalty of the State of Utah that the foregoing is true and correct. And I am authorized under Section 78B-8-302, as amended of the Utah Code and Federal Rule 4 , to serve this process. Fees in accordance with the Utah Code and recoverable under Section 78B-8-303 & 78B-8-302 (1) , AND only when required by law, I have signed my name, date and time of service upon the copy(s) served.



GARY S. STUBBS 100943

Executed on 01/22/09

CIVIL PROCESS SERVICES & INVESTIGATIONS
POST OFFICE BOX 603
WASHINGTON, UTAH 84780
(435) 632-1092

ID: 200900638

Client Reference: 18032-001



201 South Main Street
Suite 1800
Salt Lake City, Utah
84111-2218
Post Office Box 45890
Salt Lake City, Utah
84145-0898
Telephone 801 532-1234
Facsimile 801 536-6111
E-Mail: pbl@pblutah.com

A PROFESSIONAL
LAW CORPORATION

Tammara Fox

Direct Dial
(801) 536-6805
E-Mail
tfox@pblutah.com

January 22, 2009

VIA FACSIMILE

ATTN: Gary Stubbs
(435.627.0571 – fax)

Re: Posting of Notice of Trustee's Sale

Dear Gary:

We are requesting that you post a Notice of Trustee's Sale for one (1) property located in Washington County, State of Utah, a copy of which is attached. Please post one copy of the Notice of Trustee's Sale on the subject properties and post one copy of the Notice at the Washington County Recorder's Office. After posting is completed, please return an Affidavit of Posting along with your statement to our office.

The sale date for the property is scheduled for February 20, 2009. Please complete the postings no later than **Thursday, January 30, 2009.**

Thank you for your assistance and call if you have any questions.

Posted

Date: 01-22-09
Time: 2:20 AM
By: [Signature]
Civil Process Division
673-8126

Sincerely,

Tammara Fox
Tammara Fox
Paralegal

Enclosures

*735 E. 700 S.
St. George, UT*



A PROFESSIONAL
LAW CORPORATION

One Utah Center
201 South Main Street, Suite 1800
Post Office Box 45898
Salt Lake City, Utah 84145-0898
Telephone 801 532-1234
Facsimile 801 536-6111

FACSIMILE TRANSMISSION

DATE: *January 22, 2009*

*204
m*

TO:

| NAME | FAX NO. | PHONE NO. |
|--------------------|---------------------|-----------|
| <i>gary stubbs</i> | <i>435.627.0571</i> | |
| | | |
| | | |

FROM: *Tammara Fox, paralegal* PHONE: *801.536.6805*
SENT BY: *fax center* PHONE: *801.536.6700*

CLIENT-MATTER NUMBER: *18032.001*

NUMBER OF PAGES WITH COVER PAGE: *(3)*

MESSAGE:

*Notice of Trustee's Sale -
Let me know if you need a map
of the property. Thanks! tammara*

PL000527

CAUTION - CONFIDENTIAL

THIS FACSIMILE INFORMATION IS CONFIDENTIAL AND MAY ALSO CONTAIN PRIVILEGED ATTORNEY-CLIENT INFORMATION OR WORK PRODUCT. THE INFORMATION IS INTENDED ONLY FOR THE USE OF THE ADDRESSEE. IF YOU ARE NOT THE INTENDED RECIPIENT, OR THE PERSON RESPONSIBLE TO DELIVER IT TO THE INTENDED RECIPIENT, YOU MAY NOT USE, DISSEMINATE, DISTRIBUTE OR COPY THIS COMMUNICATION. IF YOU HAVE RECEIVED THE FACSIMILE IN ERROR, PLEASE IMMEDIATELY NOTIFY US BY TELEPHONE, AND RETURN THE ORIGINAL MESSAGE TO US AT THE ADDRESS ABOVE VIA THE U.S. POSTAL SERVICE. THANK YOU.

IF YOU DO NOT RECEIVE ALL OF THE PAGES, PLEASE CALL (801) 536-6700 AS SOON AS POSSIBLE.

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Machine-generated OCR, may contain errors.

NOTICE OF TRUSTEE'S SALE

The property described below will be sold at public auction to the highest bidder. The sale will be held at the main entrance of the Washington County Courthouse, 220 North 200 East, St. George, Utah on February 20, 2009 at 1:30 p.m. The purpose of the sale is the foreclosure of an All-Inclusive Deed of Trust and Assignment of Rents (the "Trust Deed") granted by DAVCO MANAGEMENT COMPANY, L.C., as Trustor, in favor of CALIFORNIA BENEFIT, INC., as Beneficiary, and PAUL VEASY, an active member of the Utah State Bar, as the Successor Trustee. The Trust Deed was recorded on December 1, 2006 as Entry No. 20060055872 in the Official Records of the County Recorder of Washington County, State of Utah and covers the real property located at 735 East 700 South, St. George, Utah and is more particularly described as *Parcel 1. The East One-Half of Lot 3, Block 4, Plat "B", St. George City Survey, according to the Official Plat thereof, records of Washington County, State of Utah. Parcel 2. Lot 2, Block 4, Plat "B", St. George City Survey, according to the Official Plat thereof, records of Washington County, State of Utah.* The undersigned disclaims any liability for any error in the street address.

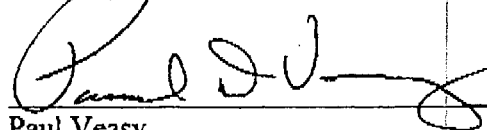
The Notice of Default for the Trust Deed was recorded on October 15, 2008 as Entry No. 20080040113 in the Official Records of the County Recorder of Washington County, State of Utah.

The current Beneficiary of the Trust Deed is CALIFORNIA BENEFIT, INC. and the record owner of the above described property as of the recording of the Notice of Default is DAVCO MANAGEMENT COMPANY, L.C.

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DATED as of January 20, 2009.

TRUSTEE



Paul Veasy
Parsons Behle & Latimer
201 South Main Street, Suite 1800
Salt Lake City, Utah 84111
(801) 532-1234
Office Hours 8:30 a.m. to 5:00 p.m.

Filed

Date: 01/22/09
Time: 2:20 a.m. PM
By: [Signature]
Civil Process Services



A PROFESSIONAL
LAW CORPORATION

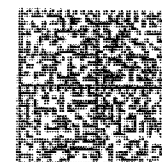
Sender: Tammara Fox

One Utah Center
201 South Main Street, Suite 1800
Post Office Box 45898
Salt Lake City, Utah 84145-0898

INS
CERTIFIED MAIL



7008 1830 0000 8062 8669



02 1A \$ 05.32⁰
0004379716
MAILED FROM ZIP CODE 84111

Occupant
735 East 700 South
St. George, UT 84770

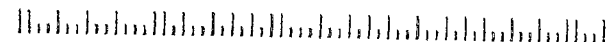
PL000493

NIXIE 841 SE 1 01 11/02/08

RETURN TO SENDER
INSUFFICIENT ADDRESS
UNABLE TO FORWARD

BC: 84145089898 *2689-01154-02-08

841450898



PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS, HOLD AT DOTTED LINE

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Occupant
735 East 700 South
St. George, UT 84770
(18232.001)

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

PL000493.1

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. A

7008 1830 0000 8062 8669

PS Form 3811, February 2004 Domestic Return Receipt

102595-02-M-1540



A PROFESSIONAL
LAW CORPORATION

Sender: Shawn C. Ferrin

One Utah Center
201 South Main Street, Suite 1800
Post Office Box 45898
Salt Lake City, Utah 84145-0898



7008 1140 0002 1095 4679



David Fisher
5688 North 1320 West
St. George, UT 84790

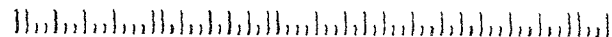
PL000493.2

NIXIE 041 SE 1 01 02/01/09

RETURN TO SENDER
NOT DELIVERABLE AS ADDRESSED
UNABLE TO FORWARD

BC: 041450000000 *0000-00410-27-46

04770-5310-0000





SENDER: COMPLETE THIS SECTION

- Complete Items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

David Fisher
5688 North 1320 West
St. George, UT 84790
(18031.001)

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (*Printed Name*)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

PL000494

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (*Extra Fee*)

☐ Yes

2. Article
(*Transit*)

7008 1140 0002 1095 4679

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540



A PROFESSIONAL
LAW CORPORATION

Sender: Shawn C. Ferrin

One Utah Center
201 South Main Street, Suite 180
Post Office Box 45898
Salt Lake City, Utah 84145-0898



7008 1140 0002 1095 4648

*Need
unit #*

IAS

Occupant
735 East 700 South
St. George, UT 84770



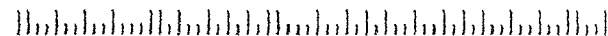
PL000495

NIXIE 841 SE 1 D1 02/01/09

RETURN TO SENDER
INSUFFICIENT ADDRESS
UNABLE TO FORWARD

EC: 84145089898 *0336-00416-27-46

84770+8414508989



PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Occupant
735 East 700 South
St. George, UT 84770
(18031.001)

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (*Printed Name*)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

PL000496

3. Service Type

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (*Extra Fee*)

☐ Yes

7008 1140 0002 1095 4648

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

NOTICE OF TRUSTEE'S SALE

The property described below will be sold at public auction to the highest bidder. The sale will be held at the main entrance of the Washington County Courthouse, 220 North 200 East, St. George, Utah on February 20, 2009 at 1:30 p.m. The purpose of the sale is the foreclosure of an All-Inclusive Deed of Trust and Assignment of Rents (the "Trust Deed") granted by DAVCO MANAGEMENT COMPANY, L.C., as Trustor, in favor of CALIFORNIA BENEFIT, INC., as Beneficiary, and PAUL VEASY, an active member of the Utah State Bar, as the Successor Trustee. The Trust Deed was recorded on December 1, 2006 as Entry No. 20060055872 in the Official Records of the County Recorder of Washington County, State of Utah and covers the real property located at 735 East 700 South, St. George, Utah and is more particularly described as *Parcel 1. The East One-Half of Lot 3, Block 4, Plat "B", St. George City Survey, according to the Official Plat thereof, records of Washington County, State of Utah. Parcel 2. Lot 2, Block 4, Plat "B", St. George City Survey, according to the Official Plat thereof, records of Washington County, State of Utah.* The undersigned disclaims any liability for any error in the street address.

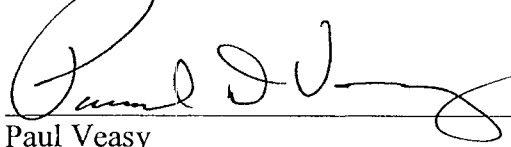
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DATED as of January 20, 2009.

TRUSTEE



Paul Veasy

Parsons Behle & Latimer
201 South Main Street, Suite 1800
Salt Lake City, Utah 84111

(801) 532-1234

Office Hours 8:30 a.m. to 5:00 p.m.



A PROFESSIONAL
LAW CORPORATION

Sender: Shawn C. Ferrin

One Utah Center
201 South Main Street, Suite 1800
Post Office Box 45898
Salt Lake City, Utah 84145-0898

DDV

David Fisher
5688 North 1320 West
St. George, UT 84790

SALT LAKE CITY UT 841

JAN 27 2009



02 1A \$ 00.42⁰
0004379716 JAN 27 2009
MAILED FROM ZIP CODE 84111

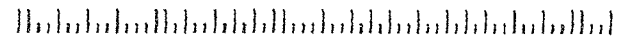
PL000497

NIXIE 841 DE 1 00 02/08/09

RETURN TO SENDER
NOT DELIVERABLE AS ADDRESSED
UNABLE TO FORWARD

BC: 84145089898 *1236-21180-27-41

84145089898



NOTICE OF TRUSTEE'S SALE

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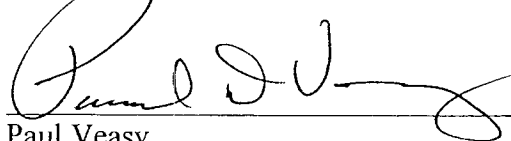
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DATED as of January 20, 2009.

TRUSTEE



Paul Veasy

Parsons Behle & Latimer
201 South Main Street, Suite 1800
Salt Lake City, Utah 84111
(801) 532-1234
Office Hours 8:30 a.m. to 5:00 p.m.



A PROFESSIONAL
LAW CORPORATION

Sender: Shawn C. Ferrin

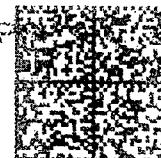
One Utah Center
201 South Main Street, Suite 1800
Post Office Box 45898
Salt Lake City, Utah 84145-0898

[Handwritten signature]

Davco Management Company, L.C.
40 North 300 East, Suite 102
St. George, UT 84737
Attn: David Fisher

SALT LAKE CITY UT 841

JAN 27 2009



02 1A
0004379716 JAN 27 2009
MAILED FROM ZIP CODE 84111

\$ 00.42⁰

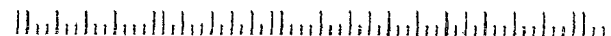
PL000498

NIXIE 841 DE 1 00 02/08/09

RETURN TO SENDER
NOT DELIVERABLE AS ADDRESSED
UNABLE TO FORWARD

BC: 84145089898 *1236-01190-27-42

8477041450898



NOTICE OF TRUSTEE'S SALE

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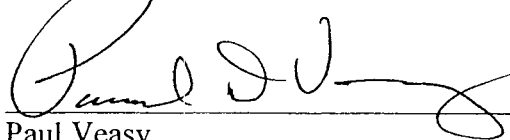
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DATED as of January 20, 2009.

TRUSTEE



Paul Veasy

Parsons Behle & Latimer

201 South Main Street, Suite 1800

Salt Lake City, Utah 84111

(801) 532-1234

Office Hours 8:30 a.m. to 5:00 p.m.



A PROFESSIONAL
LAW CORPORATION

Sender: Shawn C. Ferrin

One Utah Center
201 South Main Street, Suite 1800
Post Office Box 45898
Salt Lake City, Utah 84145-0898

SALT LAKE CITY UT 841

27 JAN 2008



02 1A \$ 00.42⁰
0004379716 JAN 27 2008
MAILED FROM ZIP CODE 84111

[Handwritten signature]
47

Occupant
735 East 700 South
St. George, UT 84770

PL000499

NIXIE 841 DE 1 00 02/08/08

RETURN TO SENDER
INSUFFICIENT ADDRESS
UNABLE TO FORWARD

BC: 84145089898 *1235-01195-27-42

84770 84145089898



| | |
|--|-------------------|
| U.S. Postal Service CERTIFIED MAIL RECEIPT <i>(Domestic Mail Only; No Insurance Coverage Provided)</i> | |
| For delivery information visit our website at www.usps.com | |
| OFFICIAL USE | |
| FOX | PL000506 |
| Postage | \$ |
| Certified Fee | |
| Return Receipt Fee (Endorsement Required) | |
| Restricted Delivery Fee (Endorsement Required) | |
| Total Postage & Fees | \$ 5.32 |
| Darwin Fisher 40 North 300 East, Suite 101 St. George, UT 84737 (18031.001) | Postmark Here |
| St Si Al C | Instructions |

7008 1140 0002 1095 4693

Certified Mail Provides:

PL000507

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

Important Reminders:

- Certified Mail may **ONLY** be combined with First-Class Mail® or Priority Mail®.
- Certified Mail is *not* available for any class of international mail.
- **NO INSURANCE COVERAGE IS PROVIDED** with Certified Mail. For valuables, please consider Insured or Registered Mail.
- For an additional fee, a *Return Receipt* may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS® postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "Restricted Delivery".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.

7008 1140 0002 1095 4686

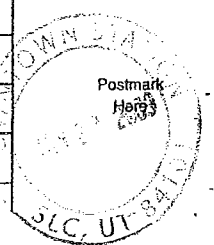
U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

| | |
|---|----|
| Postage | \$ |
| Certified Fee | |
| Return Receipt Fee (Endorsement Required) | |
| Restricted Delivery Fee (Endorsement Required) | |

FOX
T
Sg
St
or
Ci
Darwin Fisher
40 North 300 East, Suite 101
St. George, UT 84770
(18031.001)
PL000508



Certified Mail Provides:

PL000509

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

Important Reminders:

- Certified Mail may **ONLY** be combined with First-Class Mail® or Priority Mail®.
- Certified Mail is *not* available for any class of international mail.
- **NO INSURANCE COVERAGE IS PROVIDED** with Certified Mail. For valuables, please consider Insured or Registered Mail.
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- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "*Restricted Delivery*".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.

PS Form 3800, August 2006 (Reverse) PSN 7530-02-000-9047

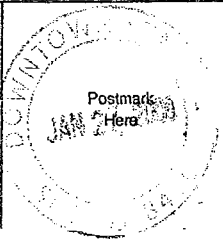
7008 1140 0002 1095 4679

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

| | | |
|-----|---|------|
| FOX | Postage | \$ |
| | Certified Fee | |
| | Return Receipt Fee (Endorsement Required) | |
| | Restricted Delivery Fee (Endorsement Required) | |
| | | 5.32 |



David Fisher
5688 North 1320 West
St. George, UT 84790
(18031.001)

PL000510

or instructions

Certified Mail Provides:

PL000511

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

Important Reminders:

- Certified Mail may ONLY be combined with First-Class Mail® or Priority Mail®.
- Certified Mail is *not* available for any class of international mail.
- NO INSURANCE COVERAGE IS PROVIDED with Certified Mail. For valuables, please consider Insured or Registered Mail.
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- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "*Restricted Delivery*".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.

PS Form 3800, August 2006 (Reverse) PSN 7530-02-000-9047

| | |
|--|------------------|
| U.S. Postal Service CERTIFIED MAIL RECEIPT <i>(Domestic Mail Only; No Insurance Coverage Provided)</i> | |
| For delivery information visit our website at www.usps.com | |
| OFFICIAL USE | |
| FOX Postage \$ Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) | Postmark Here |
| \$ 5.32 | |
| David Fisher 598 W. Sugarleo Circle St George, UT 84790 (18031.001) PL000512 | |
| by instructions | |

7008 1140 0002 1095 4662

Certified Mail Provides:

PL000513

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

Important Reminders:

- Certified Mail may **ONLY** be combined with First-Class Mail® or Priority Mail®.
- Certified Mail is *not* available for any class of international mail.
- **NO INSURANCE COVERAGE IS PROVIDED** with Certified Mail. For valuables, please consider Insured or Registered Mail.
- For an additional fee, a *Return Receipt* may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS® postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "Restricted Delivery".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.

PS Form 3800, August 2006 (Reverse) PSN 7530-02-000-9047

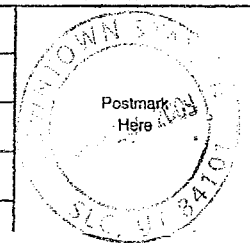
U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

7008 1140 0002 1095 4715

| | |
|---|----------------|
| Postage | \$ |
| Certified Fee | |
| Return Receipt Fee (Endorsement Required) | |
| Restricted Delivery Fee (Endorsement Required) | |
| Total P | \$ 5.32 |



| | |
|--------------------|--------------------------------|
| Sent To | Davco Management Company, L.C. |
| Street, or PO Box | 40 North 300 East, Suite 102 |
| City, State, ZIP+4 | St. George, UT 84737 |
| | Attn: David Fisher |
| | (18031.001) |

PL000514

Certified Mail Provides:

PL000515

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

Important Reminders:

- Certified Mail may **ONLY** be combined with First-Class Mail® or Priority Mail®.
- Certified Mail is *not* available for any class of international mail.
- **NO INSURANCE COVERAGE IS PROVIDED** with Certified Mail. For valuables, please consider Insured or Registered Mail.
- For an additional fee, a *Return Receipt* may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS® postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "Restricted Delivery".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.

7008 1140 0002 1095 4648

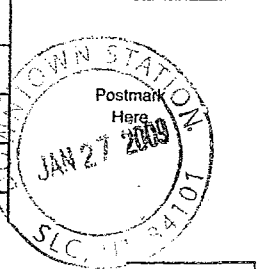
U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

| | |
|---|----|
| Postage | \$ |
| Certified Fee | |
| Return Receipt Fee (Endorsement Required) | |
| Restricted Delivery Fee (Endorsement Required) | |

Occupant
735 East 700 South
St. George, UT 84770
(18031.001)



PL000516

Certified Mail Provides:

PL000517

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

Important Reminders:

- Certified Mail may **ONLY** be combined with First-Class Mail® or Priority Mail®.
- Certified Mail is *not* available for any class of international mail.
- **NO INSURANCE COVERAGE IS PROVIDED** with Certified Mail. For valuables, please consider Insured or Registered Mail.
- For an additional fee, a *Return Receipt* may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS® postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "*Restricted Delivery*".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.

AFFIDAVIT OF MAILING

STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

TAMMARA FOX, being first duly sworn upon oath, deposes and says as follows:

1. That I am a citizen of the United States, over the age of twenty-one years and residing in Salt Lake County, Utah.

2. That on the 27 day of January, 2009, affiant addressed envelopes to the following persons at their addresses listed after each name:

Occupant
735 East 700 South
St. George, UT 84770

Davco Management Company, L.C.
40 North 300 East, Suite 102
St. George, UT 84737
Attn: David Fisher

David Fisher
598 W. Sugarleo Circle
St George, UT 84790

David Fisher
5688 North 1320 West
St. George, UT 84790

Darwin Fisher
40 North 300 East, Suite 101
St. George, UT 84770

Darwin Fisher
40 North 300 East, Suite 101
St. George, UT 84737

3. That on such date, affiant placed in each envelope a conformed copy of a Notice of Trustee's Sale form, a copy of which is attached hereto as an exhibit and incorporated herein.

4. That on such date, affiant mailed envelopes with their enclosures with sufficient postage prepaid by U.S. Postal Service certified mail return receipt requested and by first class mail to the persons addressed as above listed.

DATED this 27 day of January, 2009

Jim Maffeo

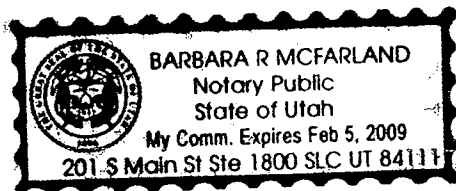
SUBSCRIBED AND SWORN to before me this 27th day of January, 2009

My Commission Expires:

Barbara R. McFarland

NOTARY PUBLIC

Residing at: St. George Utah



Tab 25

ADDENDUM “25”



When Recorded Return To:

Parsons Behle & Latimer
201 South Main Street, Suite 1800
Post Office Box 45898
Salt Lake City, Utah 84145-0898
ATTN: Paul Veasy

DOC # 20090006688

Trustee's Deed Page 1 of 4
Russell Shirts Washington County Recorder
02/25/2009 01:13:47 PM Fee \$ 20.00
By PARSONS BEHLE & LATIMER



SEND ALL TAX NOTICES TO GRANTEE
AT THE ADDRESS LISTED BELOW

Space above for County Recorder's Use
Tax Serial No. _____

TRUSTEE'S DEED

PAUL VEASY, an active member of the Utah State Bar residing in Utah, Trustee under the Deed of Trust, Security Agreement, Assignment of Rents and Leases, and Fixture Filing hereinafter particularly described, does hereby grant and convey, but without warranty of title, possession or encumbrances, unto IOTA, LLC as Grantee, whose address is 164 North 160 East, Hurricane, UT 84737, or its assigns forever, all of the following described real property situated in Washington County, State of Utah, and more particularly described as follows:

PARCEL #1: The South One-Half of Lot 4, Block 4, PLAT "B", ST. GEORGE CITY SURVEY, according to the official plat thereof, records of Washington County, State of Utah.

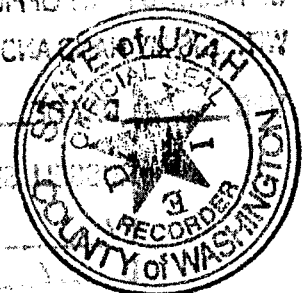
(For reference purposes only: Tax Parcel No. SG-763) PARCEL #2: The West One-Half of Lot 3, Block 4, PLAT "B", ST. GEORGE CITY SURVEY, according to the official plat thereof, records of Washington County, State of Utah. (For reference purposes only: Tax Parcel No. SG-762-B)

The above described Parcels 1 and 2 are now described of record as follows:

PARCEL 1: Beginning at the Southwest corner of Lot 3, Block No. 4, Plat B of St. George City Survey and running thence N 0°08'44" E along the East Right of Way of 700 East Street 49.97 Feet; thence S 89°51'30" East 132.01 feet to a point on the East line of a parcel more particularly described in instrument #00641842 recorded and on file at Washington County Recorder's Office, State of Utah; thence S 0°08'44" W along said line 49.97 feet to the Southwest corner of said parcel, said point also being on the North line of a parcel more particularly described in instrument #624716; thence N 89°51'30" W along said parcel 132.01 feet to the point of beginning. (For reference purposes only: Tax Parcel No.: SG-762-C)

PARCEL 2: Beginning N 0°08'44" E along the East Right of Way line of 700 East Street 49.97 feet from the Southwest corner of Lot 3 Block No. 4, Plat B of St. George City Survey and running thence N 0°08'44" E along said Right of Way 82.02 feet to the Northwest corner of a parcel more particularly described in instrument #00641842; thence S 89°51'44" East along the north line of said parcel 132.01 feet to the Northeast corner of said parcel; thence S 0°08'44" W along the East line of said parcel 82.03 feet; Thence N 89°51'30" W 132.01 feet to the point of beginning. Together with a 26.00 foot public utility easement, and ingress and egress easement across, below and above the following described parcels; Parcel A: Beginning at the Southwest Corner of Lot 4, Block No. 4, Plat B, St. George City Survey and Running thence N 0°08'44" E along the East Right of way of 700 East Street 66.00 feet, said point also being the Northwest Corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence S 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W

4817-7842-9187.1



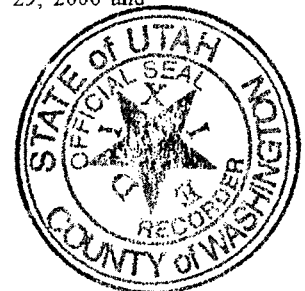
along said south line 81.84 feet to point of beginning. Parcel B: Beginning S 89°51'44" E along the South line of Lot 4, Block No. 4, Plat B, St. George City Survey 81.84 feet and running thence N 0°08'44" E 66.00 feet to a point on the South line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E along said South line 81.82 feet; thence S 0°08'44" W 66.00 feet to the South line of Lot 4; thence N 89°51'44" W along said South line 81.82 feet to the point of beginning. (For reference purposes only: Tax ID No.: SG-762-B)

PARCEL 3: Beginning at the Southwest corner of Lot 4, Block No. 4, Plat B of St. George City Survey and running thence N 0°08'44" E along the East Right of Way of 700 East Street 66.00 feet, said point also being the Northwest corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence S 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said South line 81.84 feet to the point of beginning. (For reference purposes only: Tax ID No.: SG-763-C)

PARCEL 4: Beginning S 89°51'44" E along the South line of Lot 4, Block No. 4, Plat B St. George City Survey 81.84 feet and running thence N 0°08'44" E 66.00 feet to a point on the South line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E along said South line 81.82 feet; thence S 0°08'44" W 66.00 feet to the south line of lot 4; thence N 89°51'44" W along said South line 81.82 feet to the point of beginning. Together with a 26.00 foot public utility easement, and ingress and egress easement across, below and above the following described parcel: Beginning at the Southwest Corner of Lot 4, Block No. 4, Plat B St. George City Survey and Running thence N 0°08'44" E along the East Right of way of 700 East Street 66.00 feet, said point also being the Northwest Corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence South 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said South line 81.84 feet to point of beginning. (For reference purposes only: Tax Parcel No. SG-763-B)

PARCEL 5: Beginning S 89°51'44" E along the South line of Lot 4, Block No. 4, Plat B St. George City Survey 163.66 feet and running thence N 0°08'44" E 66.00 feet to the South line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E along said South line 100.35 feet to a point on the East line of lot 4; thence S 0°08'44" W along said East line 66.01 feet to the Southeast Corner of Lot 4, thence N 89°51'44" W 100.35 feet to the point of beginning. Together with a 26.00 foot public utility easement, and ingress and egress easement across, below and above the following described parcels: Parcel #1: Beginning at the Southwest Corner of Lot 4, Block No. 4, Plat B St. George City Survey and Running thence N 0°08'44" E along the East Right of Way of 700 East Street 66.00 feet, said point also being the Northwest Corner of a parcel described in Book 1328, Page 2204, recorded and on file at Washington County Recorder's Office, State of Utah; thence S 89°51'51" E along the North line of said parcel 81.84 feet; thence S 0°08'44" W 66.00 feet to the South line of said parcel; thence S 89°51'44" W along said line 81.84 feet to point of beginning. Parcel #2: Beginning S 89°51'44" E along the South line of Lot 4, Block No. 4, Plat B St. George City Survey 81.84 feet and running thence N 0°08'44" E 66.00 feet to a point on the South line of a parcel more particularly described in instrument #960637; thence S 89°51'51" E along said South line 81.82 feet; thence S 0°08'44" W 66.00 feet to the South line of Lot 4; thence N 89°51'44" W along said South line 81.82 feet to the point of beginning. (For reference purposes only: Tax Parcel No. SG-763)

This conveyance is made pursuant to the powers conferred upon the Trustee by the laws of the State of Utah and by the terms of the Deed of Trust, Security Agreement, Assignment of Rents and Leases, and Fixture Filing ("Deed of Trust") granted by DAVCO MANAGEMENT COMPANY, L.C., as Trustor, with PAUL VEASY, an active member of the Utah State Bar residing in Utah, as Successor Trustee and IOTA, LLC, as Beneficiary and which Deed of Trust was dated September 29, 2006 and



recorded on October 4, 2006 as Entry No. 20060046174 in the Official Records of the County Recorder of Washington County, State of Utah, and which Deed of Trust was given to secure payment of a Promissory Note ("Note"), together with interest thereon and other sums advanced in accordance with the Deed of Trust and/or Note, executed by the Trustor in favor of the Beneficiary.

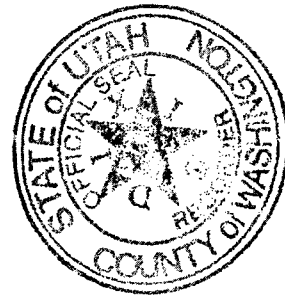
The Trustee, in accordance with the conditions of the Deed of Trust and the laws of the State of Utah, did record in the office of the County Recorder of Washington County, State of Utah, a Notice of Default identifying the Deed of Trust by stating the name of the Trustor and giving the Entry Number where the Deed of Trust was recorded and a description of the trust property. The Notice of Default contained a statement setting forth the nature of the breach of the obligation for which the trust property was conveyed as security and a statement of the election of the Trustee to cause the property secured by the Deed of Trust to be sold to satisfy the obligations secured thereby. The Notice of Default was recorded in the Official Records of the County Recorder of Washington County, State of Utah, on October 15, 2008, as Entry No. 20080040111 and within ten (10) days after the recording, a copy of the Notice of Default containing the recording information was mailed by certified mail to the Trustor and to all other parties who requested notice or appeared of record at the time of the recording.

After the lapse of at least three (3) months, and on January 20, 2009, the Trustee caused to be executed a Notice of Trustee's Sale describing the property as fully as described in the Deed of Trust, and stating that the property would be sold at public auction at the main entrance of the Washington County Courthouse, located at 220 North 200 East, St. George, Utah on February 20, 2009 at 1:30 p.m.. A copy of the Notice of Trustee's Sale was mailed by certified mail on January 27, 2009, a date at least twenty (20) days prior to sale, to the Trustor and all other parties who requested notice, or appeared of record at the time of recording the Notice of Default.

The Trustee further caused a Notice of Trustee's Sale to be published once a week for three (3) consecutive weeks in a newspaper of general circulation in Washington County, State of Utah. The publication was in *The Spectrum* on January 23, 2009 and the final publication was made on February 6, 2009. The date of the last publication was at least ten (10) days but not more than thirty (30) days, prior to the date of sale.

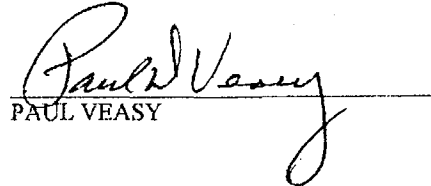
The Trustee further caused, through Civil Process Services & Investigations, a copy of the said Notice of Trustee's Sale to be posted in a conspicuous place on the property sold and at the Washington County Recorder's Office. Said Notices were posted on January 22, 2009, a date at least twenty (20) days prior to the date of sale.

Pursuant to the terms of sale as stated in said Notice of Trustee's Sale, the Successor Trustee did offer for sale at public auction to the highest bidder, the trust property, and thereupon sold said trust property to the Grantee named herein



IN WITNESS WHEREOF, and by authority duly vested, the Trustee has caused this Trustee's Deed to be executed this 20 day of February, 2009.

TRUSTEE:



PAUL VEASY

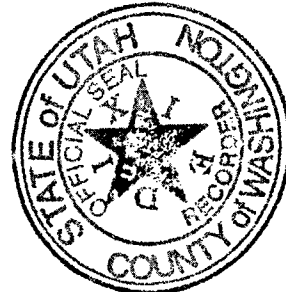
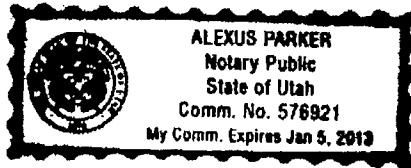
STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

The foregoing TRUSTEE'S DEED was acknowledged to me this 20th day of February, 2009, by Paul Veasy, Trustee.

My Commission Expires:

Jan 5, 2013


NOTARY PUBLIC
Residing at:

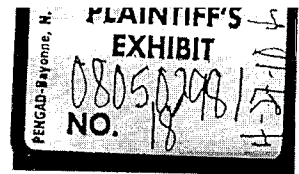


When Recorded Return To:

Parsons Behle & Latimer
201 South Main Street, Suite 1800
Post Office Box 45898
Salt Lake City, Utah 84145-0898
ATTN: Paul Veasy

DOC # 20090006056

Trustee's Deed Page 1 of 2
Russell Shirts Washington County Recorder
02/20/2009 02:08:22 PM Fee \$ 13.00
By PARSONS BEHLE & LATIMER



SEND ALL TAX NOTICES TO GRANTEE
AT THE ADDRESS LISTED BELOW

Space above for County Recorder's Use
Tax Serial No. SG-760-A and SG-792-A

TRUSTEE'S DEED

PAUL VEASY, an active member of the Utah State Bar residing in Utah, Trustee under the All-Inclusive Deed of Trust and Assignment of Rents hereinafter particularly described, does hereby grant and convey, but without warranty of title, possession or encumbrances, unto CALIFORNIA BENEFIT, INC. as Grantee, whose address is 164 North 160 East, Hurricane, Utah 84737, or its assigns forever, all of the following described real property situated in Washington County, State of Utah, and more particularly described as follows:

Parcel 1. The East One-Half of Lot 3, Block 4, Plat "B", St. George City Survey, according to the Official Plat thereof, records of Washington County State of Utah.

Parcel 2. Lot 2, Block 4, Plat "B", St. George City Survey, according to the Official Plat thereof, records of Washington County, State of Utah.

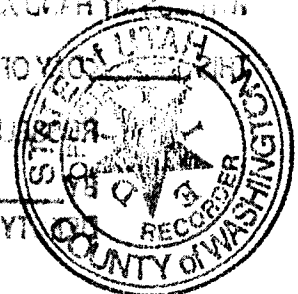
This conveyance is made pursuant to the powers conferred upon the Trustee by the laws of the State of Utah and by the terms of the All-Inclusive Deed of Trust and Assignment of Rents ("Deed of Trust") granted by DAVCO MANAGEMENT COMPANY, L.C., as Trustor, with PAUL VEASY, an active member of the Utah State Bar residing in Utah, as Successor Trustee and CALIFORNIA BENEFIT, INC., as Beneficiary and which Deed of Trust was dated November 30, 2006 and recorded on December 1, 2006 as Entry No. 20060055872 in the Official Records of the County Recorder of Washington County, State of Utah, and which Deed of Trust was given to secure payment of a Promissory Note ("Note"), together with interest thereon and other sums advanced in accordance with the Deed of Trust and/or Note, executed by the Trustor in favor of the Beneficiary.

The Trustee, in accordance with the conditions of the Deed of Trust and the laws of the State of Utah, did record in the office of the County Recorder of Washington County, State of Utah, a Notice of Default identifying the Deed of Trust by stating the name of the Trustor and giving the Entry Number where the Deed of Trust was recorded and a description of the trust property. The Notice of Default contained a statement setting forth the nature of the breach of the obligation for which the trust property was conveyed as security and a statement of the election of the Trustee to cause the property secured by the Deed of Trust to be sold to satisfy the obligations secured thereby. The Notice of Default was recorded in the Official Records of the County Recorder of Washington County, State of Utah, on October 15, 2008, as Entry No. 20080040113 and within ten (10) days after the recording, a copy of the Notice of Default containing the recording information was mailed by certified mail to the Trustor and to all other parties who requested notice or appeared of record at the time of the recording.

4822-6647-5779.2

OS

RECORDED



STATE of UTAH }
COUNTY OF WASHINGTON } ss.

I, THE UNDERSIGNED, DO HEREBY CERTIFY THIS TO BE
A TRUE COPY OF AN ORIGINAL DOCUMENT ON FILE AND
OF RECORD IN MY OFFICE.

WITNESS MY HAND AND SEAL

THIS 1 DAY OF April 20 10

RUSSELL SHIRTS, RECORDER

BY Anna Hershberg

DEPUTY

Digitized by the Howard N. Hunter Law Library, J. Reuben Clark Law School, BYU.

Machine-generated OCR, may contain errors.

After the lapse of at least three (3) months, and on January 20, 2009, the Trustee caused to be executed a Notice of Trustee's Sale describing the property as fully as described in the Deed of Trust, and stating that the property would be sold at public auction at the main entrance of the Washington County Courthouse, located at 220 North 200 East, St. George, Utah on February 20, 2009 at 1:30 p.m.. A copy of the Notice of Trustee's Sale was mailed by certified mail on January 27, 2009, a date at least twenty (20) days prior to sale, to the Trustor and all other parties who requested notice, or appeared of record at the time of recording the Notice of Default.

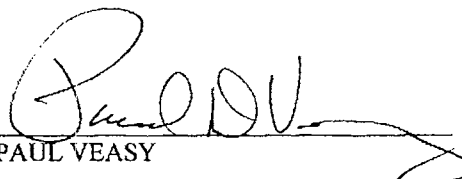
The Trustee further caused a Notice of Trustee's Sale to be published once a week for three (3) consecutive weeks in a newspaper of general circulation in Washington County, State of Utah. The publication was in *The Spectrum* on January 23, 2009 and the final publication was made on February 6, 2009. The date of the last publication was at least ten (10) days but not more than thirty (30) days, prior to the date of sale.

The Trustee further caused, through Civil Process Services & Investigations, a copy of the said Notice of Trustee's Sale to be posted in a conspicuous place on the property sold and at the Washington County Recorder's Office. Said Notices were posted on January 22, 2009, a date at least twenty (20) days prior to the date of sale.

Pursuant to the terms of sale as stated in said Notice of Trustee's Sale, the Successor Trustee did offer for sale at public auction to the highest bidder, the trust property, and thereupon sold said trust property to the Grantee named herein

IN WITNESS WHEREOF, and by authority duly vested, the Trustee has caused this Trustee's Deed to be executed this 20 day of February, 2009.

TRUSTEE:

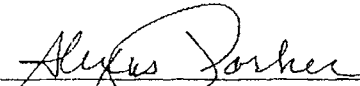

PAUL VEASY

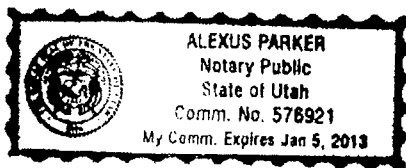
STATE OF UTAH)
 : ss.
COUNTY OF SALT LAKE)

The foregoing TRUSTEE'S DEED was acknowledged to me this 20th day of February, 2009, by Paul Veasy, Trustee.

My Commission Expires:

Jan. 5, 2013


NOTARY PUBLIC
Residing at:



Tab 26

ADDENDUM “26”

Casa Sonoma Apartments / Iota, LLC

| | |
|---|-----------------------|
| Principal (maturity date: 12/1/2007) | \$1,341,395.00 |
| Attorney fees (\$9,719) and costs (\$2,400) through foreclosure (2/20/2009) | \$12,119.00 |
| Interest at default rate (18%) from maturity date (12/01/07) to date of foreclosure (2/20/09) of \$295,694.90, plus prorated taxes/insurance for the same time period of \$9,226.44 (\$627.04 a month for 14 months and 20 days at \$447.88), minus payments received from Davco of \$76,066.65 (9 x 8,451.85). | \$228,854.69 |
| Late fees (5% of principal = \$67,069.75) | \$67,069.75 |
| Total Due at time of foreclosure | \$1,649,438.30 |
| Fair market value of property at time of foreclosure | \$1,260,000.00 |
| Deficiency amount at time of foreclosure (2/20/09) | \$389,438.30 |
| Post foreclosure interest (18%) on deficiency amount through Dec. 18, 2009 | \$116,447.40 |
| Payment of rents on deposit with the court on 12/18/2009 (1/2 of \$41,205.33) | (\$20,602.67) |
| Post foreclosure interest (18%) on deficiency amount of \$389,438.30 from 12/19/2009 to 4/19/2010 (interest accrues at \$192.05 a day). | \$23,366.30 |
| Post foreclosure attorney fees (\$39,749.75) and costs (\$7,513.13) through March 2010 | \$47,262.88 |
| TOTAL AMOUNT DUE AND OWING (as of April 20, 2010)* | \$555,912.21 |

Casa Grande Apartments / California Benefit, Inc.

| | |
|--|-----------------------|
| Principal (maturity date: 12/10/07) | \$2,411,596.00 |
| Attorney fees (\$7,991.50) and costs (\$1,304.57) through foreclosure (2/20/2009) | \$9,296.07 |
| Unpaid interest (7%) and prorated taxes/insurance for the 6 months and twenty days Davco did not make any payments until the time of foreclosure (2/20/2009) at \$15,205.83 a month. | \$101,374.20 |
| Total Due at time of foreclosure | \$2,522,266.20 |
| Fair market value of property at time of foreclosure | \$2,250,000.00 |
| Deficiency amount at time of foreclosure (2/20/09) | \$272,266.20 |
| Post foreclosure interest (7%) on deficiency amount through Dec. 18, 2009 | \$15,777.77 |
| Payment of rents on deposit with the court on 12/18/2009 (1/2 of \$41,205.33) | (\$20,602.66) |
| Post foreclosure interest (7%) on deficiency amount of \$267,441.31 from 12/19/2009 to 4/19/2010 (interest accrues at \$51.29 a day). | \$6,240.30 |
| Post foreclosure attorney fees (\$39,532.25) and costs (\$6,333.55) through March 2010 | \$45,865.80 |
| TOTAL AMOUNT DUE AND OWING (as of April 20, 2010)* | \$319,547.41 |

* Interest, attorney fees, and costs continue to accrue until judgment.



Tab 27

ADDENDUM “27”



REAL ESTATE APPRAISALS, CONSULTING & FEASIBILITY STUDIES

SUMMARY APPRAISAL REPORT

Appraisal of
Casa Grande & Casa Sonoma
24 Unit & 13 Unit Apartment Buildings
735 East 700 South & 669 South 700 East
St. George, UT 84770

PREPARED FOR

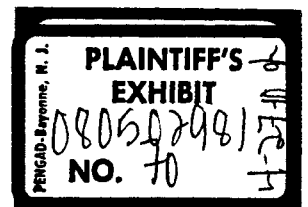
California Benefit & Iota LLC
C/O Richard Murset
164 North 160 East
Hurricane, Utah 84737

PREPARED BY

Damon P Lawlis
Certified General Appraiser

DATE OF REPORT

April 1, 2009



APP000001



REAL ESTATE APPRAISALS, CONSULTING & FEASIBILITY STUDIES

April 1, 2009

California Benefit & Iota LLC
C/O Richard Murset
164 North 160 East
Hurricane, Utah 84737

RE: Casa Grande & Casa Sonoma
24 Unit & 13 Unit Apartment Buildings
735 East 700 South & 669 South 700 East
St. George, UT 84770 (Our File# DL020-049)
Tax ID SG-760-A, SG-762-A,
SG-762-B, SG-762-C, SG-763, SG-763-B, SG-763-C

Dear Mr. Murset:

At your request, we have inspected the above referenced property in order to estimate its market value. The last date of inspection was March 15, 2009. The date of value is February 20, 2009; it is assumed that the condition on the date of value was not significantly different than the date of inspection.

The property consists of two parcels of land that contain a total of 1.2 acres for the 24 units and five parcels containing 0.79 acres for the 13 units. The Building improvements consist of three buildings with twenty four residential apartment units and five buildings containing 13 units.

APP000002

Mr. Murset
April 1, 2009
Page 2

The unit mix for the 24 units consists of 16 two bedroom one bath units that range from 902 to 979 square feet and 8 three bedroom 1.5 bath units that are a two story townhouse style that contain 1,189 square feet. The 13 units are all townhouse style with 3 bedroom 1.5 bath of approximately 1,200SF. The improvements were completed in 1985 for the 24 units and 1979 for the 13 units.

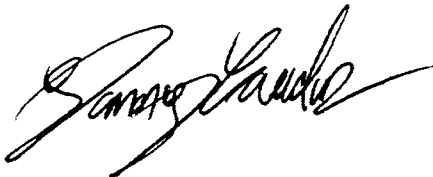
The property rights appraised are the "lease fee estate". As the rents typically do not exceed six months, there is not a significant difference between the "lease fee" and the "fee simple estate". Based on the analysis found in the attached summary appraisal report, and subject to the assumptions and limiting conditions outlined in the report, my opinion of market value is as follows:

| | |
|-------------------------|--------------------|
| 24 Unit Building | \$2,250,000 |
| 13 Unit Building | \$1,260,000 |

If we may be of further assistance to you in this matter, please feel free to contact us.

Sincerely,

MORLEY & McCONKIE, L.C.



Damon P. Lawlis
Utah State Certified General Appraiser
Certificate #5732525-CG00, Expires 10-31-2010

Nevada State Certified General Appraiser
Certificate #A.0007288-CG Expires 04-30-2011

CM/jb
Enc.

SUBJECT PHOTOGRAPHS



1-Front View of Building 1



2-Front View of Building 2

SUBJECT PHOTOGRAPHS (cont'd)



3-Street Scene – Looking North on 700 East Street



4-Street Scene – Looking East on 700 South

SUBJECT PHOTOGRAPHS (cont'd)



5-Rear View of Building 1



6-Rear View of Building 2

APP000006

SUBJECT PHOTOGRAPHS (cont'd)

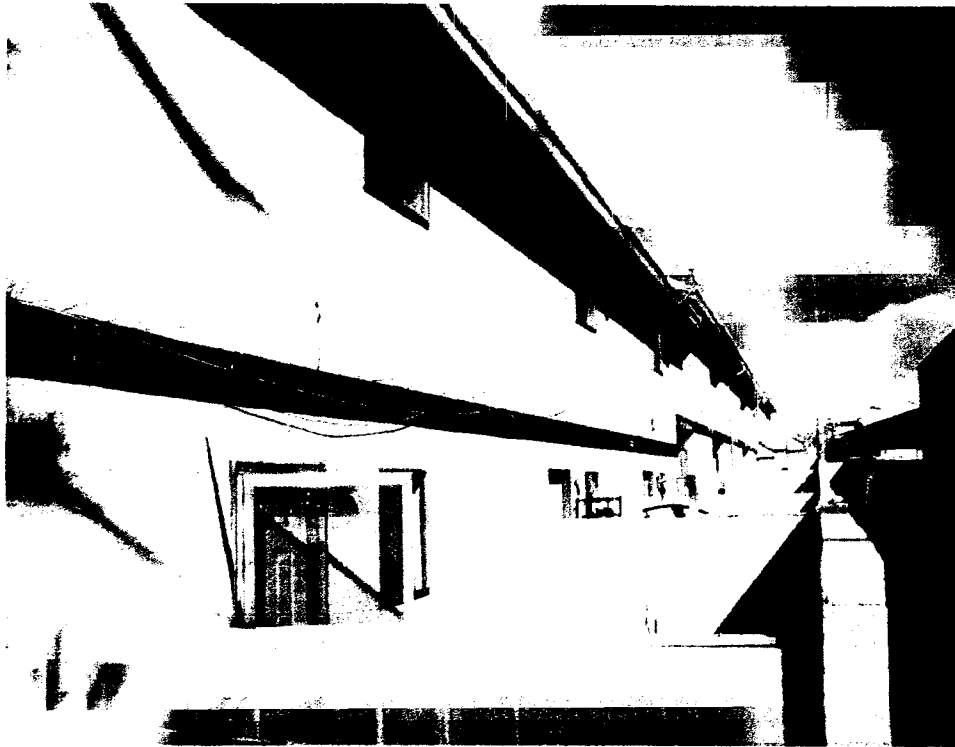


7-Front View of Building 2



8-Front View of Building 3

SUBJECT PHOTOGRAPHS (cont'd)



9-Rear View of Building 3



10-Parking Area Between Buildings 2 and 3

SUBJECT PHOTOGRAPHS (cont'd)



11-Typical Kitchen (remodeled)

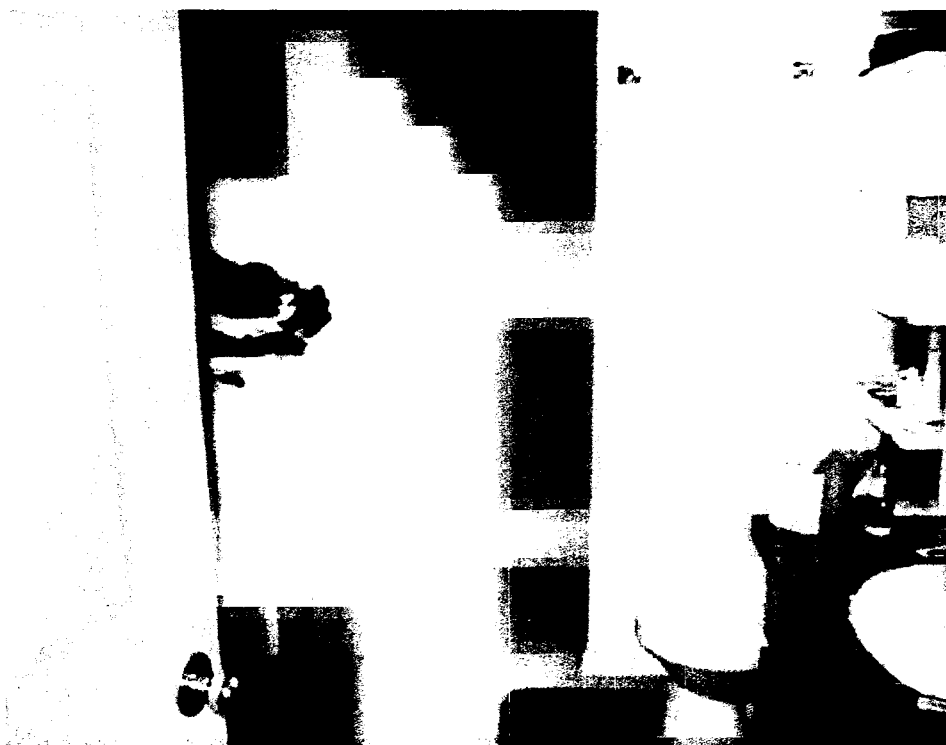


12-Typical Kitchen (Not remodeled)

SUBJECT PHOTOGRAPHS (cont'd)



13-Typical Living Room



14-Typical Bathroom

SUBJECT PHOTOGRAPHS (cont'd)



15-Typical Bedroom



16-Typical ½ Bath

PERTINENT INFORMATION**PROPERTY IDENTIFICATION**

The property consists of two parcels of land that contain a total of 1.2 acres for the 24 units and five parcels containing 0.79 acres for the 13 units. The Building improvements consist of three buildings with twenty four residential apartment units and five building containing 13 units. The property is located at 735 East 700 South, St George, UT.

CLIENT: California Benefit & Iota LLC
C/O Richard Murset
164 N 160 E
Hurricane, Utah 84737

APPRAISER: Damon P Lawlis
Morley & McConkie, L.C.
393 East Riverside Dr. Bldg 1 Suite 102
St. George, Utah 84790

SUBJECT: Casa Grande & Casa Sonoma
24 Unit & 13 Unit Apartment Buildings
735 East 700 South & 669 South 700 East
St. George, UT 84770 (Our File# DL020-049)
Tax ID SG-760-A, SG-762-A,
SG-762-B, SG-762-C, SG-763, SG-763-B, SG-763-C

U.S.P.A.P.

This is a Summary Appraisal Report intended to conform to the Uniform Standards of Professional Appraisal Practice.

TAX INFORMATION**APP000012**

Tax information is obtained from Washington County on line public record service. The following information reflects the taxable value and the associated property taxes for the subject site.

Account Number 0012040

Parcel Number SG-762-A

Tax District 08 - St George City

Situs 735 E 700 SOUTH ST , ST GEORGE

Acres 0.40

Child Accounts

Child Parcels

Parent Accounts

Parent Parcels

Name CALIFORNIA BENEFIT INC

164 N 160 E

HURRICANE, UT 84737

Market (2008) \$449,417

Taxable \$247,180

Tax Area: 08 **Tax Rate:** 0.008923

| Type | Actual | Assessed | Acres |
|--------------------|-------------------------------|-----------|----------------|
| PRIMARY BUILDING | \$318,737 | \$175,305 | |
| PRIMARY LAND | \$130,680 | \$71,875 | 0.400 |
| Entry Number | Recording Date | | |
| <u>20090006056</u> | <u>02/20/2009 02:08:22 PM</u> | | |
| <u>20060055871</u> | <u>12/01/2006 04:57:04 PM</u> | | |
| <u>00624716</u> | <u>11/13/1998 04:39:00 PM</u> | | B: 1279 P: 528 |
| <u>00465466</u> | <u>04/29/1994 11:33:00 AM</u> | | B: 815 P: 431 |
| <u>00408906</u> | <u>06/16/1992 09:31:00 AM</u> | | B: 665 P: 47 |
| <u>00407686</u> | <u>05/29/1992 03:43:00 PM</u> | | B: 662 P: 89 |
| Tax Year | | | Taxes |
| *2009 | | | \$2,205.59 |
| 2008 | | | \$2,205.59 |

APP000013

Account Number 0012024**Parcel Number** SG-760-A**Tax District** 08 - St George City**Situs** 735 E 700 SOUTH ST , ST GEORGE**Acres** 0.80**Child Accounts****Child Parcels****Parent Accounts****Parent Parcels****Name** CALIFORNIA BENEFIT INC

164 N 160 E

HURRICANE, UT 84737

Market (2008)

\$1,035,339

Taxable

\$569,440

Tax Area: 08 **Tax Rate:** 0.008923

| Type | Actual | Assessed | Acres |
|------------------|-----------|-----------|-------|
| PRIMARY BUILDING | \$773,979 | \$425,690 | |
| PRIMARY LAND | \$261,360 | \$143,750 | 0.800 |

Entry Number**Recording Date**2009000605602/20/2009 02:08:22 PM2006005587112/01/2006 04:57:04 PM0062471611/13/1998 04:39:00 PMB: 1279 P: 5280046546604/29/1994 11:33:00 AMB: 815 P: 4310040890606/16/1992 09:31:00 AMB: 665 P: 470040768605/29/1992 03:43:00 PMB: 662 P: 89**Tax Year****Taxes**

*2009

\$5,081.11

2008

\$5,081.11

APP000014

Account Number 0012057

Parcel Number SG-762-B

Tax District 08 - St George City

Sims 669 S 700 EAST ST, ST GEORGE

Acres 0.25

Child Accounts 0853825

Child Parcel SG-762-C

Parent Accounts

Parent Parcel

Name IOTA LLC

C/O: Attention:

164 N 160 E

HURRICANE, UT 84737

Market (2008)

\$331,342

Taxable

\$182,240

Tax Area: 08 Tax Rate: 0.008923

| Type | Actual | Assessed | Acres |
|------------------|-----------|-----------|-------|
| PRIMARY BUILDING | \$250,124 | \$137,570 | |
| PRIMARY LAND | \$81,218 | \$44,670 | 0.250 |

Entry Number**Recording Date**2009000668802/25/2009 01:13:47 PM2008003941610/09/2008 11:12:34 AM2007005279310/31/2007 01:58:24 PM2007004394108/30/2007 04:49:16 PM2007004394008/30/2007 04:49:15 PM2006004617310/04/2006 03:32:04 PM**Tax Year****Taxes**

*2009

\$1,626.13

2008

\$1,626.13

APP000015

Account Number 0853825
Parcel Number SG-762-C
Tax District 08 - St George City
Situs 669 S 700 EAST ST , ST GEORGE
Acres 0.15

Child Accounts

Child Parcels

Parent Accounts 0012057

Parent Parcels SG-762-B

Name IOTA LLC

C/O: Attention:

164 N 160 E

HURRICANE, UT 84737

Market (2008) \$215,390

Taxable \$118,465

Tax Area: 08 **Tax Rate:** 0.008923

| Type | Actual | Assessed | Acres |
|------------------|-----------|----------|-------|
| PRIMARY BUILDING | \$166,407 | \$91,525 | |
| PRIMARY LAND | \$48,983 | \$26,940 | 0.150 |

Entry Number

Recording Date

20090006688

02/25/2009 01:13:47 PM

20080039415

10/09/2008 11:12:34 AM

20070052792

10/31/2007 01:58:24 PM

20070043941

08/30/2007 04:49:16 PM

20070043940

08/30/2007 04:49:15 PM

Tax Year

Taxes

*2009

\$1,057.06

2008

\$1,057.06

APP000016

Account Number 0012065**Parcel Number** SG-763**Tax District** 08 - St George City**Situs** 669 S 700 EAST ST , ST GEORGE**Acres** 0.15**Child Accounts** 0853818

0853832

Child Parcels SG-763-B

SG-763-C

Parent Accounts**Parent Parcels****Name** IOTA LLC

C/O: Attention:

164 N 160 E

HURRICANE, UT 84737

Market (2008)

\$180,003

Taxable

\$99,000

Tax Area: 08 **Tax Rate:** 0.008923

| Type | Actual | Assessed | Acres |
|---------------------|-------------------------------|-----------------|--------------|
| PRIMARY BUILDING | \$130,330 | \$71,680 | |
| Entry Number | Recording Date | | |
| <u>20090006688</u> | <u>02/25/2009 01:13:47 PM</u> | | |
| <u>20080039419</u> | <u>10/09/2008 11:12:34 AM</u> | | |
| <u>20070052796</u> | <u>10/31/2007 01:58:24 PM</u> | | |
| <u>20070043943</u> | <u>08/30/2007 04:49:16 PM</u> | | |
| <u>20070043942</u> | <u>08/30/2007 04:49:16 PM</u> | | |
| <u>20070043939</u> | <u>08/30/2007 04:49:15 PM</u> | | |
| | Tax Year | Taxes | |
| | *2009 | \$883.38 | |
| | 2008 | \$883.38 | |

APP000017

Account Number 0853818
Parcel Number SG-763-B
Tax District 08 - St George City
Situs 669 S 700 EAST ST , ST GEORGE
Acres 0.12

Child Accounts

Child Parcels

Parent Accounts 0012065

Parent Parcels SG-763

Name IOTA LLC

C/O: Attention:

164 N 160 E

HURRICANE, UT 84737

Market (2008) \$170,838

Taxable \$93,960

Tax Area: 08 **Tax Rate:** 0.008923

| Type | Actual | Assessed | Acres |
|------------------|-----------|----------|-------|
| PRIMARY BUILDING | \$130,330 | \$71,680 | |
| PRIMARY LAND | \$40,508 | \$22,280 | 0.120 |

Entry Number

Recording Date

20090006688

02/25/2009 01:13:47 PM

20080039418

10/09/2008 11:12:34 AM

20070052795

10/31/2007 01:58:24 PM

20070043939

08/30/2007 04:49:15 PM

| Tax Year | Taxes |
|----------|----------|
| *2009 | \$838.41 |
| 2008 | \$838.41 |

APP000018

Account Number 0853832**Parcel Number** SG-763-C**Tax District** 08 - St George City**Situs** 669 S 700 EAST ST , ST GEORGE**Acres** 0.12**Child Accounts****Child Parcels****Parent Accounts** 0012065**Parent Parcels** SG-763**Name** IOTA LLC**C/O: Attention:**

164 N 160 E

HURRICANE, UT 84737

Market (2008) \$170,835**Taxable** \$93,960**Tax Area:** 08 **Tax Rate:** 0.008923

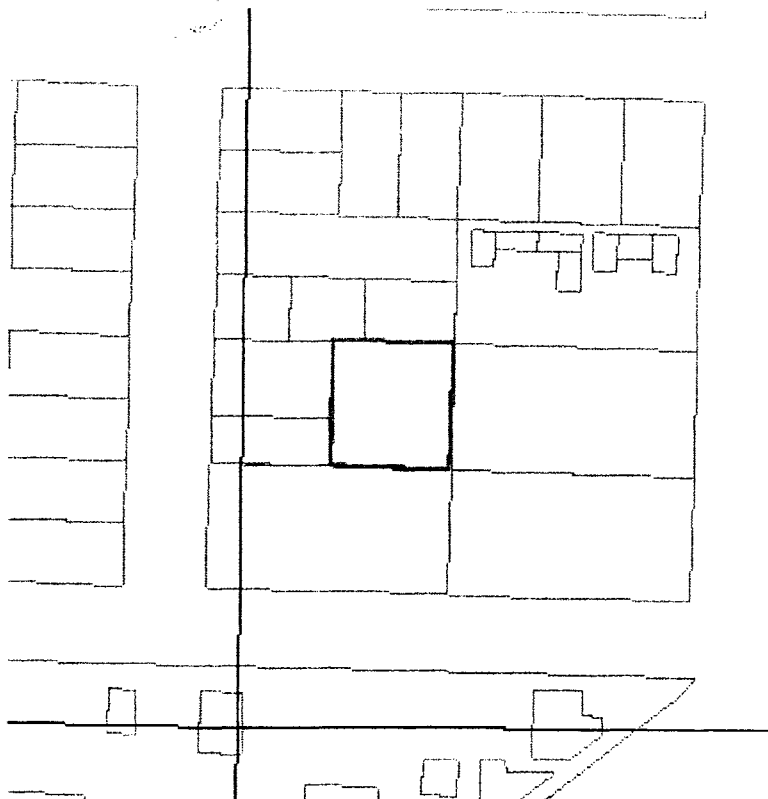
| Type | Actual | Assessed | Acres |
|------------------|-----------|----------|-------|
| PRIMARY BUILDING | \$130,327 | \$71,680 | |
| PRIMARY LAND | \$40,508 | \$22,280 | 0.120 |

Entry Number**Recording Date**2009000668802/25/2009 01:13:47 PM2008003941710/09/2008 11:12:34 AM2007005279410/31/2007 01:58:24 PM2007004394208/30/2007 04:49:16 PM

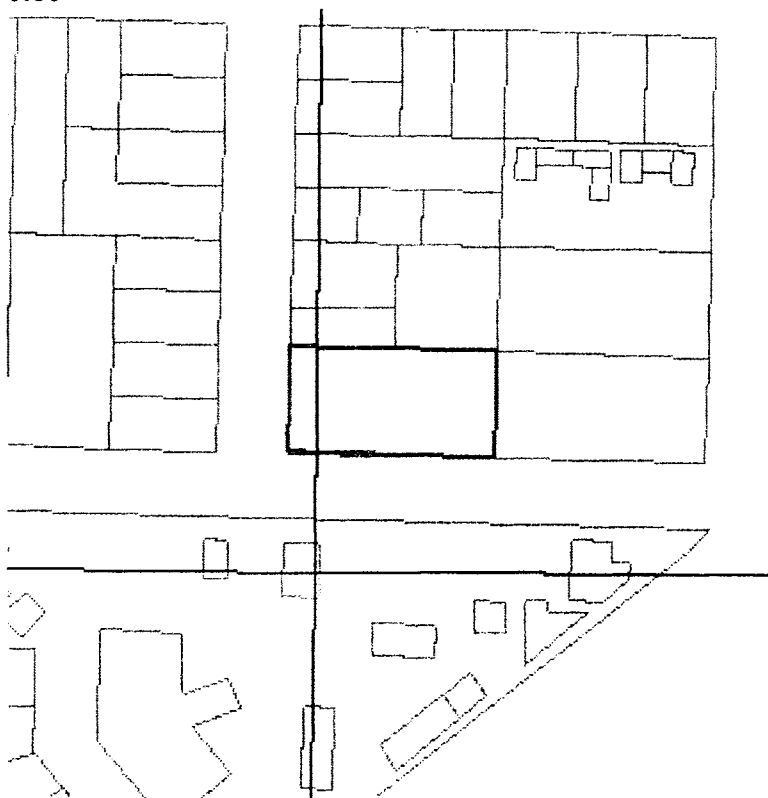
| Tax Year | Taxes |
|----------|----------|
| *2009 | \$838.41 |
| 2008 | \$838.41 |

APP000019

SG-762-A 0.40

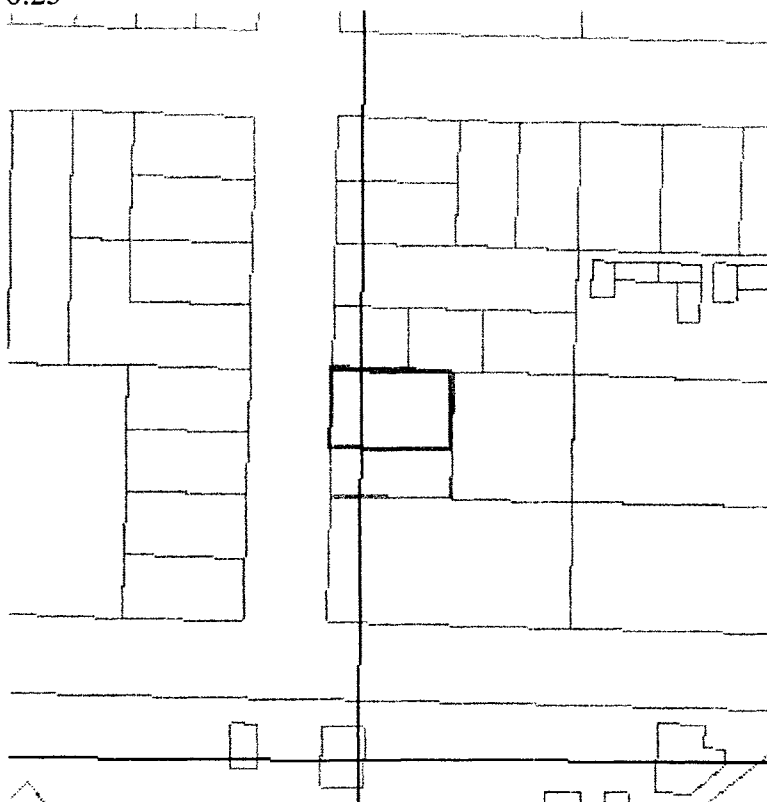


SG-760-A 0.80

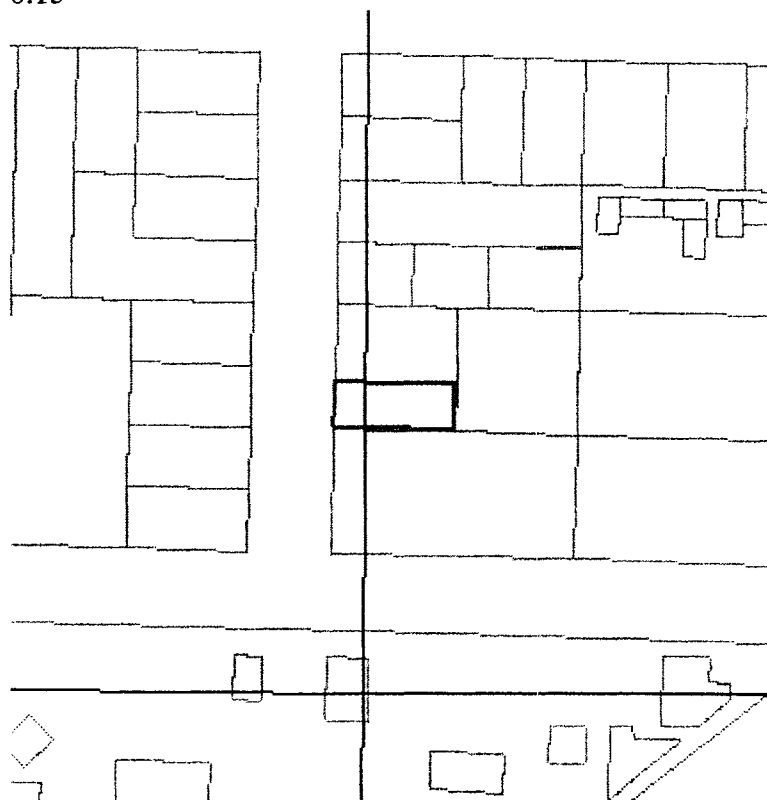


APP000020

SG-762-B 0.25



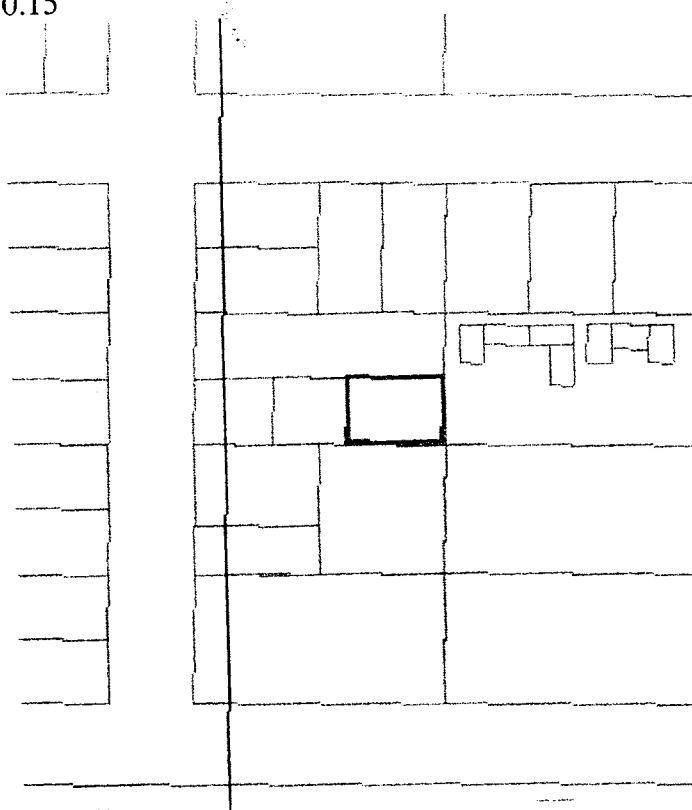
SG-762-C 0.15



APP000021

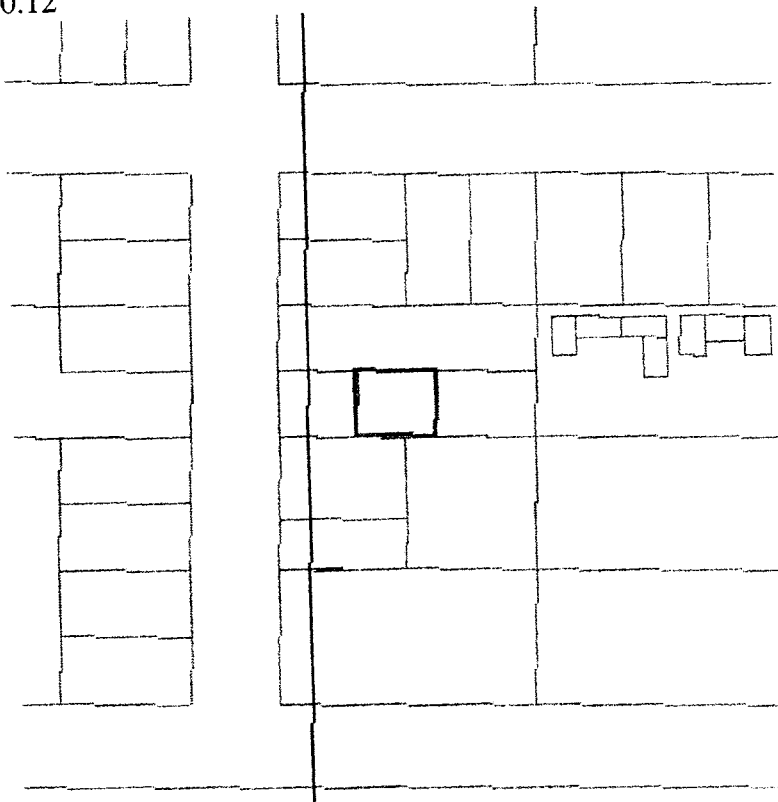
SG-763

0.15



SG-763-B

0.12



APP000022

SG-763-C 0.12



MARKET VALUE

Market value means the most probable price at which a property should bring in a competitive and open market under all conditions requisite to a fair sale; the buyer and seller each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) *Buyer and seller are typically motivated.*
- (2) *Both parties are well informed or well advised, and acting in what they consider their own best interests.*
- (3) *A reasonable time is allowed for exposure in the open market.*
- (4) *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*

APP000023

- (5) *The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale¹.*

EXPOSURE TIME: "The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Exposure time is always presumed to occur prior to the effective date of the appraisal."² Typically up to 12 months exposure to the market is required to obtain a buyer for income properties of this type, if priced competitively. There is still some demand for income producing properties in the market. However, obtaining financing is difficult, resulting in a limited group of buyers with a large down payment or cash. This has extended the exposure time for most property types. Supply exceeds demand for most property types, putting downward pressure on prices.

MARKETING TIME: "The time it takes an interest in real property to sell on the market subsequent to the date of appraisal."³ Exposure and marketing time are believed to be the same, same in this case.

PROPERTY RIGHTS APPRAISED

The property rights appraised as a "lease fee estate."

¹ Office of the Comptroller of the Currency, (the "OCC") under 12 U.S.C. 93a and Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA"), Sect. 34.41 Authority, Purpose, and Scope.

² Appraisal Institute, The Dictionary of Real Estate Appraisal, (3rd Edition, 1993), pp. 126-127.

³ Ibid pp. 220-221.

APP000024

Extent of the Analysis & Associated Research

- The following analysis and associated research have been performed in conjunction with the main opinion of value:
- An opinion of the value was formed by the Direct Comparison Approach. A quantitative line by line adjustment grid was utilized. Many of the property characteristics were considered including; the size of the improvements, age, condition and overall market appeal.
- The comparable properties were obtained from a thorough search of office files, the local MLS and/or Tax office. The tax data was supplied by a third party provider.
- The following analysis and associated research have been performed in conjunction with the opinion of the wholesale (collateral) value associated with a tract development for a federally regulated transaction:

PROFESSIONAL ASSISTANCE

Stacy Lawlis a Trainee Appraiser at Morley & McConkie helped with selecting the comparables, inspecting the property, taking photographs, drafting the report, etc. However, the Certified General Appraisers is responsible, participated in or personally did all portion of the report and analysis.

DATE OF LAST INSPECTION

March 15, 2009

DATE OF VALUE

February 20, 2009

DATE OF APPRAISAL REPORT

April 1, 2009

APP000032

is not limited to the by-products of methamphetamine production, infectious disease, or environmental hazards.

- If available in the normal course of business the appraiser has evaluated any previous sales within the past 3 years prior to the effective date of the appraisal, and current contract, listing, or option of the subject property for its applicability in forming an opinion of current market value and/or marketability.

Hypothetical Conditions / Extraordinary Assumptions

- Hypothetical conditions are utilized in the forming the opinions and conclusions of proposed building improvements that are to be built on site. No hypothetical conditions are utilized in this report.

- Extraordinary assumptions are those assumptions that are directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.

1)Appraiser can not guarantee that property is free of encroachments or easements, and recommends further investigation and survey.

2)Appraiser's opinion of value is based upon the assumption that there are no hidden or unapparent conditions of the property that might impact upon the ability to build on the property. Appraiser recommends due diligence be conducted through the local building department or municipality to investigate buildability and whether property is suitable for intended use. Appraiser makes no representations, guarantees or warranties.

3) Three of each of the unit types were previously inspected. All of the units are reported to be in average condition with no significant deferred maintenance. I have assumed that all of the units are in similar to condition to those inspected.

APP000031

Extent of Research of the Subject Property

- The Census Tract information for the subject property was obtained from a third party provider based on the property address via FFIEC Geocoding system website. The flood zone information for the subject property was obtained by an examination of the referenced map. These maps are vague, therefore the appraiser cannot guarantee the findings. In some instances the user may wish to have a surveyor investigate the situation. The subject property's zoning was obtained from a zoning map and the accompanying zoning descriptions. This information was provided by the zoning authority.
- The subject property data that was obtained from second-hand sources was validated by the appraiser personally accessing the subject property.
- I, Damon P Lawlis, did personally make a visual inventory of the subject property while walking over the land and inspecting the existing buildings with a complete exterior inspection of the buildings.
- Unless a professional home inspection, structural engineer study, or similar report was provided to the appraiser; the subject property information was obtained by a method of data gathering known as a "Personal Visual Inventory". This consists of the appraiser compiling notes of the subject property. This personal visual inventory may be made on-site or from the curb, but not from photos or a video presentation. The extent of the subject property accessed was stated above; and did not include accessing any part of the property that could not be walked through in an upright manner, or that required the use of special equipment such as a ladder.
- Neither police records nor past issues of newspapers have been researched concerning the subject property's past use for anything that might affect the safety or health of present and future occupants. This includes but

APP000030

SCOPE OF WORK

This appraisal has been prepared as a Summary Appraisal Report. The assignment is to provide a market value of the three buildings in there "as is" condition.

- The subject property was identified to the appraiser by the client providing the property address and the current owner's name. A tax record and plat were pulled for property identification, via county records. The property boundaries were identified by the existing boundary fencing.
- The following approaches to value have been considered in the scope of work decision for the main "Value Opinion":
- The Cost Approach is not considered to be a reliable method of valuation for the subject property due to the age of the buildings and was not developed in this case.
- The Direct Comparison Approach was performed to develop market value for the "as is" condition of the buildings.
- The Income Approach was developed.
- Additional information concerning the scope of work is conveyed throughout the report.
- The American Disability Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey or analysis of the property or comparables to determine whether or not they are in conformity with one or more of the requirements of the act.
- At least one of the signees on the Certification are competent in all aspects of this assignment.

APP000029

Prior Sales (3 years)

The property was reported sold on 12/01/2006 from California Benefit Inc to Davco MGMT Co LC for \$2,506,800. The seller financed \$2,411,596 with more specific terms of the sale were not available. On approximately 10/04/2006 the 13 unit building was also transferred from the same buyer and seller. I have not seen the contract but was informed that the sales price was the same per unit as the 24 unit complex or $\$104,450/\text{unit} \times 13 = \$1,357,850$. No other sales of the subject property were reported within the past three years.

Prior or Current Listing (3 years)

The 24 unit subject property was listed for sale on September 26, 2007 in the Washington County MLS. The subject was listed for \$3,770,000. It was listed again on 5/01/2008 for \$3,770,000 and expired 183 days later. The 13 unit property was listed on 10/27/2005 for \$1,755,000 for 199 days. There is an error in the MLS reporting with 2006 being misreported as 2009, this affects the days-on-market. The last listing was 05/05/2008 for 179 days before expiring on 10/30/2008 for \$2,400,000.

Analysis of Transactions

All indications are that last reported purchase transactions were arms length and considered to be a fair sale. The buyer had begun to upgrade the units with remodeling units that become vacant. Minor rent increases had been put into place since the last purchase, but have decreased in the last 12 months. The original seller is reported to have financed a large portion of the sales price and has now taken the property back by default.

APP000028

SG-763-B

ST GEORGE CITY SUR PLAT B BLK 4 (SG) Lot: 4 BEG S89°51'44" E ALG S LN LOT 4 BLK 4, PLAT B OF SGCS 81.84 FT; TH N0°08'44" E 66.00 FT TO PT ON S LN OF PARCEL DESC IN INSTR #960637; TH S89°51'51" E ALG SD S LN 81.82 FT; TH S0°08'44" W 66.00 FT TO S LN LOT 4; TH N89°51'44" W ALG SD S LN 81.82 FT TO POB. TOG W/ EASE

SG-763-C

ST GEORGE CITY SUR PLAT B BLK 4 (SG) Lot: 4 BEG AT SW COR LOT 4 BLK 4, PLAT B SGCS; TH N0°08'44" E ALG E R/W 700 EAST STREET 66.00 FT, SD PT ALSO BEING NW COR OF PARCEL DESC IN BK 1328 PG 2204; TH S89°51'51" E ALG N LN OF SD PARCEL 81.84 FT; TH S0°08'44" W 66.00 FT TO S LN OF SD PARCEL; TH S89°51'44" W ALG SD S LN 81.84 FT TO POB

SALES HISTORY/OWNERSHIP

Owner of Record

CALIFORNIA BENEFIT INC and IOTA LLC
164 N 160 E
HURRICANE, UT 84737

Pending Sale

No pending sale is reported. It is my understanding that Davco Management LLC closed a purchase transaction last year, but is in the process of refinancing the property to pay off the original seller who financed a portion of the purchase price.

APP000027

SG-762-B

ST GEORGE CITY SUR PLAT B BLK 4 (SG) Lot: 3 BEG N0°08'44" E ALG E R/W/L 700 EAST STREET 49.97 FT FM SW COR LOT 3 BLK 4, PLAT B OF SGCS; TH N0°08'44" E ALG SD R/W 82.02 FT TO NW COR OF PARCEL DESC IN INSTR #00641842; TH S89°51'44" E ALG N LN OF SD PARCEL 132.01 FT TO NE COR OF SD PARCEL; TH S0°08'44" W ALG E LN OF SD PARCEL 82.03 FT; TH N89°51'30" W 132.01 FT TO POB TOG W/ EASE

SG-762-C

ST GEORGE CITY SUR PLAT B BLK 4 (SG) Lot: 3 BEG AT SW COR LOT 3, BLK 4, PLAT B OF SGCS; TH N0°08'44" E ALG E R/W 700 EAST STREET 49.97 FT; TH S89°51'30" E 132.01 FT TO PT ON E LN OF PARCEL DESC IN INSTR #00641842; TH S0°08'44" W ALG SD LN 49.97 FT TO SW COR OF SD PARCEL, SD PT ALSO BEING ON N LN A PARCEL DESC IN INSTR #624716; TH N89°51'30" W ALG SD PARCEL 132.01 FT TO POB.

SG-763

ST GEORGE CITY SUR PLAT B BLK 4 (SG) Lot: 4 BEG S89°51'44" E ALG S LN OF LOT 4 BLK 4, PLAT B SGCS 163.66 FT; TH N0°08'44" E 66.00 FT TO S LN OF PARCEL DESC IN INSTR #960637; TH S89°51'51" E ALG SD S LN 100.35 FT TO PT ON E LN LOT 4; TH S0°08'44" W ALG SD E LN 66.01 FT TO SE COR LOT 4; TH N89°51'44" W 100.35 FT TO POB. TOG W/ EASE

APP000026

USE OF THE APPRAISAL

The intended use of this appraisal report is to be used in evaluating the collateral on a loan on the subject property. No other use of the appraisal report is intended.

INTENDED USER

The appraisal assignment was requested by Richard Murset who is the intended user of this report. The client is Richard Murset and its assigns. This client is considered a sophisticated and knowledgeable user of the appraisal and report. No other user of the appraisal report is intended. Regardless of who pays for this appraisal the intended user is the client only! The scope of work in this appraisal is customized for the intended user. This appraisal and report may be inappropriate for other users and may put them in jeopardy. Therefore, regardless of the means of possession of this report, this appraisal may not be used or relied on by anyone other than the herein stated intended user. The appraiser, appraisal firm, and related parties assume no obligation, liability, or accountability to any third party.

LEGAL DESCRIPTION

SG-762-A

ST GEORGE CITY SUR PLAT B BLK 4 (SG) Lot: 3 E1/2 LOT 3 BLK 4 PLAT B
SGCS

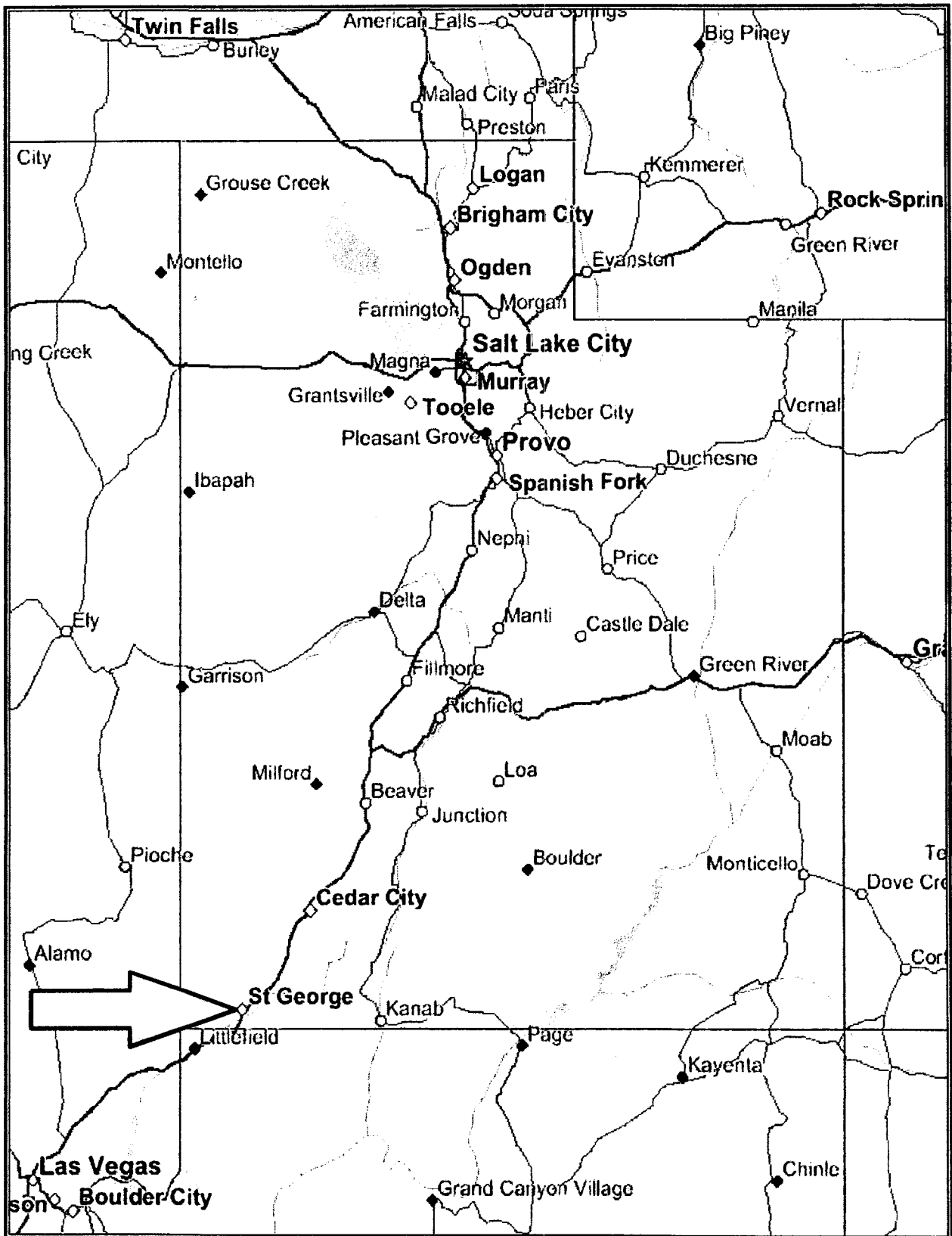
SG-760-A

ST GEORGE CITY SUR PLAT B BLK 4 (SG) Lot: 2

APP000025

REGIONAL AREA SUMMARY

Utah State Map



The **Greater St. George** area (which includes St. George, Washington, Santa Clara **and Ivins**) was a colony originally established by Brigham Young. The climate appeared favorable to early settlers for growing cotton and other products needing long growing seasons and warm weather. To become self-sufficient and productive was a goal of the Community; thus, the roots of this area are tied to the agriculture industry. The area is commonly referred to as Utah's "Dixie" due to warm climate, location in the southern part of the State and the crops raised being similar to those in the southern states.

St. George is currently under a positive and rigorous transition toward retirement, resort and recreation growth due to an excellent quality of life. Rand McNally's 1999 rating of "Retirement Places Rated" lists St. George fifth [5th] nationally, but second [2nd] in the southwest portion of the United States. Ratings were based on climate, money matters, personal safety, services, housing and leisure living. The U.S. Census Bureau listed Washington County as the fifth fastest growing county in the United States, among counties with at least 10,000 in population during 2005.

St. George is favorably located in part due to the highway system [Interstate 15], the major route between Los Angeles and Salt Lake City, as well as Los Angeles to Denver; being in close proximity to Las Vegas [under 2 hours], Lake Mead [1.5 hours], the Grand Canyon [2.5 hours], Zion National Park [1 hour], Bryce Canyon National Park [3 hours], Snow Canyon State Park [15 minutes], Brian Head ski area [1.5 hours], and Lake Powell and Glen Canyon Dam areas [2.5 hours]. As indicated, the population in the area is growing rapidly. From 1990 through 2000 St. George was the 7th fastest growing city in Utah in percentage

growth at 74% growth. The strong growth rate experienced in the 1990's is expected to continue into the foreseeable future. Much of the growth in the area began in the early 1970's when I-15 sections were in place between the Salt Lake metropolitan area and St. George. This closer proximity, five hours from Salt Lake City, has been partly responsible for recreation-influenced developments, which includes Bloomington Country Club, Southgate, Green Valley, Entrada, and Coral Canyon etc. This growth has caused a demand for shopping areas, restaurants, racquet clubs, etc., and provides a base for greater expansion. Estimated population growth for 2009 is in the range of 6%.

Building Permits Dollar Amounts for all construction:

| <u>YEAR</u> | <u>DOLLAR AMOUNT</u> | <u>1 YEAR% CHANGE</u> |
|-------------|----------------------|-----------------------|
| 1980 | \$13,872,700 | |
| 1985 | \$148,383,539 | 168.0% |
| 1990 | \$52,101,200 | 31.0% |
| 1995 | \$145,848,100 | -11.0% |
| 1996 | \$119,595,891 | -18.0% |
| 1997 | \$149,595,891 | 11.0% |
| 1998 | \$122,588,156 | 26.0% |
| 1999 | \$147,063,181 | 31.0% |
| 2001 | \$143,216,002 | -2.60% |
| 2002 | \$246,033,182 | 72.0% |
| 2003 | \$254,036,069 | 3.25% |
| 2004 | \$345,211,318 | 26.4% |
| 2005 | \$389,303,150 | 12.80% |
| 2006 | \$330,852,925 | -15.01% |
| 2007 | \$494,953,609 | 49.50% |
| 2008* | \$277,650,272 | -43.90% |
| 2009** | \$27,756,420 | -63.34% |

*Includes all construction in Southwest Utah and not just St. George.

** YTD April 3, 2009-compared to same time frame in 2008

The 1985 figures were influenced in part by an increase in city building permit fees. Several projects planned for late 1985 or for 1986 paid building permit fees early to save approximately \$1,250 per permit. The increase in 2002 was influenced by the start of construction on a new IHC hospital, which contributed \$58 million to the total. There was also another increase in building permit fees during the year increasing the number of permits requested before the change in fees. A new courthouse facility is planned in the historic district of St. George that will be situated on two city blocks that will have a total cost of over \$30 million dollars and which is under construction.

Climate is the primary advantage for growth in the St. George area. The climate is nearly identical to Tucson, Arizona; winters are snow free and summers are warm; at night temperatures in the summer will drop as much as 40°. Palm Springs, Phoenix and other retirement areas have 15± degree warmer days in winter than St. George and will attract residents in winter more than summer. The St. George climate is very warm in July and August, but not as hot as other retirement areas. Golf, tennis, and other warm weather sports are played year around, resulting in considerable growth.

Since this was a Church of Jesus Christ to Latter-Day Saints (LDS), or "Mormon's" Community from the beginning a Temple was built in the area for church ordinances and temple marriages. The location of the temple, coupled with the climate and proximity to the national parks and other recreation areas, has brought many LDS people to the area for retirement. These same favorable factors are attracting people from outside Utah who are not connected with the LDS Church but are looking for a conservative Christian lifestyle.

The Bloomington Community was the first major resort or retirement area to be built in St. George. Bloomington has developed into a good quality country club community, with condominiums, single-family lots and ranchettes for horse owners. Today, this project is considered to be a prime residential area, with approximately 1,700 full and part-time residents in an area of approximately 1,200 acres.

Other areas followed Bloomington, including Bloomington Hills, a large residential area southeast of St. George. This area has an 18-hole golf course and many single-family dwellings with about 1,400 home sites.

Development projects have included Entrada, a golf course community located northwest of St. George as well as Coral Canyon located just off I-15 in Washington/Hurricane. Coral Canyon is a large planned development on approximately 1,300 acres of Utah State Trust Lands. The development includes a golf course, commercial areas, as well as single-family home sites. Sun River is a large golf course planned development located south of Bloomington near the Utah / Arizona State line. This is a retirement community with a minimum age requirement of 55.

Some planned new developments include the Sand Hollow Resort with approximately 2200 units. There is an 18 hole public play course with plans for another 9 hole executive course on an 800 acre development just west of Sand Hollow Reservoir. The McNeil Project is a 2,300 acre project which is located on the Winding River property near the Sand Hollow Reservoir called Elim Valley.

This will be an entire community that will consist of about 10,000 homes when finished. It will include an 18-hole public play course and will accommodate between 7,000 and 10,000 home sites. The Summit Hurricane Development Group is developing a 560 acre project east of Sullivan's Knoll. This project is 50% complete, but has been placed on hold due to market decline. It will be developed for 1,800 home sites and a Jack Nicholas 18-hole public play golf course if developed as planned. Copper Bluffs has plans for an 18 hole golf course in association with a residential development situated north of Sky Ranch (a fly in subdivision with a private runway). Other planned developments include South Mountain with approximately 1,800 units, Knoll Pasture in Santa Clara with approximately 1,000 units, the Lakes with nearly 2,000 units, Sienna Hills with approximately 1,500 to 2,000 units. Hidden Valley is underway with a community of 1,000 residences. The Ledges, has most of its phases completed and several more underway which will add approximately 2,400 units. However, this community has had many of its lots and homes returned to the bank resulting in downward pressure on values. It has a Matt Dye-design championship golf course which began operation in 2006.

Also numerous condominium projects have been developed throughout the St. George area. Most new developments are located near one of the 12+ golf courses or other areas with good views. Numerous other projects have included one acre or larger developments, such as Kayenta, a single-family residential area on the far west side of Ivins which has 500 acres being developed into single-family lots with a number of smaller residential developments in the Ivins area.

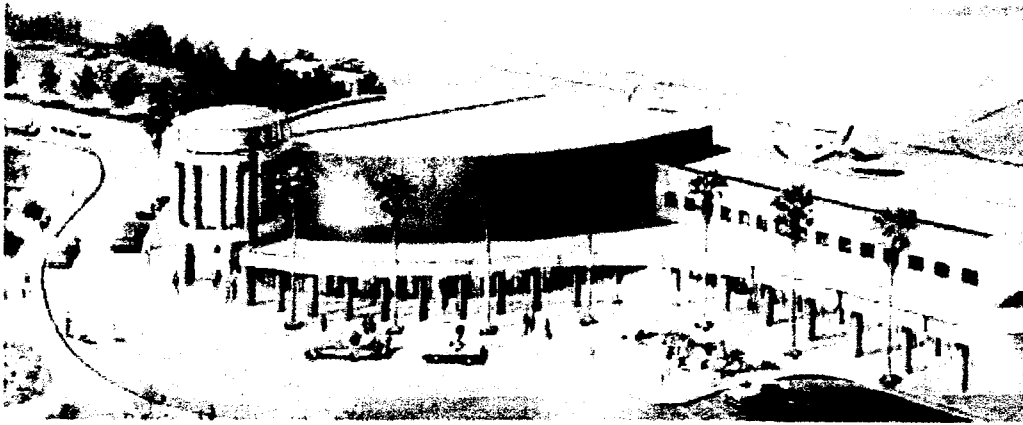
APP000038

St. George is very arid, with annual rainfall running from eight to ten inches per year. The large mountains to the north capture winter snowfall and provide runoff water, which supplies culinary water. Much of the drinking water is obtained from deep wells owned by several of the local communities and made available to new developments as well as Quail Creek Reservoir located northeast of St. George in the Hurricane area. Another reservoir, Sand Hollow, was recently completed southeast of Quail Creek Reservoir. This reservoir will work together with Quail Creek to provide water to the area. The Washington County Conservancy district is working to provide more water to the area and recently raised impact fees for water to \$4,500 per new residence to pay for future water development, including a proposed pipeline from Lake Powell.

The city is served with bus service between major cities and has an airport served by a regional airline. There are current plans for the construction of a new airport in a location that will allow for larger airplanes and expanded growth. This replacement airport will provide safer, more convenient air travel and will aid economic growth and prosperity. Its estimated completion is 2012. The airport will include a 9,300 foot runway large enough to attract scheduled commercial jet airlines and business jets to fly into St. George.

APP000039

St. George Airport Estimated 2011 Completion



SkyWest Airlines, home based in St. George, is currently the largest independent regional airline in the country and is associated with Delta and United for reservations and connections. SkyWest and Delta provide commercial air service to seven states through SkyWest alone, flying to the principle cities of Salt Lake, and Los Angeles. There are no rail services in this area. Local public transportation is provided by SUNTRAN and provides limited bus service, but is only available in St. George City. The St. George Shuttle provides public transportation to Salt Lake City and Provo, Utah, and Mesquite and Las Vegas, Nevada.

St. George is conveniently located near many major cities by way of I-15. The following chart shows the distances to these cities.

Distance to various cities:

| | |
|----------------|-----------|
| Salt Lake City | 300 miles |
| Las Vegas | 115 miles |
| Los Angeles | 398 miles |
| Denver | 650 miles |
| Phoenix | 400 miles |

APP000040

| Estimated Population Growth Washington County | | | | | | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| City | %T* | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2020 | 2030 |
| Apple Valley | 0.48% | N/A | 582 | 635 | 693 | 757 | 826 | 1371 | 2036 |
| Enterprise | 1.22% | 1,563 | 1,654 | 1,746 | 1,838 | 1,934 | 1,854 | 3,079 | 4,583 |
| Hildale | 1.81% | 2,325 | 2,462 | 2,597 | 2,735 | 2,877 | 2,430 | 4,058 | 6,008 |
| Hurricane | 8.85% | 11,376 | 12,044 | 12,707 | 13,381 | 14,076 | 16,381 | 27,287 | 40,512 |
| Ivins | 5.65% | 7,263 | 7,690 | 8,113 | 8,543 | 8,987 | 10,477 | 17,436 | 25,886 |
| LaVerkin | 3.48% | 4,475 | 4,738 | 4,999 | 5,264 | 5,538 | 5,162 | 8,592 | 12,756 |
| Leeds | 0.58% | 650 | 794 | 737 | 782 | 928 | 980 | 1,623 | 2,410 |
| New Harmony | 0.17% | 225 | 238 | 251 | 265 | 278 | 241 | 392 | 595 |
| Rockville | 0.24% | 313 | 331 | 349 | 368 | 387 | 319 | 532 | 789 |
| St. George | 52.64% | 67,680 | 71,658 | 75,602 | 79,611 | 83,745 | 84,245 | 140,268 | 208,254 |
| Santa Clara | 5.01% | 6,438 | 6,816 | 7,192 | 7,573 | 7,966 | 9,325 | 15,532 | 23,061 |
| Springdale | 0.48% | 613 | 649 | 684 | 721 | 758 | 687 | 924 | 1,163 |
| Toquerville | 0.92% | 1,188 | 1,257 | 1,327 | 1,397 | 1,469 | 1,514 | 2,519 | 3,742 |
| Virgin | 0.42% | 538 | 569 | 600 | 632 | 665 | 634 | 1,063 | 1,566 |
| Washington City | 9.80% | 12,601 | 13,341 | 14,076 | 14,822 | 15,592 | 22,858 | 38,285 | 57,050 |
| Unincorporated | 8.73% | 7,762 | 8,115 | 8,662 | 12,147 | 13,884 | 10,145 | 16,904 | 25,099 |
| Washington County | 100.00% | 125,010 | 132,356 | 139,642 | 150,079 | 159,084 | 168,078 | 279,864 | 415,510 |

*2009

The increase in population brought many new big-box retail stores into the area. WalMart opened a store in Hurricane and Home Depot r opened a second store on the west side of St. George near Santa Clara. Large retailers in the area that have completed new stores in the last 9 years include WalMart, Home Depot, Lowes, Target, Albertson's, Costco Sportsman's Warehouse and Kohls. Other midsize retailers include multiple Walgreens Stores, TJMaxx, PetCo, Best Buy, Bed, Bath and Beyond and others. The increase in retailers is the result of strong population growth in the area.

Other major construction projects in the St. George area have included the completion of a 400,000+ square foot hospital in 2003 located on River Road. A few large ancillary medical facilities have been built on parcels adjoining the hospital. The completion of this hospital resulted in an increase in medical services that can be provided in the St. George/Washington County Area, including open-heart surgery.

APP000041

A Blue Bunny Ice Cream manufacturing facility has also been constructed in the area. This facility when at full capacity will employ upwards of 300 people.

Another major economic contributor to the area is tourism. The proximity to multiple national and state parks as well as national forests and recreation area make St. George an attractive location for tourists. Also adding to the tourism is the location of St. George on I-15, which is the main northeast/southwest interstate freeway route, connecting Salt Lake and Denver with Las Vegas and Southern California. This benefits the motel and related industries year around. Zion National Park had record visitation during the 2008 year despite the overall slowing economy.

Elevation in St. George is approximately 2,700 feet producing mild winters. Within a nominal one-hour drive, mountain areas over 10,000 feet [such as the Brian Head ski resort area, and Cedar Breaks] are accessible.

The current trends for the city continue to be tied not only to the quality of life aspect, but also to cater to those buying for recreation, retirement, and weekend or winter vacation activity. The proximity to the heavily populated portions of Utah, from a driving time standpoint is very close. It is a five-hour drive from Salt Lake to St. George and a six-hour drive to Los Angeles, CA; this time factor brings tennis players and golfers into the area each winter weekend.

Golfing is unusually popular in the State of Utah and is impacting the St. George area seasonally. The number of golf courses per capita in Salt Lake is greater than normally found throughout the country. Since people in this portion of the country drive considerably throughout the year, seasonally they drive to the first

location where they can escape the snow, enjoy a recreational activity, and then drive to Las Vegas in less than two hours for entertainment. This is a unique situation, which fills the golf courses in St. George for at least two weeks in advance through the winter season.

Another factor influencing growth in St. George is the Interstate Highway system, now complete through the whole state. A monopoly advantage exists in St. George due to location. This is the first fair weather area south of the populated cities where winter snow is abundant. When combining the climate and quality of life available in the St. George area, growth should accelerate the demand for second homes, retirement and recreation for some time into the future.

Employment

The following is a current list of the Largest Employers in Washington County: Washington School District, Intermountain Health Care, Wal-Mart, St. George City, Dixie College, The Federal Government, SkyWest Airlines, Washington County, Cabinetec, Sunroc Corp, Cross Creek Manor, Lin's Supermarket, Boulevard Furniture, Albertsons, Cinnamon Hills Youth Center, and Red Mountain Spa. A major economic contributor to the area is the construction industry. With average population growth in Washington County being above 5% during the past few years commercial and residential construction has benefited, providing for numerous jobs throughout the county.

APP000043

Major Manufactures in the area include: Bomatix Plastics, Desert Laboratories Inc., Mikohn, Orgill, Pace American, Quality Park Products, Reid Ashman, Inc, St. George Foods, St George Steel Fabricating, Steton Technology, and Well's Dairy.

Health Care

It is noted that as a retirement community Washington County may have greater than typical resources involved in the health care segment of the market. In this context, we also note, that a new IHC Hospital with 400,000+ square feet was completed November 2003 along with several off campus related buildings. Dixie Regional is a 245-bed hospital on two campuses in St. George; one on River Road and one on 400 East. In addition to tertiary level services like open-heart surgery and intensive care, available services include the Huntsman-Intermountain Cancer, women's and children's services, the Dixie Joint Center, emergency department rehabilitation, hyperbaric medicine, bariatrics, behavioral medicine, outpatient and more. Brain and complex spinal surgeries , pediatric intensive care and subspecialties are planned to be added over the next decade as regional growth continues. This facility has drawn in a great number of health care providers to augment the existing medical staff within the area. This facility is a regional facility in character and will service not only the residents of Washington County, but will provide services in highly specialized area such as open heart surgery to the entire southern Utah area as well as parts of Arizona and Nevada.

In Washington County there are 16 licensed youth treatment facilities who handle clients from all over the country. These facilities are relatively invisible but have a profound impact both on employment in general and the number of

individuals classified within the health social service category. This number of youth treatment facilities also exceeds substantially those in other sections of the state. A major reason for the location of these facilities in the St. George and Washington County area is the isolation that can be provided for such facilities.

As such, we would anticipate a significant increase, percentage wise, in the number of health care related employees.

Endangered Species Issues Resolved

Washington County is an area with endangered species. Because this area is perceived to be an environmentally sensitive area, there has been much concern about population growth, which might damage the environment. In the early 1990's development in some areas was stopped as a result of the Endangered Species Act, which prohibits endangering habitat of sensitive species. Through the intense concerted efforts of opposing groups, the issue is now believed to have been resolved which allows development to again continue. The Endangered Species Act provides for the formation of Habit Conservation Plans which designate habitat areas to preserve the species. The county has agreed to enhance and protect some lands specifically for the preservation of endangered species. The enhancements include restricting access to the lands by humans and stopping all development on the habitat lands. In return for preserving and protecting habitat sensitive areas, all other lands are open for potential development. The current Habitat Conservation Plan (HCP) has designated those areas that are to be preserved which amount to approximately 8,000 acres.

These 8,000 acres cannot be developed. Privately owned land within the habitat area is being exchanged for other lands in the county in order to compensate

private landowners for the loss of their land. The way the plan works is that all areas which are not within the Habitat Conservation Area can be developed even if these other lands have endangered species on them. As a person applies for a building permit, he/she is to be notified if their land might have endangered species on it. An environmental specialist, paid for by the government, is sent to inventory the land and relocate any endangered species found. If a person suspects his land has endangered species on it, he may ask the government to inventory it before construction begins. After land has been inventoried, if endangered species are encountered, the land owner has no liability and work is not to be stopped. Every new building permit is charged \$250 per acre plus some other fees to pay for the HCP employees and costs. The plan is set up to work automatically so that developers are notified when they apply for a building permit if their land is a sensitive area. However, developers in an area they suspect might have endangered species would probably be wise to notify HCP administration officials before beginning development. The local administrator is Bill Nader who can be contacted at (435) 634-5756.

Regional Area Summary

The Washington County area has seen strong population growth during the past two decades. All indications are that growth will continue, but at a slower rate than was seen in 2004-2006. During those few years, Utah was one of the fastest growing states in the United States and Washington County was one of the fastest growing counties in Utah. As population growth continues, it will require additional residential and commercial services. However, with the projected growth in population, it will take approximately 24 months to absorb the current inventory of lots and homes in Washington County before the market can stabilize to a normal supply and demand relationship.

MARKET SUMMARY

The following is a summary of the building permits that have been issued in Southwest Utah over the past six years, coupled with a summary from the MLS on lots and acreage that have been sold during the past six years. The data does not include sales where no sales price was listed or for residential homes and condos with a sales price less than \$50,000.

| Building Permits Issued in Southwest Utah | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-----------------|
| Permit | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 ytd |
| SFR # | 1089 | 4415 | 2,827 | 2,299 | 899 | 105 |
| Total \$* | \$177,217 | \$712,305 | \$545,963 | \$422,715 | \$171,207 | \$17,039 |
| Average | \$162,734 | \$161,337 | \$193,124 | \$183,869 | \$190,442 | \$162,280 |
| | | | | | | |
| Dup/Twin | 44 | 46 | 64 | 65 | 3 | N/A |
| Total \$* | \$4,132 | \$26,431 | \$27,093 | \$24,279 | \$ 572 | - |
| Average | \$93,909 | \$574,595 | \$423,337 | \$373,523 | \$190,790 | - |
| | | | | | | |
| Apart/Condo | 298 | NR | NR | 152 | 111 | 10 |
| Total \$ * | \$19,620 | NR | NR | 14987 | 7,654 | \$ 1,116 |
| Average | \$65,839 | NR | NR | \$ 98,599 | \$68,963 | \$ 111,629 |
| | | | | | | |
| Commercial | 150 | 381 | 589 | 569 | 456 | 9** |
| Total* | \$65,796 | \$135,140 | \$212,101 | \$210,400 | \$ 149,443 | \$ 2,175 |
| Average | \$438,640 | \$354,699 | \$360,104 | \$369,772 | \$327,727 | \$ 241,699 |

* In Thousands

4/1/2009

** Excludes two public buildings

APP000047

| Lot Sales | | | | | | | | | | | | |
|---------------|----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|----|----------|-----|
| | 2004 | %Δ | 2005 | %Δ | 2006 | %Δ | 2007 | %Δ | 2008 | %Δ | 2009 ytd | %Δ |
| Lots Listed | 1,001 | 6.1% | 1,248 | 24.7% | 2197 | 76.0% | 2,057 | | 1,678 | | 403 | N/A |
| Lots Sold | 1,010 | 32.5% | 954 | | 488 | | 541 | 10.9% | 255 | | 36 | N/A |
| Total Volume* | \$79,336 | 41.3% | \$113,868 | 43.5% | \$96,338 | | \$85,083 | | \$35,809 | | \$2,670 | N/A |
| Average Price | \$78,551 | 6.7% | \$119,358 | 51.9% | \$197,415 | 65.4% | \$187,409 | | \$140,431 | | \$74,171 | |
| Median Price | \$59,450 | 7.1% | \$92,750 | 56.0% | \$155,000 | 67.1% | \$134,450 | | \$89,900 | | \$65,000 | |

*In Thousands

| Single Family Residences | | | | | | | | | | | | |
|--------------------------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|----|-----------|-----|
| | 2004 | %Δ | 2005 | %Δ | 2006 | %Δ | 2007 | %Δ | 2008 | %Δ | 2009 ytd | %Δ |
| Total Listings | 2876 | 27.0% | 3540 | 23.1% | 4366 | 23.3% | 4,885 | 11.9% | 4,683 | | 1,063 | N/A |
| Total Sales | 2,253 | 52.4% | 2539 | 12.7% | 1,986 | | 1,655 | | 1,415 | | 309 | N/A |
| Total Volume* | \$497,350 | 80.3% | \$753,795 | 51.6% | \$697,975 | | \$567,262 | | \$433,934 | | \$83,223 | N/A |
| Average Price | \$220,750 | 18.3% | \$296,886 | 34.5% | \$351,448 | 18.4% | \$347,162 | | \$306,667 | | \$269,331 | |
| Median Price | \$189,000 | 18.2% | \$265,873 | 40.7% | \$291,388 | 9.6% | \$286,988 | | \$254,900 | | \$210,000 | |
| Condo/PUD | | | | | | | | | | | | |
| Total Listings | 924 | 4.3% | 1079 | 16.8% | 1204 | 11.6% | 1220 | 1.3% | 1005 | | 254 | N/A |
| Total Sales | 947 | 42.6% | 933 | | 654 | | 498 | | 348 | | 64 | N/A |
| Total Sales \$* | \$123,586 | 46.4% | \$158,612 | 28.3% | \$131,503 | | \$95,297 | | \$61,857 | | \$8,177 | N/A |
| Average Price | \$130,503 | 2.7% | \$170,002 | 30.3% | \$201,075 | 18.3% | \$194,484 | | \$177,749 | | \$126,831 | |
| Median Price | \$113,900 | | \$150,000 | 31.7% | \$186,900 | 24.6% | \$180,150 | | \$155,000 | | \$118,950 | |

* In Thousands

Of the 255 lot sales reported in 2008 only 189 had the sales price listed.

2009 Year to date numbers are through March.

The information presented above has a certain amount of error, in that, it is taken from the MLS, and we are aware of MLS entries that are incorrect. In some cases, entries are listed in the wrong section. Also the MLS information represents only a fraction of the total market activity; this is especially true of single family residences in the price range below \$250,000 and residential building lots, which are commonly not listed. Despite the limitations of the data, it does help paint a picture of overall market value.

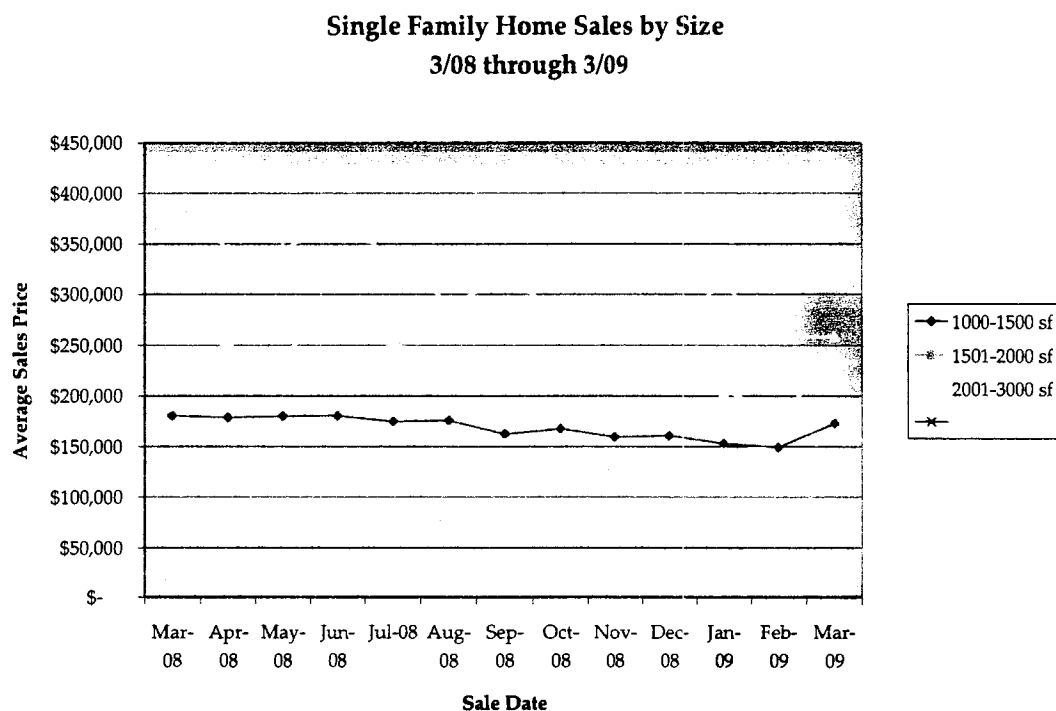
Overall, market activity has transitioned from rapid growth to retractions. The shift from rapid growth has caused many buyers to take a "wait and see" attitude. The largest decline is for residential lot values which are down 27% in the first quarter of 2009 compared with 2008 data and down 51% since 2007. There is some error in this data as there is a large variation of lot prices and there have been few reported lot sales in 2009 from which to compare. Also much of

APP000048

the lower pricing structure seen in 2009 is from purchases of bank owned or distressed owner properties.

Home prices have also declined, but the decline has not been as steep as that seen with vacant lots. There are still numerous bank owned properties and short sales on the market, which has lowered pricing. There are some signs of stabilization. It is expected that the residential market will stabilize and start to recover in the next 12-18 Months.

Current Trends



The above graph shows the average sales price for homes over the past year in certain size ranges. The 3,001-4,000 sf home sizes are less reliable due to few sales and a large variation in sales prices due to unfinished basements and other considerations. The graph shows a clear decline in housing prices over the past year.

APP000049

Lot prices for single-family residential homes have declined in most market segments. Population growth is again expected to be steady for the current year. Construction seems to fuel the growth for the area. Sun River, a large retirement oriented housing development that is being marketed nationally, has maintained a strong position in the market. Commercial development has been stable.

Utah State estimates Washington County's population by the end of 2009 to be 159,084 with a projected increase to 168,078 in 2010 with a projected population of 279,864 by 2020. If the population increases at or near the levels projected it will require significant new construction to meet housing demands.

Census data indicates a the typical household to have 2.7 people, which would require nearly 3,000 housing units in the county per year. Given current economic conditions, these projections appear to overstate actual demand as only 1,000 permits for residential housing were pulled in 2008 which is only 1/3 of the projected demand based on population growth. Demand for new construction has been affected by the oversupply of existing housing in many segments of the housing market coupled with slowing growth due to a slower overall economy. However, the area is expected to see long term growth, as the standing inventory of homes is sold, we expect to see increased demand for residential building sites.

APP000050

MARKET ANALYSIS

Washington County saw rapid increases from the end of 2003 to the end of 2006 with growth projections in the seven to ten percent range. Since that time there has been a decline that has brought prices closer to 2005 levels. The continued slide is not expected due to the constant population growth in the area. The 2005 surge in demand resulted in most of the affordable housing inventories being sold, with most of the available building sites having been purchased. There was then a lag time between the raw land purchase and finished lots being put on the market. The result was a shortage of building lots, this drove prices up for both raw land and lots. The market is now seeing an abundance of lots and homes for sale. The following graphs were created using the local MLS for single family homes between \$200,000 and \$800,000, in the greater St. George and Hurricane area, and for attached Condominiums/Townhomes we used a range from \$100,000 to \$350,000. The following charts take the Days-on-Market from the day of listing to the date under contract, NOT the date the property closed.

DOM=Days on Market

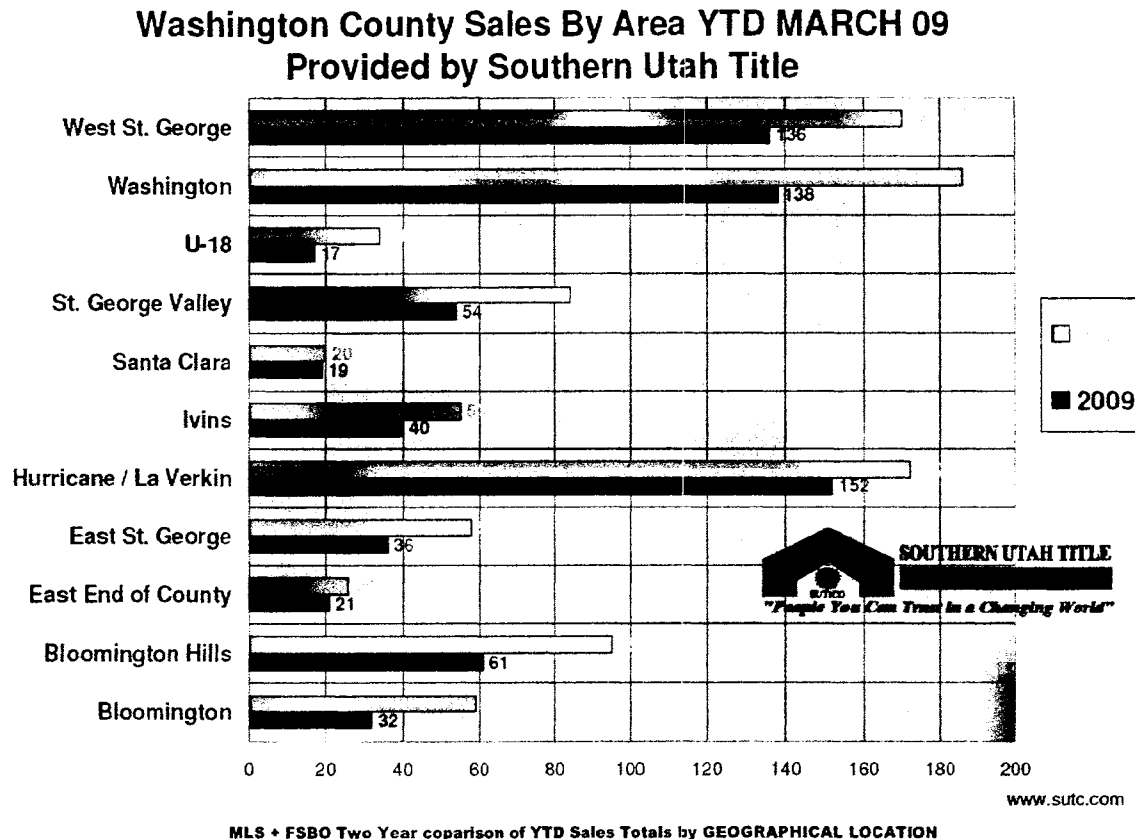
| DATE RANGE | HOMES SOLD | AVG PRICE | AVG DOM |
|--|------------|-----------|------------|
| Jan-Dec 2005 | 1918 | \$328,125 | 113 |
| Jan-Jun 2006 | 894 | \$342,448 | 151 |
| Jul-Dec 2006 | 854 | \$333,596 | 116 |
| Jan-Jun 2007 | 845 | \$332,647 | 119 |
| Jul-Dec 2007 | 646 | \$337,728 | 85 |
| Jan-Jun 2008 | 627 | \$320,309 | 130 |
| Jul-Dec 2008 | 459 | \$309,174 | 92 |
| Average DOM current listings (4/2/09) | | | 139 |

APP000051

| Single Family Homes Greater St. George | | | | |
|---|--|--------------------|-------------------|--------------|
| 1800-2000 SF | | | | |
| | | | | %? |
| 2006 Total Year | | Total Sales | 231 | |
| | | Average | \$ 314,242 | |
| | | Median | \$ 305,000 | |
| | | | | |
| 2007 Total Year | | Total Sales | 163 | |
| | | Average | \$ 314,610 | 0.1% |
| | | Median | \$ 305,000 | 0.0% |
| | | | | |
| 2008 Total Year | | Total Sales | 143 | |
| | | Average | \$ 278,711 | |
| | | Median | \$ 265,000 | 12.1% |
| | | | | |
| 2009 To Date | | Total Sales | 29 | |
| | | Average | \$ 227,087 | |
| | | Median | \$ 200,000 | |

APP000052

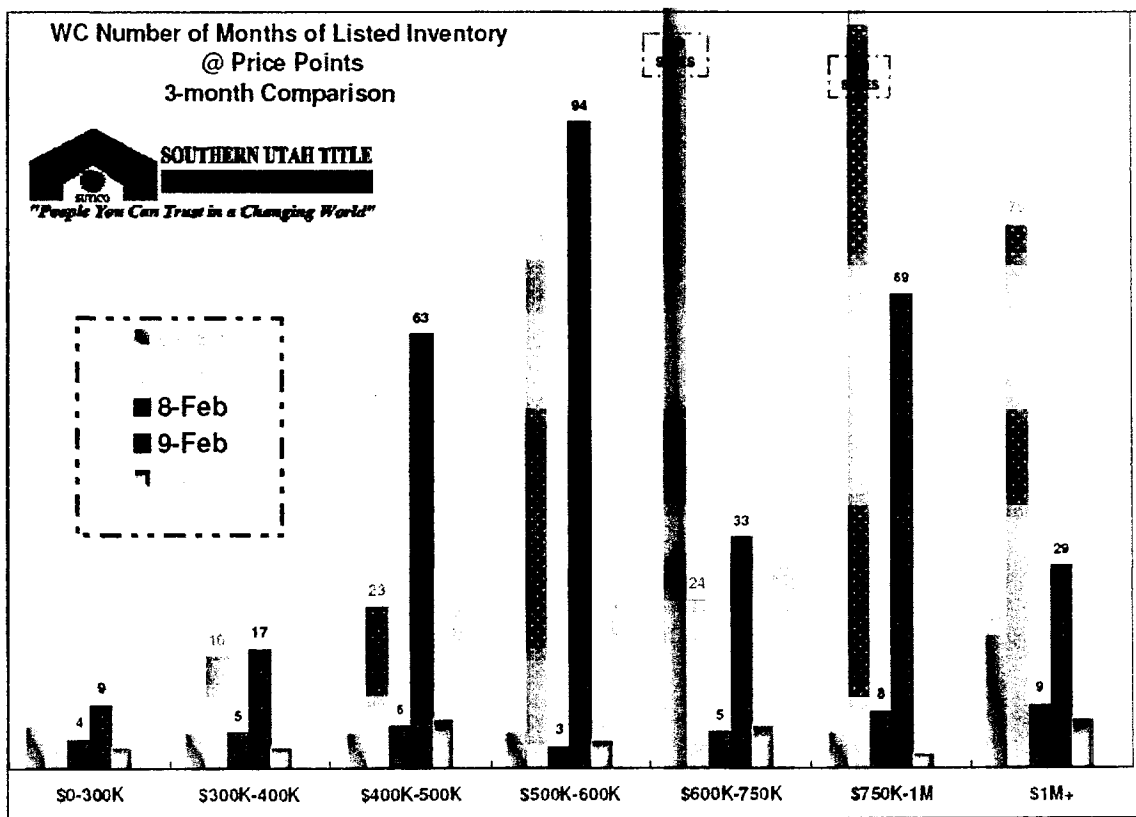
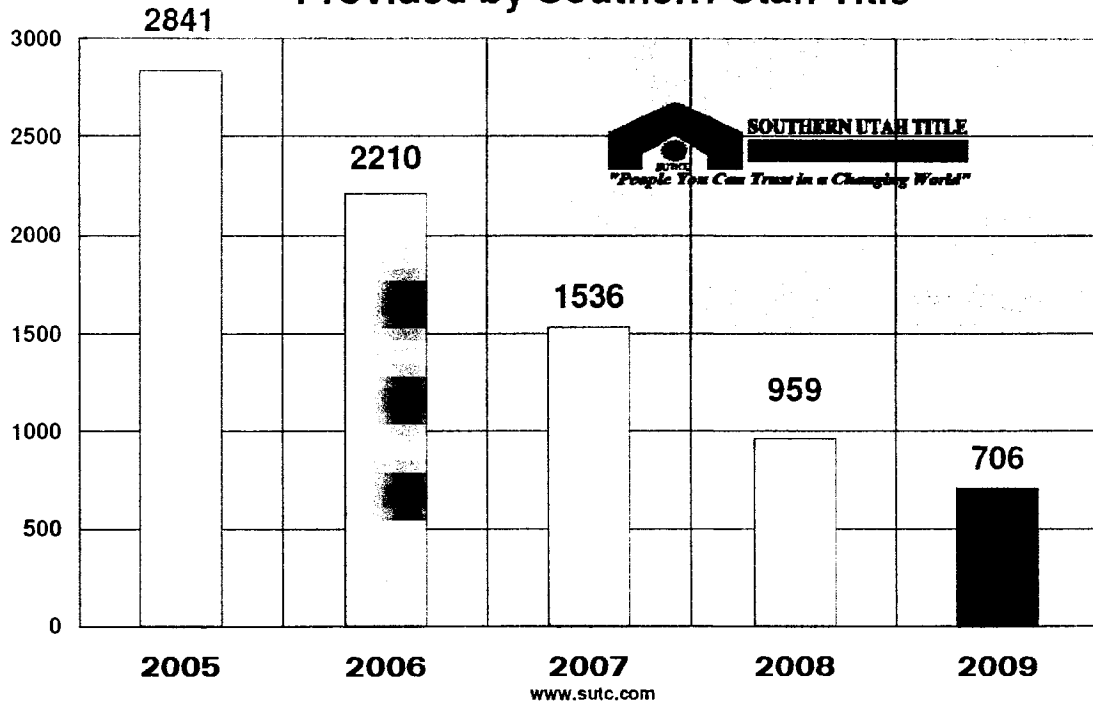
Statistical information collected from Southern Utah Title has been included to show market activity from one year of the market to the next. The following is a summary of the market in Washington County;



As indicated by the above chart, the sales in the Washington County area have decreased across the board in volume. When the actual sales are calculated for the last three years, there was an increase of 3% from 2006/2007. However, this is a bit misleading as the actual changes were in very specific market segments. Mainly decreases were seen in the \$500,000 to \$1,000,000+ single family home value range with the associated vacant lots.

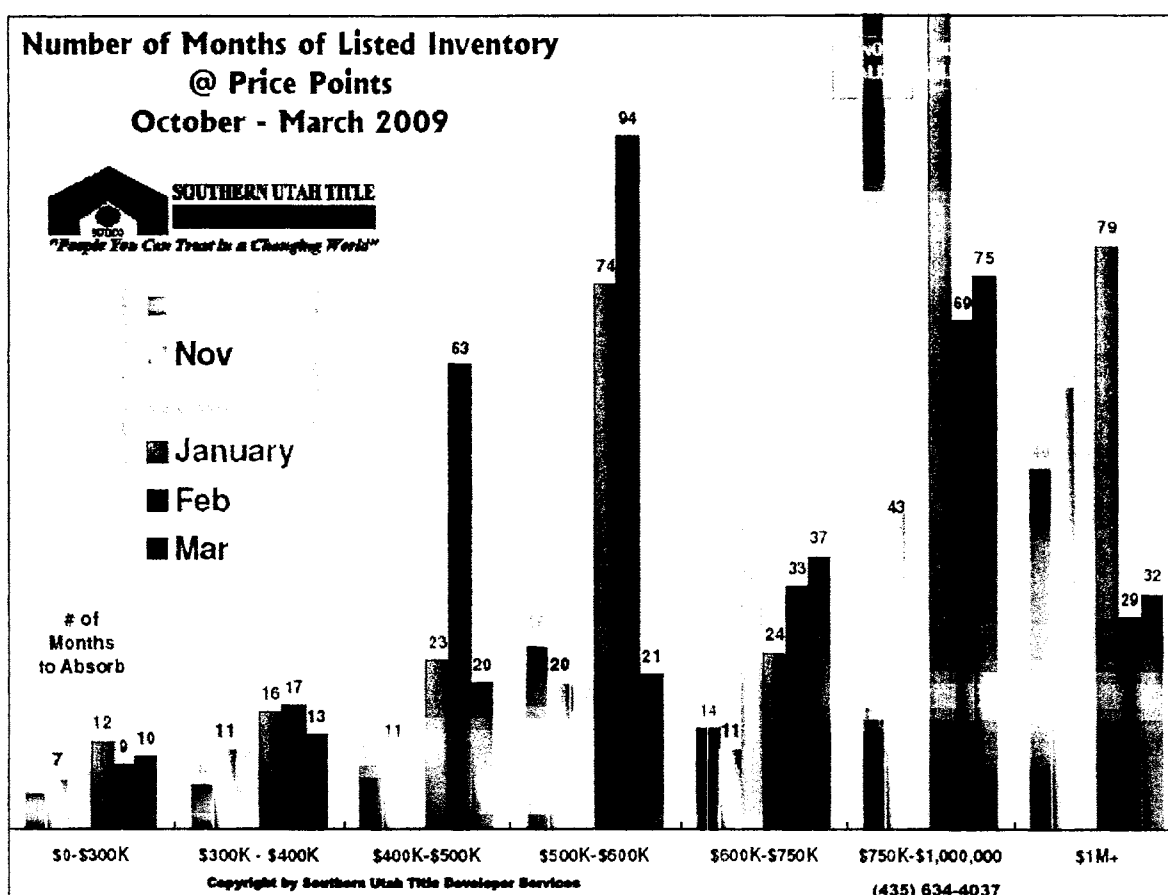
APP000053

YTD Total Sales - MARCH 2009 Provided by Southern Utah Title



APP000054

The previous chart is a good representation of the market activity. Homes below \$500,000 are selling in the 10 to 21 month range and homes above \$600,000 to \$1,000,000+ are having a difficult time selling within standard marketing times with 32 months being the low and 75 months being the high. All indications are that the market has declined through December 2008 with some recent indication that the market is starting to stabilize as buyers are returning. However, it will take several years for the market to fully recover and for supply and demand to be in balance.



MARKET SUMMARY

The overall picture indicates that our market has softened in sales volume and price for the last 18 months and now appears to be stabilizing. However, there is a surplus of inventory to sell off before we can call the market stable.

APP000055

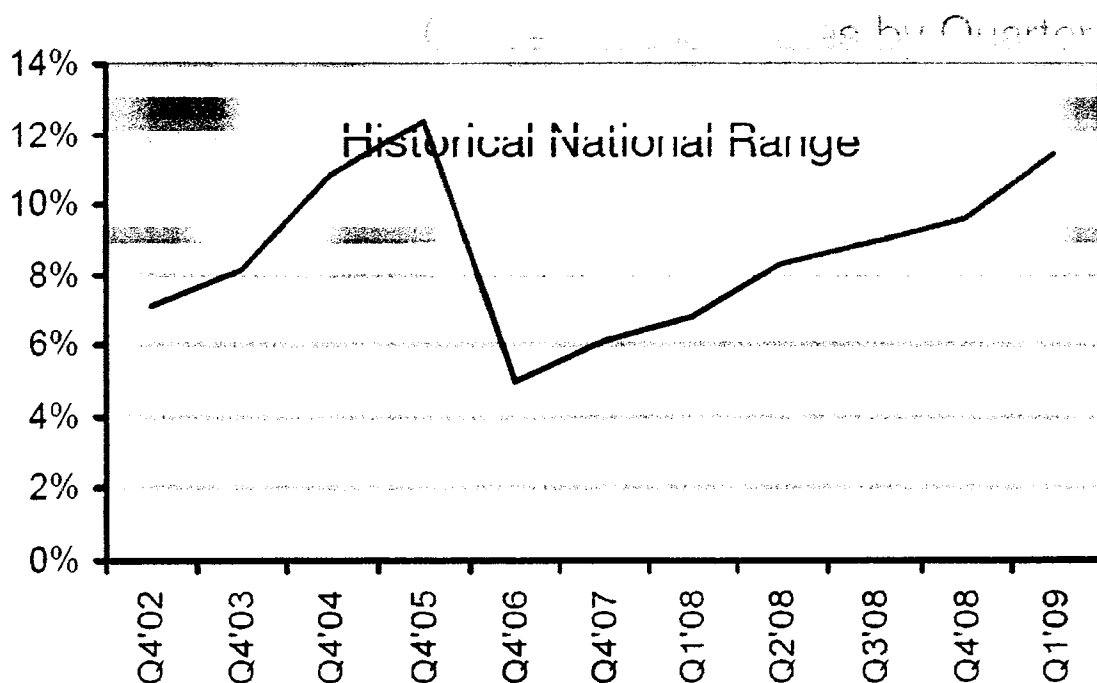
COMMERCIAL

Office Space

WASHINGTON COUNTY OFFICE MARKET OVERVIEW

Provided by NAI Utah Commercial Real Estate <http://www.naiutahsouth.com>

| Asking Lease Rates (NNN) | | Class A | Class B | Class C |
|-----------------------------|---------|-----------|---------|---------|
| | Low | \$1.00 | \$0.80 | \$0.65 |
| | High | \$1.35 | \$1.20 | \$1.00 |
| | Average | \$1.18 | \$1.03 | \$0.92 |
| | Vacancy | 9.0% | 12.3% | 16.3% |
| Stabilized Vacancy | | 11.5% | | |
| 2008 Ending Inventory | | 3,163,642 | | |
| Built in '09 YTD | | 23,000 | | |
| 2009 YTD Inventory | | 3,186,642 | | |
| Under Construction | | 57,000 | | |
| New Construction Absorption | | 94,000 | | |
| New Construction Vacancy | | 36.0% | | |



New construction in the St. George Office market was steady for most of 2007 and then dropped considerably in 2008. In 2008, approximately 224,642 square feet of new office space was completed. This has dropped off and only 57,000 sf is under construction in 2009. Because of the large amount of new space added to the market, the vacancy rate has increased from 7.8% at mid-year 2007, to 11.5% at the end of first quarter 2009. The absorption rate has been slow with increasing vacancy. Due to the slower market there are few properties being constructed and lease rates are declining. There are fewer projects in the development and construction phase from a year ago. It is estimated that less-than 81,000 square feet of new construction projects will be completed in 2009. Accordingly, the vacancy rate is expected to remain steady as the growth and expansion of office users in the market is expected to stay paced with new construction office users looking for space have more choices than they have had in recent history, and competition among owners has placed some downward pressure on lease rates.

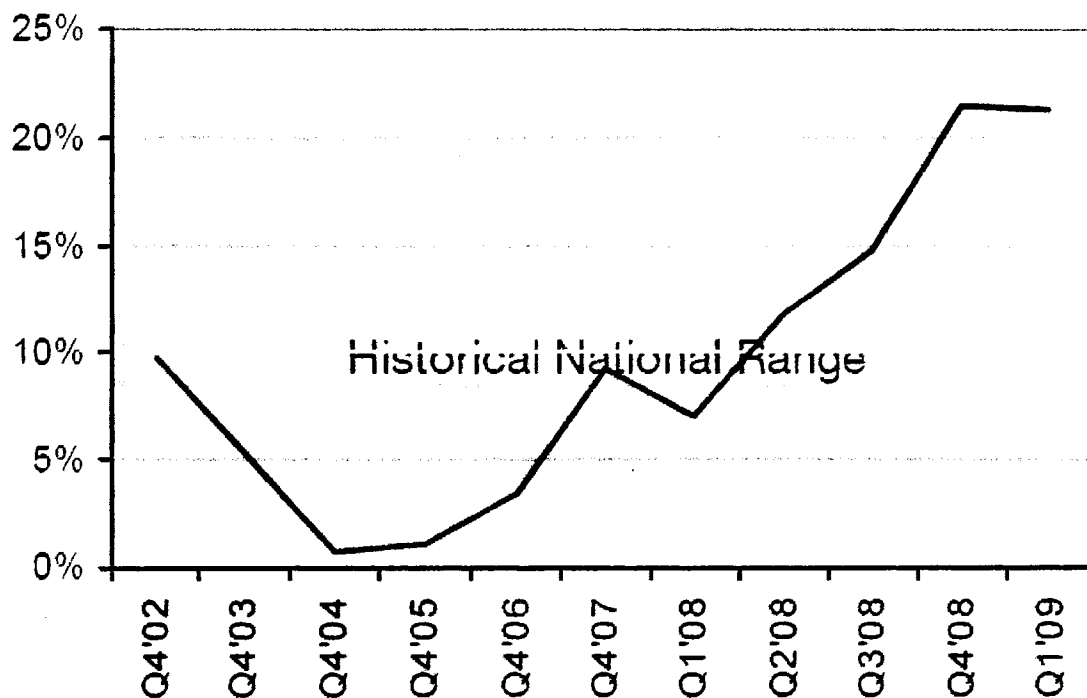
The greatest affected will not be the new construction projects, but the older spaces that are becoming increasingly less desirable. In the short term, lease rates soften, but the long term expectation is for rates to slowly increase again with the continued growth and expansion of the market.

APP000057

Industrial

WASHINGTON COUNTY INDUSTRIAL MARKET OVERVIEW

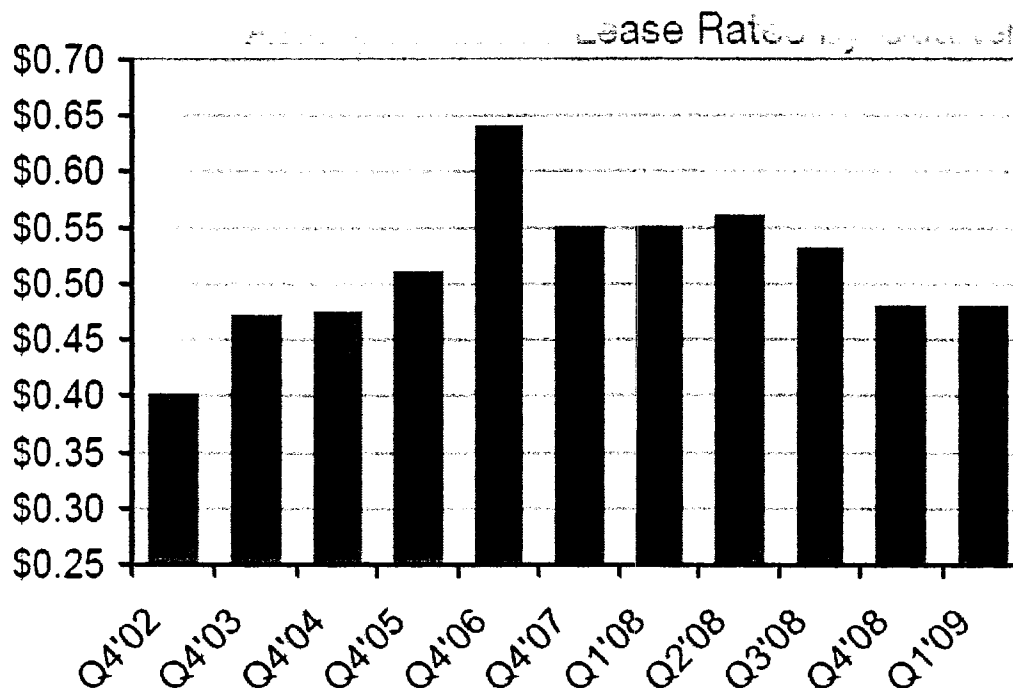
| Asking Lease Rates (NNN) | | < 20,000 SF | > 20,000 SF |
|-----------------------------|---------|-------------|-------------|
| | Low | \$0.40 | \$0.45 |
| | High | \$0.70 | \$0.55 |
| | Average | \$0.48 | \$0.46 |
| Stabilized Vacancy | | 21.3% | |
| 2008 Ending Inventory | | 7,978,000 | |
| Built in '09 YTD | | 160,000 | |
| 2009 YTD Inventory | | 8,138,000 | |
| Under Construction | | 68,000 | |
| New Construction Absorption | | 321,000 | |
| New Construction Vacancy | | 33.0% | |



The Washington County industrial market continued had steady growth through 2007, including national manufacturers and distributors looking to expand or

relocate to the west. This included companies such as Viracon that finished construction on a 235,000 square foot building in the area. In 2008 the demand dropped considerably resulting in an increase in vacancy from 7.1% in 2006 to 21.3% currently.

Approximately 183,000 square feet of new industrial space will be completed in 2009, About 313,000 square feet of space was finished in 2008, which has helped push the vacancy rate higher. The higher vacancy and lower absorption has pushed lease rates lower.



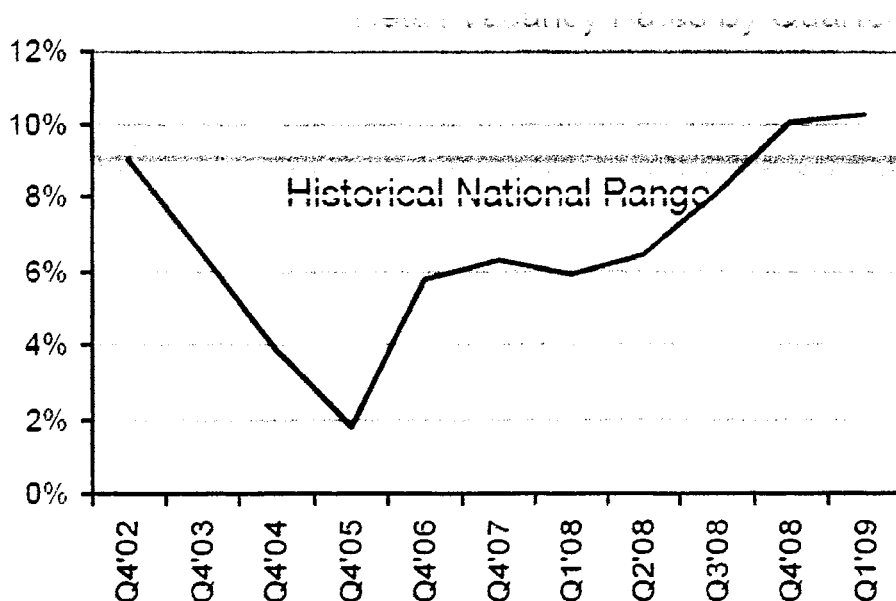
Adding to the activity and expansion of local companies in Washington County, the EDCU (Economic Development Corporation of Utah) has seen interest from out of state industrial users looking to expand or relocate to Utah. They have been providing them with detailed information on sites and buildings that are available in Southern Utah; this has helped create additional interest in the area.

Several larger companies have located to the community based on this cooperative effort including. Milliken & Company. Viracon and Orgill Inc. Because of this effort we expect to see additional companies move to Washington County for company expansion or relocation.

Retail

WASHINGTON COUNTY RETAIL MARKET OVERVIEW

| Asking Lease Rates (NNN) | | Anchored | Unanchored |
|-----------------------------|---------|-----------|------------|
| | Low | \$1.10 | \$0.85 |
| | High | \$2.00 | \$1.50 |
| | Average | \$1.58 | \$1.21 |
| | Vacancy | 9.3% | 11.9% |
| Stabilized Vacancy | | 10.3% | |
| 2008 Ending Inventory | | 5,884,000 | |
| Built in '09 YTD | | 173,000 | |
| 2009 YTD Inventory | | 6,057,000 | |
| Under Construction | | 57,000 | |
| New Construction Absorption | | 281,000 | |
| New Construction Vacancy | | 25.0% | |



APP000060

The retail market in St. George during 2008 expanded, with 386,000 SF completed as several new national retailers came into the market absorbing a large portion of this square footage. There was an additional 229,000 square feet of retail space built increasing the vacancy from 5.7% in 2007 to 10% at the end of the year in 2008.

Several existing retail projects saw major renovations/expansions in 2007. The Red Cliffs mall began its overhaul early in 2008, with Barnes & Noble that opened in May of 2008. The Zion Factory stores were re-faced with the hope that the project would maintain viability in the retail in the market: we anticipate gradual changes in the tenant mix to reflect their new "model" to attract "upscale" business.

Several new retail projects and developments were completed in the second half of 2007. Office-Max and Roberts Arts & Crafts in Cotton Mill II were completed. Tai Pan Trading, the largest retailer added to market in 2007, opened. Staples opened a new stand alone store on Bluff Street. The Festival Plaza near Costco also added several small tenants to the market.

Several projects are slated to begin in 2008/2009 including Red Rock Commons (former Settler's RV Park) at River Road and 100 South, Red Cliffs Square at Red Cliffs Drive and 850 North, Dixie Commons at Dixie Drive & Plantation Drive, Boulder Springs at River Road and 145 South, Zion Gateway at SR-9 in Hurricane and Super WalMart at SR-9 and 3400 West. However, with the increase in vacancy rates only 118,000 square feet is still proposed for 2009. Many of the planned projects may not be built as vacancy has increased and lease rates have declined.

APP000061

RETAIL OVERALL VACANCY/TOTAL INVENTORY-FIVE YEAR HISTORY

| | 2004 | 2005 | 2006 | 2007 | 2008 |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| Vacancy | 7.0% | 3.9% | 3.3% | 4.3% | 5.9% |
| Total Inventory | 3,420,000 | 3,665,000 | 3,955,000 | 4,440,000 | 5,724,000 |

OVERALL MARKET CONCLUSION

The market is undergoing adjustments after several years of very rapid expansion. Most predict a softer market through the majority of 2009 while housing inventories and prices adjust. However, there is some indication that the supply side has slowed sufficiently enough to allow demand to catch up in 2009 resulting in a stabilization of the lease/vacancy rates. Credit markets are undergoing changes that have affected buyer's ability to qualify for new loans which has future impact on the number of buyers available to purchase property. In the long run, Washington County is expected to have long term sustainable growth and is considered to have viable long term market. There is still a steady increase in population for all of Washington County therefore, we expect long term stability following the short term downturn.

APP000062

NEIGHBORHOOD DESCRIPTION

Location

The subject is the apartment buildings that are located in central section St George on the corner of 700 South and 700 East. The neighborhood is defined as the central section of St. George located south of Skyline Drive, north and east of the freeway and west of Bluff Street.



Land Use

Land use in the central section of St. George is diverse with commercial development along the original business loop from the freeway on St. George Blvd and Bluff Street. Secondary commercial development is found along Tabernacle, Main Street and some of the side streets in the central section of St.

APP000063

George. The defined neighborhood has a large concentration of public land uses that include Dixie State College, East Elementary, West Elementary, Dixie Middle and High School, City offices, District Court House, Central Library, several public parks. Other uses include a number of historic religious facilities along with a historic housing section with several tourist stops in this area.

Residential housing is likewise diverse with a wide range of residential housing that includes small older homes to newer semi custom built homes on some of the peripheral areas. Over the past thirty years many of the old city lots have developed as small townhouse and condo developments. There are residential apartments scattered throughout this section of town with a high concentration of residential apartments within several blocks of Dixie College.

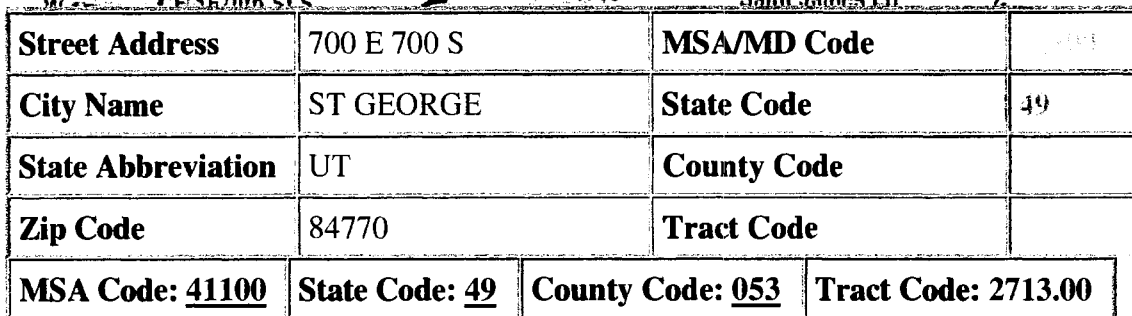
Neighborhood Access

Primary area access is from St. George Blvd on the north end neighborhood, Bluff Street on the west end of the neighborhood and River Road along the east end of the area. 700 South Street is a primary neighborhood access street that runs east from Bluff Street to River Road and provides access to a number of residential areas on the south end of the neighborhood. 700 East Street is a primary access road that runs south of St. George Blvd to 700 South Street and runs along the west boundary of Dixie College. The area is considered to have good access with freeway access within a mile.

Predominant Age and Values

Central St George consists of older homes with some that were built in the early 1900's. Values for homes in the area range from \$120,000 to \$300,000 with a predominate value of \$150,000 to \$250,000.

APP000064



| | | | |
|--|----------|-----------------------------|-------|
| Tract Income Level | Middle | Tract Population | 3832 |
| Underserved or Distressed Tract | No | Tract Minority % | 22.57 |
| 2008 HUD Estimated MSA/MD/non-MSA/MD Median Family Income | \$51,500 | Minority Population | 865 |
| 2008 Est. Tract Median Family Income | \$42,745 | Owner-Occupied Units | 552 |
| 2000 Tract Median Family Income | \$34,676 | 1- to 4-Family Units | 915 |

Morley & McConkie, LC

Census Income Information

| | | | |
|--|----------|--|----------|
| Tract Income Level | Middle | Tract Median Family Income % | 83.00 |
| 2004 MSA/MD/statewide non-MSA/MD Median Family Income | \$41,777 | 2000 Tract Median Family Income | \$34,676 |
| 2008 HUD Estimated MSA/MD/non-MSA/MD Median Family Income | \$51,500 | 2008 Estimated Tract Median Family Income | \$42,745 |
| % below Poverty Line | 27.23 | 2000 Tract Median | \$28,26 |

Census Population Information

| | | | |
|--------------------------------------|-------|---|-----|
| Tract Population | 3832 | Tract Minority Population | 865 |
| Tract Minority % | 22.57 | American Indian Population | 130 |
| Number of Families | 803 | Asian/Hawaiian/Pacific Islander Population | 110 |
| Number of Households | 1227 | Black Population | 30 |
| Non-Hispanic White Population | 2967 | Hispanic Population | 523 |

Census Housing Information

| | | | |
|---------------------------------|------|------------------------------|-----|
| Total Housing Units | 1300 | Owner-Occupied Units | 552 |
| 1- to 4- Family Units | 915 | Renter Occupied Units | 631 |
| Median House Age (Years) | 24 | Vacant Units | 117 |

Development Trends

The central section of St. George is pretty much built out with only a few random city lots left undeveloped scattered around the area. City of St. George has undertaken a significant effort to revitalize the downtown section of the city with new a city park and city sponsored activities in the historic commercial section of

APP000066

the city. Construction is just starting on a thirty million dollar justice center. Most of the major banks have regional offices in the central section of St. George which has help to maintain the commercial viability this area.

New big box retail is taking place on the peripheral sections of the city near freeway interchanges. Large residential developments are taking place throughout the city in areas where vacant land is more readily available.

Summary

The subject is well located in the defined neighborhood within a block of Dixie College and near neighborhood commercial services. The area is nearly fully built out with little vacant land available for development. The neighborhood is considered to be stable. Some of the older areas where decline is likely are seeing revitalization which has improved some of the older residential neighborhoods. The area is considered to be an average residential area for entry level housing.

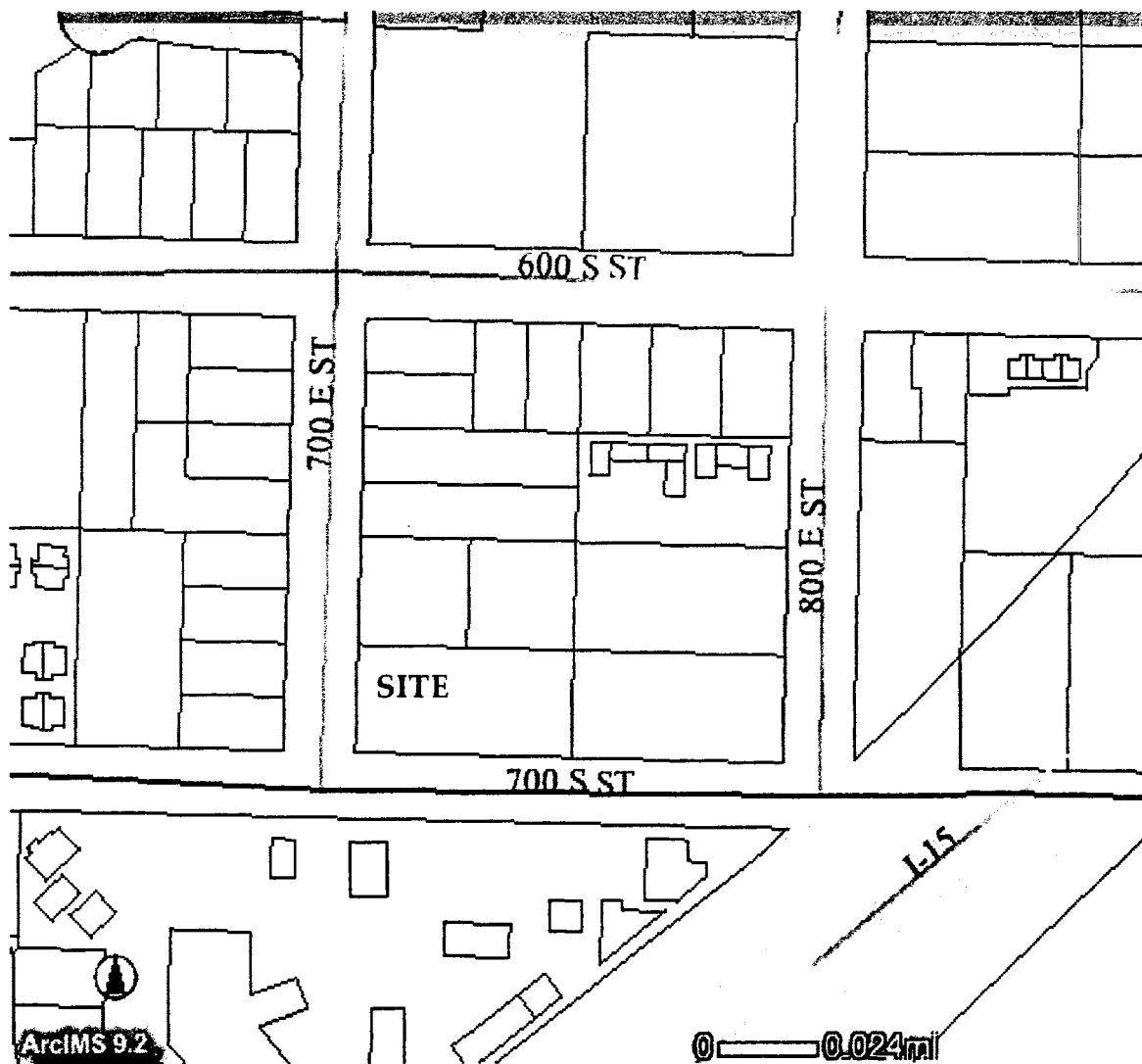
APP000067

SITE DESCRIPTION

GENERAL DESCRIPTION

The property consists of two parcels of land that contain a total of 1.2 acres for the 24 units and five parcels containing 0.79 acres for the 13 units. The Building improvements consist of three buildings with twenty four residential apartment units and five building containing 13 units.

SITE MAP



APP000068

PHYSICAL FEATURES

The site is situated on the northeast corner of 700 South and 700 East with 264 feet of frontage along 700 South Street. The site is nearly level, near street grade with good overall physical features. The site is fully useable.

SITE ACCESS

The site has frontage and access from both streets on which the site has frontage. Both 700 South Street and 700 East Streets are owned and maintained by the City of St. George. One driveway access is available from 700 South Street to the central parking area. The property has a shared access with the access point from the parcel north of the subject with an easement across the north parcel to the parking area found on the subject site. Access to the property is considered adequate.

NUISANCES AND HAZARDS

We are aware of no nuisances or hazards that would have an adverse impact upon the subject property. We assume that the improvements are designed for the soil found on site.

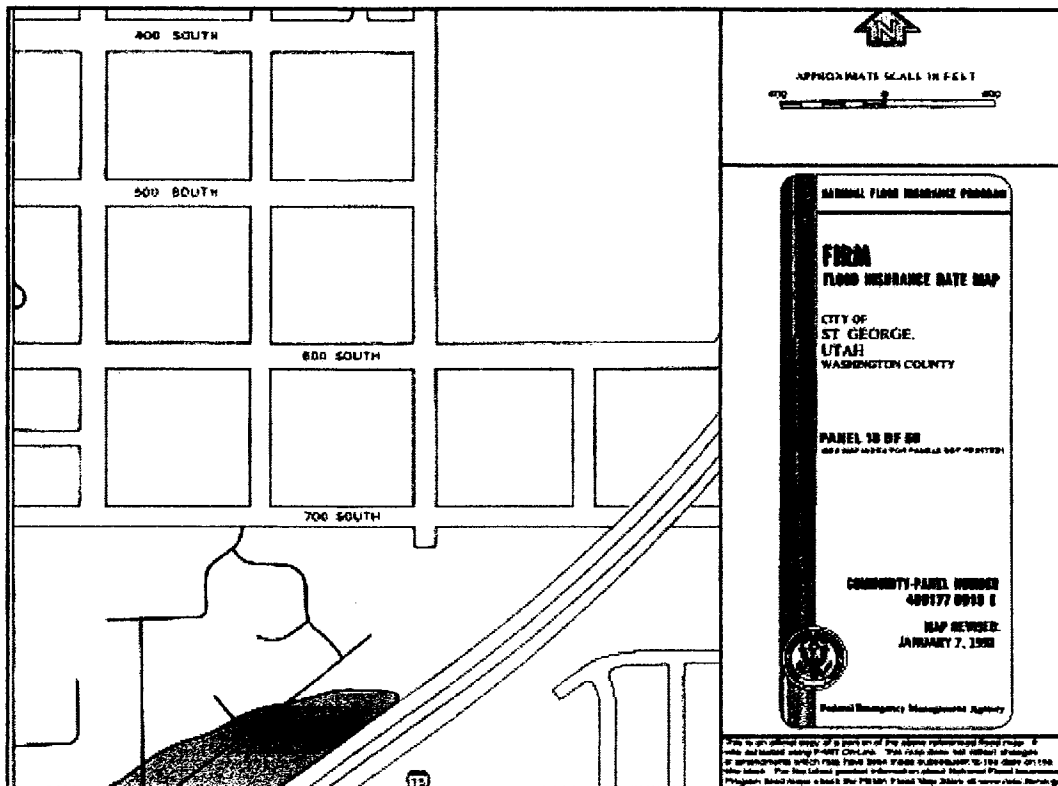
FLOOD INFORMATION

The property is not reported to be found in a 100 year flood zone based on the most recent FEMA flood map information Panel 0018E Community Number 490177 dated January 7, 2007

See the following flood map information.

APP000069

FLOOD MAP



Zoning Map

The site is currently found in an R-3 zone which allows high density residential development.

APP000070

ZONING MAP



LEGEND

| | | |
|---|---|----------------------------------|
| <input type="checkbox"/> A-1 | <input type="checkbox"/> MH-10 | <input type="checkbox"/> R-1-12 |
| <input type="checkbox"/> A-5 | <input type="checkbox"/> MH-12 | <input type="checkbox"/> R-1-20 |
| <input type="checkbox"/> A-10 | <input type="checkbox"/> MH-20 | <input type="checkbox"/> R-1-40 |
| <input type="checkbox"/> A-20 | <input checked="" type="checkbox"/> M - G | <input type="checkbox"/> R-1-C |
| <input type="checkbox"/> A-P | <input type="checkbox"/> OS | <input type="checkbox"/> R-2 |
| <input type="checkbox"/> C-1 | <input type="checkbox"/> PD | <input type="checkbox"/> R-3 |
| <input type="checkbox"/> C-2 | <input type="checkbox"/> PD-COM | <input type="checkbox"/> R-4 |
| <input type="checkbox"/> C-3 | <input type="checkbox"/> PD-MH | <input type="checkbox"/> RE-2.5 |
| <input type="checkbox"/> C-4 | <input type="checkbox"/> R-1-6 | <input type="checkbox"/> RE-12.5 |
| <input checked="" type="checkbox"/> M-1 | <input type="checkbox"/> R-1-7 | <input type="checkbox"/> RE-20 |
| <input checked="" type="checkbox"/> M-2 | <input type="checkbox"/> R-1-8 | <input type="checkbox"/> RE-37.5 |
| <input type="checkbox"/> MH-6 | <input type="checkbox"/> R-1-10 | <input type="checkbox"/> RE-5 |
| | | <input type="checkbox"/> RCC |

Density was reduced several years ago. The project has a density of 20 units per acre. The building improvements are a legal non conforming use as the current density could not be achieved with the current zoning requirements.

APP000071

UTILITIES

| | |
|--------------|-----------------|
| Power: | St. George City |
| Water: | St. George City |
| Sewer: | St. George City |
| Phone: | Qwest |
| Natural Gas: | Questar |

Utilities are attached to each of the units. Power is individually metered. Water is a single meter and paid by the landlord.

SUMMARY

The property consists of two parcels of land that contain a total of 1.2 acres for the 24 units and five parcels containing 0.79 acres for the 13 units. The Building improvements consist of three buildings with twenty four residential apartment units and five building containing 13 units. The site is level with good overall physical features with adequate access. Utilities are on site. No serious adverse physical features are apparent.

APP000072

BUILDING IMPROVEMENTS

The subject property consists of three building that contain a total of 24 units with 24,702 square feet. The buildings are reported to have been built in 1985. There are 16 two bedroom units and 8 three bedroom units in the complex. The building breakdown is as follows:

24 Unit Building

| <u>Building #</u> | <u>Unit Mix</u> | <u>Size</u> | <u>Total</u> |
|---------------------|-----------------|-------------|------------------|
| Building 1 | 2 Units 2 BR | 920 SF | 1,840 SF |
| | 2 Units 2 BR | 979 SF | <u>1,958 SF</u> |
| Building Total | | | 3,796 SF |
| | | | |
| Building 2 | 2 Units 3 BR | 1,189 SF | 2,378 SF |
| | 2 Units 2 BR | 920 SF | 1,840 SF |
| | 2 Units 2 BR | 979 SF | <u>1,958 SF</u> |
| Building Total | | | 6,176 SF |
| | | | |
| Building 3 | 6 Units 3 BR | 1,189 SF | 7,134 SF |
| | 4 Units 2 BR | 920 SF | 3,680 SF |
| | 4 Units 2 BR | 979 SF | <u>3,916 SF</u> |
| Building Total | | | <u>14,730 SF</u> |
| Total Building Area | | | 24,702 SF |

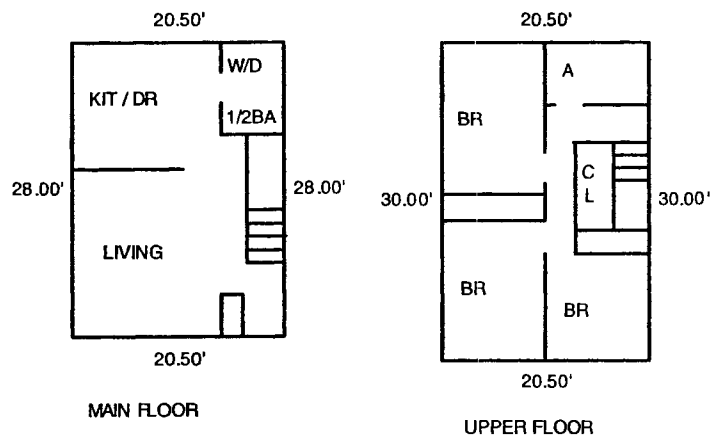
As indicated above the three bedroom units contain 1,189 square feet of living area on two floors. Each of the three bedroom units have the same floor plan with a living room, kitchen and dining are with a small half bath and laundry area on the main floor with three bedrooms and one bath on the second floor.

APP000073

13 Unit Building

| <u>Building #</u> | <u>Unit Mix</u> | <u>Size</u> | <u>Total</u> |
|----------------------------|------------------------|--------------------|---------------------|
| Building 1 | 2 Units 3 BR | 1,189 SF | 2,378 SF |
| Building 2 | 2 Units 3 BR | 1,189 SF | 2,378 SF |
| Building 3 | 2 Units 3 BR | 1,189 SF | 2,378 SF |
| Building 4 | 4 Units 3 BR | 1,189 SF | 4,756 SF |
| Building 5 | 3 Units 3 BR | 1,189 SF | <u>3,567 SF</u> |
| Total Building Area | | | 15,457 SF |

APP000074



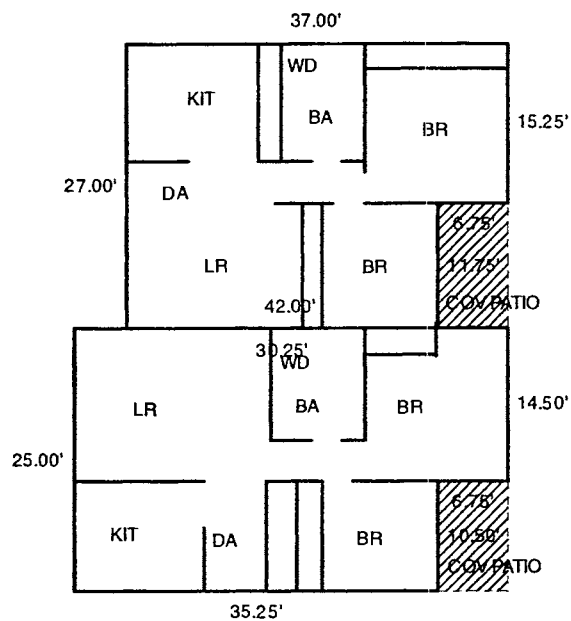
| SKETCH CALCULATIONS | | Perimeter | Area |
|--------------------------|--|-----------|--------|
| Living Area | | | |
| First Floor | | | |
| A1 : 20.5 x 28.0 = | | | 574.0 |
| | | | 574.0 |
| Second Floor | | | |
| A2 : 20.5 x 30.0 = | | | 615.0 |
| | | | 615.0 |
| Total Living Area | | | 1189.0 |

APP000075

The two bedroom units have two floor plans that are similar to each other, but there is a small difference in size. The first floor plan contains 920 square feet and the other contains 979 square feet. Both unit types have all of the living area on one floor with these units stacked in a two story building. Each of the units have a living room, kitchen with a small dining area, two bedrooms and one large bath with a laundry area in the bathroom. Each of the units have a small covered deck or patio with access from the larger of the two bedrooms.

Building construction quality is rated as average quality class D construction as defined by Marshall Swift. The buildings are frame construction over poured in place concrete footings and slabs with a pitched roof truss system. Exterior veneer is concrete based stucco with a concrete tile roof. Glazing consists of standard aluminum frame thermo windows. Interior finish is standard wood frame partition walls with painted drywall on the walls and ceilings. Interior doors are standard hollow core masonite. Floor coverings are a mix of carpet with tile or vinyl in the kitchen and bathrooms. Kitchen cabinets are basic stained wood with laminate counters. Appliances consist of drop in oven/range with a dishwasher, refrigerator. Heating cooling and ventilation consist of roof mounted electric heat pumps. Yard improvements consist of basic landscaping around the units with some wood fencing around the back yard of interior units. There is not common recreational amenities associated with the project. Each unit has two designated open parking stalls along with a small guest parking area. Landscaping is considered to be typical for a project of this type.

APP000076



| SKETCH CALCULATIONS | | Perimeter | Area |
|------------------------------|--|-----------|---------------|
| Living Area | | | |
| First Floor | | | |
| A1 : 37.0 x 15.3 = | | | 564.3 |
| A2 : 30.2 x 11.7 = | | | 355.4 |
| | | | 919.7 |
| First Floor 2 | | | |
| A3 : 42.0 x 14.5 = | | | 609.0 |
| A4 : 35.3 x 10.5 = | | | 370.1 |
| | | | 979.1 |
| Total Living Area | | | 1898.8 |
| Patio/Deck Area | | | |
| Deck | | | |
| A5 : 6.8 x 11.7 = | | | 79.3 |
| | | | 79.3 |
| Deck 2 | | | |
| A6 : 6.8 x 10.5 = | | | 70.9 |
| | | | 70.9 |
| Total Patio/Deck Area | | | 150.2 |

APP000077

Overall condition of units is considered to be average. Six of the three bedrooms units are reported to have been remodeled with new cabinets, appliances, floor coverings and paint. Five of the two bedroom units are reported to have been completely remodeled with new cabinets, appliances, floor coverings and paint. An additional five of the two bedroom units have been partially remodeled ranging from new appliances, paint or floor coverings. Given the age and condition of the buildings, the improvements are believed to have an effective age of about 15 years due to the ongoing improvements made to the property over time. The remaining economic life is estimated to be at least 30-35 years.

The property has a history of stabilized rent but the market has softened significantly and the subject has had insufficient marketing efforts in the past 6 months. There is typically a 10% vacancy for similar properties, but the current vacancy is 27%. Current rental rates are on the upper end of the range based on my residential rent survey of the area.

APP000078

HIGHEST AND BEST USE

Legally Permissible

The subject property is zoned R-3. The R-3 zone is a multiple family zone that allows high density residential development. The zone is designed for residential apartments, conditions and townhouse unit. Current zoning requirements have reduced the density to about 16 units per acre. However, when the subject units were built, the zone allowed up to 24 units per acre. Current zoning requires at least one covered parking stall per unit. Student housing requires one parking stall per student.

Physically Possible

The site contains seven adjoining parcels. The 24 units are on two parcels that create an L shaped site that contain a total of 1.2 acres. The 13 units are on 5 smaller parcels that equal 0.79 acres. The total site is nearly level, near street grade with good physical features. From a physical perspective, size is the only limiting factor associated with the site.

Financially Feasible

From a financially feasible standpoint the property is located within a block of Dixie State College and is well located with respect to other elementary and high schools. Neighborhood shopping is within a block. The property is ideally suited for high density residential housing. The rental market is historically stabilized with rental rates either staying level or slightly increasing over time. It is my opinion that the current downturn in rent is a short term problem and will stabilize over time. The rent used for the opinion of value is consistent with the current market and indicates that the improvement of the subject as multi-family is the highest and best use.

APP000079

Maximally Productive Use

As mentioned in the financially feasible section, the maximally productive use would be that brings the highest return to the land. In this case, the site has maximum use with improvements that generate income well beyond what could be supported by the vacant site. Existing building improvements are considered to be the highest best use of the site.

APP000080

VALUATION

There are three general approaches to value where real estate is concerned which include Replacement Cost, Sales Comparison and Income Capitalization approaches to value.

The sales comparison approach compares properties of like character that have recently sold in the market and derives indication of value where the subject property is concerned from those sales. The reliability of this approach to value is subject to the quality of the available sales data. The more similar the sales are to the subject property, the more reliable this approach to value. There are reasonably similar sales data available for the subject property.

The cost approach to value analyzes the replacement or reproduction cost of the subject property, calculating the impact of depreciation and other types of obsolescence that may detract from the building and calculates land value in, providing an indicator of market value. Given the age of the property, cost approach is considered to be unreliable given the difficulty in estimating the effects of obsolescence. The cost approach to value is not developed for this property.

The third approach is the income capitalization approach. This approach is particularly useful where the improvements are income producing. In this approach, the ability of a property to generate an income stream, and the quality and duration of that stream is examined in order to estimate what a prudent investor would pay for that property. As the property is an income producing property, this approach to value provides a reliable indication of value.

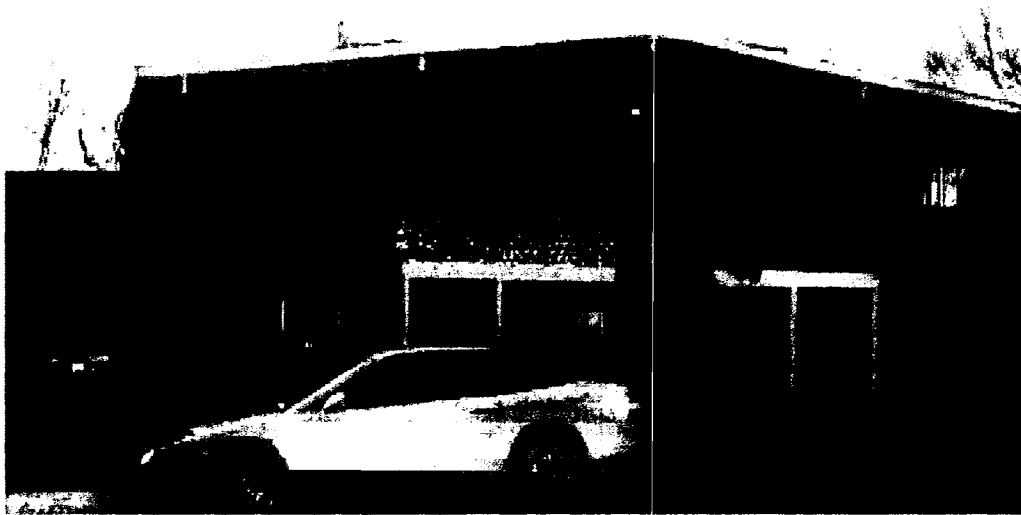
APP000081

In this case the direct sales comparison and income capitalization approach to value are developed. The approaches to value are reconciled and a final value derived based on the approach to value that is judged to be most reliable.

SALES COMPARISON APPROACH

The sales comparison approach to value is developed by searching the St. George market for apartment building sales. I was able to locate four closed apartment building sales in St. George as well as the subject's previous sale. One closed in 2006 and two of the sales closed in 2007 with another two that closed in 2008. The information was gathered and verified and is presented on the following data sheets.

APP000082

Multi-Family Sale No. 1**Property Identification**

| | |
|----------------------|---|
| Record ID | 19 |
| Property Type | 4-Plex |
| Property Name | Pine View Terrace |
| Address | 652 N 2720 E, Saint George, Washington County, Utah 87790 |
| Location | 652 N 2720 E |
| Tax ID | SG-PIVT-2 |

Sale Data

| | |
|---------------------------|---|
| Grantor | Valine, Diane |
| Grantee | Karg, Manfred and Karoline |
| Sale Date | October 31, 2007 |
| Conditions of Sale | Cash |
| Sale History | There appears to be a sale in 2005 but no details available |
| Verification | Craig Barr; redcliffsinfo.net, April 02, 2009; Other sources: MLS #07-91680, Confirmed by Damon P. Lawlis |

| | |
|----------------------------|----------------------------|
| Sale Price | \$650,000 |
| Downward Adjustment | \$51,000 Personal Property |
| Adjusted Price | \$599,000 |

APP000083

Land Data

Land Size 0.310 Acres or 13,504 SF
Zoning R-3, Multi-Family
Topography Level
Utilities Improved Lot

Unit Mix

| <u>Unit Type</u> | <u>No. of Units</u> | <u>Size SF</u> | <u>Rent/Mo.</u> | <u>Mo. Rent/SF</u> |
|-----------------------|---------------------|----------------|-----------------|--------------------|
| 3 Bed 1.5 bath | 4 | 1,307 | \$800 | \$0.61 |
| Total Units | 4 | | | |
| Avg. Unit Size | 1,307 | | | |
| Avg. Rent/Unit | \$800 | | | |
| Avg. Rent/SF | \$0.61 | | | |
| Net SF | 5,228 | | | |

General Physical Data

No. of Buildings 1
Construction Type Stucco/Wood Frame
HVAC Elec/Gas Heat Pump
Parking 1 Covered per Unit
Stories 2
Utilities with Rent Water, Sewer, Trash Collection
Year Built 1997

Income Analysis

Potential Gross Income \$38,400
Vacancy \$3,840
Effective Gross Income \$34,560
Expenses \$10,200
Net Operating Income \$24,360

Indicators

Sale Price/Gross SF \$124.33
Sale Price/Unit \$162,500
Occupancy at Sale 100
PGIM 16.93
EGIM 18.81
Expenses/SF \$1.95 Gross
Expenses/Unit \$2,550
Expenses as % of PGI 26.56%
Expenses as % of EGI 29.51%
Overall or Cap Rate 3.75%
NOI/SF \$4.66 Gross
NOI/Unit \$6,090

Remarks

There was a \$5,000 bonus to any buyers agent. Loan could be assumed with a "wrap" loan but no release. Units are good quality and in good condition

APP000084

Multi-Family Sale No. 2**Property Identification**

| | |
|----------------------|---|
| Record ID | 20 |
| Property Type | 4-Plex |
| Property Name | Kimberly Properties |
| Address | 2608 E 750 N, Saint George, Washington County, Utah 87790 |
| Location | 2608 E 750 N |
| Tax ID | SG-PNCN-2-8 |

Sale Data

| | |
|---------------------------|--|
| Grantor | Kimberly Properties |
| Grantee | Ronald and Susan Koyle |
| Sale Date | February 21, 2008 |
| Conditions of Sale | Cash |
| Sale History | No Sales in 36 Months |
| Verification | John Houston; 435-680-7355, April 02, 2009; Other sources: MLS #07-94185, Confirmed by Damon P. Lawlis |

| | |
|-----------------------|-----------|
| Sale Price | \$565,000 |
| Adjusted Price | \$565,000 |

Land Data

| | |
|-------------------|--------------------------|
| Land Size | 0.310 Acres or 13,504 SF |
| Zoning | R-3, Multi-Family |
| Topography | Level |
| Utilities | Improved Lot |

APP000085

| <u>Unit Type</u> | <u>Unit Mix</u> | | <u>Rent/Mo.</u> | <u>Mo. Rent/SF</u> |
|---|--------------------------------|----------------|-----------------|--------------------|
| | <u>No. of Units</u> | <u>Size SF</u> | | |
| 3 Bed 2 Bath | 1 | 1,126 | \$825 | \$0.73 |
| 3 Bed 2 Bath | 1 | 1,126 | \$800 | \$0.71 |
| 3 Bed 2 Bath | 2 | 1,126 | \$750 | \$0.67 |
| Total Units | 4 | | | |
| Avg. Unit Size | 1,126 | | | |
| Avg. Rent/Unit | \$781 | | | |
| Avg. Rent/SF | \$0.69 | | | |
| Net SF | 4,504 | | | |
| <u>General Physical Data</u> | | | | |
| No. of Buildings | 1 | | | |
| Construction Type | Stucco/Wood Frame | | | |
| HVAC | Elec/Gas Heat Pump | | | |
| Parking | 1 Covered per Unit | | | |
| Stories | 2 | | | |
| Utilities with Rent | Water, Sewer, Trash Collection | | | |
| Year Built | 2003 | | | |
| <u>Income Analysis</u> | | | | |
| Potential Gross Income | \$37,500 | | | |
| Vacancy | \$3,750 | | | |
| Effective Gross Income | \$33,750 | | | |
| Expenses | \$9,828 | | | |
| Net Operating Income | \$23,922 | | | |
| <u>Indicators</u> | | | | |
| Sale Price/Gross SF | \$125.44 | | | |
| Sale Price/Unit | \$141,250 | | | |
| Occupancy at Sale | 100 | | | |
| PGIM | 15.07 | | | |
| EGIM | 16.74 | | | |
| Expenses/SF | \$2.18 Gross | | | |
| Expenses/Unit | \$2,457 | | | |
| Expenses as % of PGI | 26.21% | | | |
| Expenses as % of EGI | 29.12% | | | |
| Overall or Cap Rate | 4.23% | | | |
| NOI/SF | \$5.31 Gross | | | |
| NOI/Unit | \$5,981 | | | |
| <u>Remarks</u> | | | | |
| There was a \$5,000 bonus to any buyers agent. Loan could be assumed with a "wrap" loan but no release. | | | | |
| Units are good quality and in good condition | | | | |

APP000086

Multi-Family Sale No. 3**Property Identification**

Record ID 21
Property Type 4-Plex
Property Name Homecomings REO
Address 1072 S 430 E, Saint George, Washington County, Utah 87790
Location 1072 S 430 E
Tax ID SG-WM-14

Sale Data

Grantor Homecomings Bank
Grantee BEAVER DAM PROPERTY LLC
Sale Date June 16, 2008
Conditions of Sale Cash
Sale History Two apparent Sales in 36 Months, no details available.
User 4 It was listed for \$649,900 so I am sure it sold for slightly less
Verification Donn Williams; 435-705-0066, April 02, 2009; Other sources: MLS #08-98037, Confirmed by Damon P. Lawlis

Sale Price \$410,000
Adjusted Price \$410,000

Land Data

Land Size 0.330 Acres or 14,375 SF
Zoning R-3, Multi-Family

APP000087

Topography
Utilities

Level
Improved Lot

| <u>Unit Type</u> | <u>Unit Mix</u> | | <u>Rent/Mo.</u> | <u>Mo. Rent/SF</u> |
|------------------|-------------------------|----------------|-----------------|------------------------|
| | <u>No. of Units</u> | <u>Size SF</u> | | |
| 3 Bed 2 Bath | 4 | 1,108 | \$750 | \$0.68 |
| Total Units | 4 | | | |
| Avg. Unit Size | 1,108 | | | |
| Avg. Rent/Unit | \$750 | | | |
| Avg. Rent/SF | \$0.68 | | | |
| Net SF | 4,432 | | | |

General Physical Data

| | |
|---------------------|--------------------------------|
| No. of Buildings | 1 |
| Construction Type | Stucco/Wood Frame |
| HVAC | Elec Heat Pump |
| Parking | 1 Covered per Unit |
| Stories | 2 |
| Utilities with Rent | Water, Sewer, Trash Collection |
| Year Built | 1995 |

Income Analysis

| | |
|------------------------|----------|
| Potential Gross Income | \$36,000 |
| Vacancy | \$3,600 |
| Effective Gross Income | \$32,400 |
| Expenses | \$9,360 |
| Net Operating Income | \$23,040 |

Indicators

| | |
|----------------------|--------------|
| Sale Price/Gross SF | \$92.51 |
| Sale Price/Unit | \$102,500 |
| Occupancy at Sale | 100 |
| PGIM | 11.39 |
| EGIM | 12.65 |
| Expenses/SF | \$2.11 Gross |
| Expenses/Unit | \$2,340 |
| Expenses as % of PGI | 26.00% |
| Expenses as % of EGI | 28.89% |
| Overall or Cap Rate | 5.62% |
| NOI/SF | \$5.20 Gross |
| NOI/Unit | \$5,760 |

Remarks

This sale is a Bank REO. The bank did not want to hold the units, so they were sold for a discounted REO price.

APP000088

Multi-Family Sale No. 4

**Property Identification**

| | |
|----------------------|--|
| Record ID | 14 |
| Property Name | Casa Grande Apartments |
| Address | 735 E 700 S, Saint George, Washington County, Utah 84770 |
| Location | Central St George |
| Tax ID | SG-760-A SG-752-A |

Sale Data

| | |
|------------------------|---|
| Grantor | California Benefit Inc |
| Grantee | Davco Management |
| Sale Date | December 01, 2006 |
| Property Rights | Lease Fee |
| Financing | Owner Financed |
| Verification | David Fisher; Other sources: Purchase Contract, Confirmed by Craig Morley |

| | |
|------------------------|-------------|
| Sale Price | \$2,506,800 |
| Cash Equivalent | \$2,506,800 |
| Adjusted Price | \$2,506,800 |

APP000089

Land Data

| | |
|--------------------|--------------------------|
| Land Size | 1.200 Acres or 52,272 SF |
| Zoning | R-3, Multi-Family |
| Topography | Level |
| Utilities | To Property |
| Shape | L Shaped |
| Landscaping | Mature/Average |
| Fencing | Fence |

Unit Mix

| <u>Unit Type</u> | <u>No. of Units</u> | <u>Size SF</u> | <u>Rent/Mo.</u> | <u>Mo. Rent/SF</u> |
|-------------------------|--------------------------------|-----------------------|------------------------|-------------------------------|
| 2 Bedroom | 16 | 950 | \$700 | \$0.74 |
| 3 Bedroom | 8 | 1,189 | \$829 | \$0.70 |

| | |
|-----------------------|--------|
| Total Units | 24 |
| Avg. Unit Size | 1,030 |
| Avg. Rent/Unit | \$743 |
| Avg. Rent/SF | \$0.72 |
| Net SF | 24,712 |

General Physical Data

| | |
|----------------------------|---------------------|
| No. of Buildings | 3 |
| Construction Type | Frame/Stucco Veneer |
| Electrical | 220 |
| HVAC | HP/Central |
| Parking | Open |
| Stories | 2 |
| Ceiling Height | 8 |
| Utilities with Rent | Water, Sewer |
| Unit Amenities | Patios/Balconies |
| Year Built | 1985 |
| Condition | Average |

Income Analysis

| | |
|-------------------------------|-----------|
| Potential Gross Income | \$215,040 |
| Vacancy | \$15,052 |
| Effective Gross Income | \$199,988 |
| Expenses | \$44,000 |
| Net Operating Income | \$155,988 |

APP000090

Indicators

| | |
|-----------------------------|--------------|
| Sale Price/Unit | \$104,450 |
| PGIM | 11.66 |
| EGIM | 12.53 |
| Expenses/SF | \$1.78 Gross |
| Expenses/Unit | \$1,833 |
| Expenses as % of PGI | 20.46% |
| Expenses as % of EGI | 22.00% |
| Overall or Cap Rate | 6.22% |
| NOI/SF | \$6.31 Gross |
| NOI/Unit | \$6,500 |

Remarks

The buyer raised the rents immediately after the purchase. About 8 units that were vacated were remodeled by the new owner. Rent standards were relaxed with minimal qualification requirements. Rents were increased on the 2 bedroom units to \$820 to \$870 per unit. 3 Bedroom units were increased from \$800 per month to over \$1000 per month. The owner reports that there are no vacancies at the present time. However, the current rents appear to be about 20% higher than nearby competing units.

APP000091

Multi-Family Sale No. 5



Property Identification

| | |
|---------------|---|
| Record ID | 18 |
| Property Type | 3-Plex |
| Property Name | 3 plex |
| Address | 580 S 1100 E, St. George, Washington County, Utah |
| Location | St. George |
| Tax ID | SG-CH-3 |

Sale Data

| | |
|--------------------|---|
| Grantor | Douglas Hotchkiss |
| Grantee | Brian Lejak |
| Sale Date | August 02, 2007 |
| Property Rights | Fee Simple |
| Marketing Time | 106 |
| Conditions of Sale | Arms Length |
| Financing | Conventional |
| Sale History | Innes to Hotchkiss may 05' for undisclosed amount |
| Verification | Rand McCullough; 435-619-8800, April 01, 2008; Other sources: MLS #07-87099, Confirmed by Garrett Hannig |
| Sale Price | \$402,000 |
| Adjusted Price | \$402,000 |

APP000092

Land Data

| | |
|-------------------|--------------------------|
| Land Size | 0.240 Acres or 10,454 SF |
| Zoning | Multi-Family |
| Topography | Level |
| Utilities | To Site |
| Shape | Rectangular |

Avg. Unit Size 1,050

Net SF 3,150

General Physical Data

| | |
|--------------------------|------------|
| No. of Buildings | 1 |
| Construction Type | Wood Frame |
| Stories | 1 |
| Year Built | 1990 |
| Condition | Average |

Income Analysis

| | |
|-------------------------------|----------|
| Potential Gross Income | \$30,000 |
| Vacancy | \$1,500 |
| Effective Gross Income | \$28,500 |
| Expenses | \$4,252 |
| Net Operating Income | \$24,248 |

Indicators

| | |
|-----------------------------|--------------|
| Sale Price/Unit | \$134,000 |
| Occupancy at Sale | 100 |
| PGIM | 13.4 |
| EGIM | 14.11 |
| Expenses/SF | \$1.35 Gross |
| Expenses/Unit | \$1,417 |
| Expenses as % of PGI | 14.17% |
| Expenses as % of EGI | 14.92% |
| Overall or Cap Rate | 6.03% |
| NOI/SF | \$7.70 Gross |
| NOI/Unit | \$8,083 |

APP000093

NORTHERN UTAH COMPARABLES



| | |
|---|---|
| <p>Sale Details</p> <p>Sale Status: Sold</p> <p>Sale Date: Jan 2009</p> <p>Sale Price: \$900,000</p> <p style="padding-left: 40px;">\$64,286/Unit</p> <p>Cap Rate: 7.12% (At Time Of Listing)</p> <p>Listing Price: \$919,000</p> | <p>Utopia Apartments</p> <p>120 East Utopia Avenue</p> <p>Salt Lake City, UT 84115</p> <p>Salt Lake County</p> <p>Property Type: Multifamily</p> <p>Sub Type: Garden/Low-Rise</p> <p>No. Units: 14</p> <p>Building Size: 9,600 SF</p> <p>Year Built: 1969</p> |
|---|---|

Broker: Windermere
Grady Kohler

(2) 4 plexes and (1) 6 plex. Four plex units have laundry hookups. Six plex building has income producing coin-op. Carport for each unit. Ample off street parking.

| Description | No. Units | Unit Size | Avg. Monthly Rent |
|------------------------|-----------|-----------|-------------------|
| 6-Plex 2 Bedroom Units | 6 | 800 SF | \$650.00 |
| 4-Plex 1 Bedroom Units | 8 | 600 SF | \$500.00 |

| | | |
|------------------------------------|-------------------------------|-----|
| Lot Size: 0.39 Acres | No. Stories: 2 | |
| Parking Ratio: 1 / 1,000 SF | APN/TaxID 16-19-108-1: | 005 |

APP000094

NEVADA COMPARABLES

**Sale Details****Sale Status:** Sold**Sale Date:** Feb 2009**Sale Price:** \$7,500,000 (Approximate)
\$100,000/Unit**Cap Rate:** Not Provided**Woodcreek Villas**

6551 Annie Oakley Dr

Henderson, NV 89014

Clark County

Property Type: Multifamily**Sub Type:** Garden/Low-Rise**No. Units:** 75**Building Size:** 76,585 SF**Year Built:** 1988**Seller:** Donia Family LP **Buyer:** The Bellevue Apartments LLC**Lot Size:** 3.00 Acres**No.** 2
Stories:**APP000095**



Sale Details

Sale Status: Sold
Sale Date: Nov 2008
Sale Price: \$310,000
 \$77,500/Unit
Cap Rate: Not Provided

6236 Ilanos Ln

6236 Ilanos Ln
 Las Vegas, NV 89108
 Clark County

Property Type: Multifamily

Sub Type: Duplex/Triplex/Fourple
 x

No. Units: 4

Building Size: 3,952 SF

Year Built: 1986

Seller: WESTBROOK JAMES A JR &
 MELISSA

Buyer: LOUIE, KENNY Y
 6236 ILANOS LN, LAS VEGAS,
 NV 89108

Property Use: Quadruplex **Lot Size:** 0.17 Acres
No. Buildings: 1 **APN/TaxID 1:** 138-23-711-029
Document 81103005522
Number:

These three comparables can be used to establish a range of value for similar income producing properties in other areas. The gross range on a per unit basis is \$64,286 to \$100,000 per unit. The lower end of the range is inferior units and the upper end is in a superior area. Overall they support an adjusted range of \$85,000 to \$95,000 per unit.

APP000096

APARTMENT SALES SUMMARY TABLE

| No. | Location | Sale Date | Sale Price | Size | Units | Price/SF | Price/Unit |
|-----|--------------|------------|-------------|--------|-------|----------|------------|
| 1. | 652 N 2720 E | 10/31/2007 | \$650,000 | 5,228 | 4 | \$124.33 | \$162,500 |
| 2. | 2608 E 750 N | 02/21/2008 | \$565,000 | 4,504 | 4 | \$125.44 | \$141,250 |
| 3. | 1072 S 430 E | 06/16/2008 | \$410,000 | 4,432 | 4 | \$92.51 | \$102,500 |
| 4. | 735 E 700 S | 12/01/2006 | \$2,506,800 | 24,712 | 24 | \$101.44 | \$104,450 |
| 5. | 580 S 1100 E | 08/02/2007 | \$402,000 | 3,150 | 3 | \$127.62 | \$134,000 |

24 UNITS

BUILDING SALES ADJUSTMENT GRID

| | SUBJECT | SALE 1 | | SALE 2 | | SALE 3 | | SALE 4 | | SALE 5 | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|-------------|--------------|--------------|
| Location | | 652 N 2720 E | | 2608 E 750 N | | 1072 S 430 E | | 735 E 700 S | | 580 S 1100 E | |
| Date of Sale | | Oct-07 | | Feb-08 | | Jun-08 | | Dec-06 | | Aug-07 | |
| Sales Price | | \$650,000 | | \$565,000 | | \$410,000 | | \$2,506,800 | | \$402,000 | |
| Size | | 4 | | 4 | | 4 | | 24 | | 3 | |
| Price/sq ft | | \$162,500.00 | | \$141,250.00 | | \$102,500.00 | | \$104,450.00 | | \$134,000.00 | |
| ELEMENTS OF COMPARISON REQUIRING ADJUSTMENT | | | | | | | | | | | |
| Prop. Rights | Fee Simple | Fee Simple | 0% | Fee Simple | 0% | Fee Simple | 0% | Fee Simple | 0% | Fee Simple | 0% |
| Adjusted Value | | | 650,000 | | 565,000 | | 410,000 | | 2,506,800 | | 402,000 |
| Financing | Cash/Equiv. | Cash | 0% | Cash | 0% | Cash | 0% | Cash | 0% | Cash | 0% |
| Adjusted Value | | | 650,000 | | 565,000 | | 410,000 | | 2,506,800 | | 402,000 |
| Conditions | Arms Length | Arms Length | 0% | Arms Length | 0% | Not Arm-Len | 0% | Arms Length | 0% | Arms Length | 0% |
| Adjusted Value | | | 650,000 | | 565,000 | | 410,000 | | 2,506,800 | | 402,000 |
| Expenditures | None | None | 0% | None | 0% | None | 0% | None | 0% | None | 0% |
| Adjusted Value | | | 650,000 | | 565,000 | | 410,000 | | 2,506,800 | | 402,000 |
| Market Cond. | Apr-09 | Oct-07 | -11.0% | Feb-08 | -10.5% | Jun-08 | -8.0% | Dec-06 | -11.0% | Aug-07 | -11.0% |
| Adjusted Value | | | 578,500 | | 505,675 | | 377,200 | | 2,231,052 | | 357,780 |
| Value/Unit | | | \$144,625.00 | | \$126,418.75 | | \$94,300.00 | | \$92,960.50 | | \$119,260.00 |
| PHYSICAL FEATURES | | | | | | | | | | | |
| Location | St George | St George | 0% | St George | 0% | St George | 0% | St George | 0% | St George | 0% |
| Site | 2,343 SF/Un | 3,376 SF/Un | 0% | 3,376 SF/Un | 0% | 3,594 SF/Un | 0% | 2,343 SF/Un | 0% | 3,485 SF/Un | 0% |
| Size | 24/13 Units | 4 Units | -10% | 4 Units | -10% | 4 Units | -10% | 24 Units | 0% | 3 Units | -15% |
| Parking | Adequate | Adequate | 0% | Adequate | 0% | Adequate | 0% | Adequate | 0% | Adequate | 0% |
| Design | Average | Average | 0% | Average | 0% | Average | 0% | Average | 0% | Average | 0% |
| Quality | Average | Good | -10% | Good | -10% | Average | 0% | Average | 0% | Average | 0% |
| Age/Condition | 20 Yrs Effec | 10 Yrs Eff | -10% | 6 Yrs Eff | -14% | 14 yrs Eff | -6% | 20 Yrs Eff | 0% | 15 Yrs Eff | -5% |
| Other | None | None | 0% | None | 0% | None | 0% | None | 0% | None | 0% |
| Net Adjusted | | | -30% | | -34% | | -16% | | 0% | | -20% |
| Adj. Value/Unit | | | \$101,237.50 | | \$83,436.38 | | \$79,212.00 | | \$92,960.50 | | \$95,408.00 |

APP000097

13 UNITS

BUILDING SALES ADJUSTMENT GRID

| | SUBJECT | SALE 1 | | SALE 2 | | SALE 3 | | SALE 4 | | SALE 5 | |
|--|--------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|
| Location | | 652 N 2720 E | | 2608 E 750 N | | 1072 S 430 E | | 735 E 700 S | | 580 S 1100 E | |
| Date of Sale | | Oct-07 | | Feb-08 | | Jun-08 | | Dec-06 | | Aug-07 | |
| Sales Price | | \$650,000 | | \$565,000 | | \$410,000 | | \$2,506,800 | | \$402,000 | |
| Size | | 4 | | 4 | | 4 | | 24 | | 3 | |
| Price/sq ft | | \$162,500.00 | | \$141,250.00 | | \$102,500.00 | | \$104,450.00 | | \$134,000.00 | |
| ELEMENTS OF COMPARISON REQUIRING ADJUSTMENT | | | | | | | | | | | |
| Prop. Rights | Fee Simple | Fee Simple | 0% | Fee Simple | 0% | Fee Simple | 0% | Fee Simple | 0% | Fee Simple | 0% |
| Adjusted Value | | | 650,000 | | 565,000 | | 410,000 | | 2,506,800 | | 402,000 |
| Financing | Cash/Equiv. | Cash | 0% | Cash | 0% | Cash | 0% | Cash | 0% | Cash | 0% |
| Adjusted Value | | | 650,000 | | 565,000 | | 410,000 | | 2,506,800 | | 402,000 |
| Conditions | Arms Length | Arms Length | 0% | Arms Length | 0% | Not Arm-Len | 0% | Arms Length | 0% | Arms Length | 0% |
| Adjusted Value | | | 650,000 | | 565,000 | | 410,000 | | 2,506,800 | | 402,000 |
| Expenditures | None | None | 0% | None | 0% | None | 0% | None | 0% | None | 0% |
| Adjusted Value | | | 650,000 | | 565,000 | | 410,000 | | 2,506,800 | | 402,000 |
| Market Cond. | Apr-09 | Oct-07 | -11.0% | Feb-08 | -10.5% | Jun-08 | -8.0% | Dec-06 | -11.0% | Aug-07 | -11.0% |
| Adjusted Value | | | 578,500 | | 505,675 | | 377,200 | | 2,231,052 | | 357,780 |
| Value/Unit | | | \$144,625.00 | | \$126,418.75 | | \$94,300.00 | | \$92,960.50 | | \$119,260.00 |
| PHYSICAL FEATURES | | | | | | | | | | | |
| Location | St George | St George | 0% | St George | 0% | St George | 0% | St George | 0% | St George | 0% |
| Site | 2,343 SF/Un | 3,376 SF/Un | 0% | 3,376 SF/Un | 0% | 3,594 SF/Un | 0% | 2,343 SF/Un | 0% | 3,485 SF/Un | 0% |
| Size | 24/13 Units | 4 Units | -5% | 4 Units | -5% | 4 Units | -5% | 24 Units | 0% | 3 Units | -10% |
| Parking | Adequate | Adequate | 0% | Adequate | 0% | Adequate | 0% | Adequate | 0% | Adequate | 0% |
| Design | Average | Average | 0% | Average | 0% | Average | 0% | Average | 0% | Average | 0% |
| Quality | Average | Good | -10% | Good | -10% | Average | 0% | Average | 0% | Average | 0% |
| Age/Condition | 20 Yrs Effec | 10 Yrs Eff | -10% | 6 Yrs Eff | -14% | 14 yrs Eff | -6% | 20 Yrs Eff | 0% | 15 Yrs Eff | -5% |
| Other | None | None | 0% | None | 0% | None | 0% | None | 0% | None | 0% |
| Net Adjusted | | | -25% | | -29% | | -11% | | 0% | | -15% |
| Adj. Value/Unit | | | 108,468.75 | | 89,757.31 | | 83,927.00 | | 92,960.50 | | 101,371.00 |
| Total Real Property | | | 1,410,094 | | 1,166,845 | | 1,091,051 | | 1,208,487 | | 1,317,823 |

Three residential apartment rentals were selected from St. George. While all of the units are smaller than the subject, they are the best available from the market area and provide a reasonable indication of market value. The previous table summarizes the market data. The sales are adjusted on a per square foot basis.

Property Rights: All of the comparable sales were sold with market equivalent property rights, no adjustments were necessary. The "leased fee" and "fee simple" estates were considered equal as all of sales had market rents.

Financing: All sales were conventional financing. No adjustment is deemed necessary for financing.

APP000098

Conditions: All sales are considered arms length, except sale 3. Sale 3 is an REO sale. However, there has been little difference between the sales price of REO properties and traditional arms length properties. Sale 3 will be weighted less than the other sales and will bracket the lower end of the range.

Market Conditions: While the market has seen increases prior to 2006, the sales selected were adjusted at a variable rate on a per year basis. The adjustments were as follows;

| SALE | % | SALES | | | | |
|--------------|--------|--------|--------|-------|--------|--------|
| YEAR | Month | 1 | 2 | 3 | 4 | 5 |
| 2006 Jan-Dec | 0.00% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 2007 Jan-Dec | 0.00% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 2008 Jan-Jun | -0.50% | -3.0% | -2.5% | 0.0% | -3.0% | -3.0% |
| 2008 Jul-Dec | -1.00% | -6.0% | -6.0% | -6.0% | -6.0% | -6.0% |
| 2009 Jan-Feb | -1.00% | -2.0% | -2.0% | -2.0% | -2.0% | -2.0% |
| TOTAL | | -11.0% | -10.5% | -8.0% | -11.0% | -11.0% |

Location: The subject and all of the sales are in the greater Saint George area, so no adjustment was needed.

Site: The site size on each of the comparables is consistent, but a little larger than the subject. This is primarily due to the amount of units in each project. There is not enough of a size difference to affect value.

Size: The subject is 24 units and 13 units. There were no recent sales of similar buildings. However, the comparables chosen rent for about the same and are functionally similar. However, it is easier to sell 4 units than 13 or 24, so adjustments were needed. The 13 unit subject grid has -5% to -10% adjustment for size and the 24 unit subject grid has -10% to -15% adjustments

APP000099

Parking: The subject and all of the sales have similar parking, as far as value is concerned. If one had obsolesces parking, it could affect value.

Design: The subject and all of the sales have similar design, as far as value is concerned. If one had obsolesces or superior design it could affect value.

Quality: Sales 3, 4 and 5 have been judged to be similar in overall quality and appeal, so no adjustment is needed. Sales 1 and 2 are judged to be superior to the subject with upgraded construction and higher quality materials. A -10% adjustment was made to compensate.

Age/Condition: Age adjustments area applied at about 1% per year. All of the sales except sale 4 needed some level of adjustment, as most were newer and considered in superior condition. The subject is older than 20 years but it appears to have an age equal to a 20 year old building. Each sale was adjusted by 1% a year for different effective ages.

Other: No adjustments were needed.

APP000100

CONCLUSION

The adjusted sales are based on a price per unit. This method is somewhat reliable as residential rental units are typically rented on a unit basis. Despite the limitations of the method, it provides an indication of the subject's market value. The sales indicate a wide range of value from \$83,436 to \$101,237 per unit for the 24 unit subject and \$83,757 to \$108,469 for the 13 units. It is my opinion that the subject has a market value of \$94,000 for the 24 unit subject and \$97,000 per unit for the 13 unit subject.

| | |
|--------------------------------------|--------------------|
| Value indicated by Per Unit 24 Units | \$2,256,000 |
| Value indicated by Per Unit 13 Units | <u>\$1,261,000</u> |
| TOTAL | \$3,517,000 |

APP000101

INCOME CAPITALIZATION APPROACH TO VALUE

Methodology

The income approach is based on the premise that the value of the real estate is equal to the present worth of anticipated future benefits [income] to be derived from the ownership rights in that real estate. An investor purchasing income-producing real estate is, in effect, trading present dollars for future income.

The net operating income, which the property will produce during the projected income period, is converted to an indication of value through a capitalization process. The value is the amount which an informed purchaser/investor would pay for the right to receive this income over the period specified.

The quantity, quality, and durability of the income stream must be considered in estimating value for an income-producing property. The following steps will be utilized to translate the net operating income into a value indication.

1. Estimate potential gross income, based on the market rents for similar properties.
2. Estimate a vacancy and collection loss allowance and deduct it to derive effective gross income.
3. Estimate and deduct fixed and operating expenses to derive net operating income. Expenses are analyzed, based on current expense data of similar properties.
4. Select an appropriate capitalization method and technique.

APP000102

-
5. Transform the net operating income into an estimate of value. The proper method of capitalization is determined upon the quality, quantity, and duration of the net income expectancy.

Projected Gross Income

Current rent rates in the project are as follows:

| | |
|-----------------|--------------------------|
| 3 Bedroom Units | \$775 to \$850 Per Month |
| 2 Bedroom Units | \$675 to \$725 Per Month |

Current asking rent rate is \$850 per month for the three bedroom units with a \$300 per month discount for the first three months. This makes the overall rent at \$775 per month for the three bedroom units. The two bedroom units are being offered at \$700 per month with a similar discount, putting the average rent at about \$650 per month.

The previous owner began managing the property in January 2007 with immediate increase in the rent. I was able to speak to the previous owner about the income and expense history. The best information I have is that the two bedroom units were being rented for \$730 per month and the three bedroom units were being rented for \$900 per month.

With the significant increase in rents, tenants on month to month leases vacated the facility and the new owner began to renovate the vacated units. The first three months of the year a number of units remained vacant while improvements were being made.

APP000103

When the current owner (same as the previous owner above) took the property back from the new owner, there was still 10 units vacant and the units were being vacated for cheap units.

It appears that the buyer of the units in 2007 was renting the units to people who might not otherwise be able to get a rental unit, due to various factors. The renters were willing to pay a premium to get into a unit. As the job market has softened, a lot of these renters have left town. As the units fill back up, it is with more traditional renters at a lower rate. The following grid is the current rental rates as well as the potential rent for the vacant units.

| RENTAL DATA | | | |
|-------------|-------|-----------|----------|
| | | PGI | ACTUAL |
| Casa Sonoma | UNIT | RENT | VACANT |
| | A | \$775 | X |
| | B | \$775 | X |
| | C | \$775 | \$775 |
| | D | \$775 | \$775 |
| | E | \$775 | \$775 |
| | F | \$775 | \$775 |
| | G | \$775 | X |
| | H | \$775 | \$775 |
| | I | \$775 | X |
| | J | \$775 | X |
| | K | \$775 | \$775 |
| | L | \$775 | X |
| | M | \$775 | \$775 |
| | TOTAL | \$10,075 | \$5,425 |
| | TOTAL | \$120,900 | \$65,100 |

APP000104

| RENTAL DATA | | | |
|-------------|-------|-----------|-----------|
| | | PGI | ACTUAL |
| Casa Grande | UNIT | RENT | VACANT |
| | 1 | \$800 | X |
| | 2 | \$850 | \$850 |
| | 3 | \$850 | \$850 |
| | 4 | \$825 | \$825 |
| | 5 | \$700 | \$700 |
| | 6 | \$675 | \$675 |
| | 7 | \$700 | \$700 |
| | 8 | \$700 | \$700 |
| | 9 | \$700 | \$700 |
| | 10 | \$700 | \$700 |
| | 11 | \$660 | \$660 |
| | 12 | \$850 | \$850 |
| | 13 | \$800 | X |
| | 14 | \$800 | X |
| | 15 | \$700 | \$700 |
| | 16 | \$675 | \$675 |
| | 17 | \$725 | \$725 |
| | 18 | \$725 | \$725 |
| | 19 | \$850 | \$850 |
| | 20 | \$850 | \$850 |
| | 21 | \$700 | \$700 |
| | 22 | \$700 | \$700 |
| | 23 | \$675 | X |
| | 24 | \$675 | \$675 |
| | TOTAL | \$17,885 | \$14,810 |
| | TOTAL | \$214,620 | \$177,720 |

A survey of competing residential rentals in St. George is summarized as follows:

APP000105

Multi-Family Lease No. 1



Property Identification

Record ID 24
Property Type 4-Plex
Property Name Pine View Terrace
Address 652 N 2720 E, Saint George, Washington County, Utah 84790
Location 652 N 2720 E
Tax ID SG-PIVT-2

Verification Craig Barr; redcliffsinfo.net, April 02, 2009; Other sources: MLS #07-91680, Confirmed by Damon P. Lawlis

| | | <u>Unit Mix</u> | | |
|------------------|---------------------|-----------------|-----------------|--------------------|
| <u>Unit Type</u> | <u>No. of Units</u> | <u>Size SF</u> | <u>Rent/Mo.</u> | <u>Mo. Rent/SF</u> |
| 3 Bed 2 Bath | 4 | 1,307 | \$800 | \$0.61 |
| Unit Size Range | 0 - 1307 | | | |
| Avg. Unit Size | 1,307 | | | |
| Avg. Rent/Unit | \$800 | | | |
| Avg. Rent/SF | \$0.61 | | | |
| Net SF | 5,228 | | | |

APP000106

Physical Data

| | |
|----------------------------|---------------------------------------|
| No. of Buildings | 1 |
| Construction Type | Stucco/Wood Frame |
| HVAC | Elec/Gas Heat Pump |
| Stories | 2 |
| Utilities with Rent | Water, Cable, Sewer, Trash Collection |
| Year Built | 1997 |

Remarks

This is an older 4 plex in the Pine view area. It was sold \$51,000 above the asking price. I could not find a reason for this, so I assume it was additional person property.

APP000107

Multi-Family Lease No. 2



Property Identification

Record ID 21
Property Type Condominium
Property Name Fleur De Lis
Address 1238 W 360 N, St. George, Washington County, Utah 84770
Location St George
Tax ID SG-FDLC-2-7-8-9-10-12

Owner Emerald Bay
Verification Randee Taylor; 628-1606

Unit Mix

| <u>Unit Type</u> | <u>No. of Units</u> | <u>Size SF</u> | <u>Rent/Mo.</u> | <u>Mo. Rent/SF</u> |
|------------------|---------------------|----------------|-----------------|--------------------|
| 2 BR 1.5 BA | 4 | 900 | \$725 | \$0.81 |
| 2 BR 2 BA | 2 | 920 | \$825 | \$0.90 |

Occupancy Full
Total Units 6
Unit Size Range 900 - 920
Avg. Unit Size 907
Avg. Rent/Unit \$758
Avg. Rent/SF \$0.84

APP000108

Physical Data

| | |
|----------------------------|--------------------------------|
| No. of Buildings | 3 |
| Construction Type | Stucco, Tile |
| Stories | 2 |
| Floor Height | 9 |
| Utilities with Rent | Water, Sewer, Trash Collection |
| Unit Amenities | Patios/Balconies, Fire places |
| Parking | One garage space |
| Year Built | 2001 |
| Condition | Average |

Remarks

These apartments are located in the dixie downs area and appear to be in better condition than the subject property. Each of these units has a fireplace and a one car garage.

APP000109

Multi-Family Lease No. 3



Property Identification

| | |
|----------------------|---|
| Record ID | 15 |
| Property Type | Garden |
| Property Name | Avalon Apts. |
| Address | 333 E 1000 S, St. George, Washington County, Utah 84770 |
| Location | St. George |
| Tax ID | SG-1016-C |

| | |
|------------------------|---|
| Owner | David Watson |
| On-Site Manager | Emily Holt |
| Verification | David Watson; 652-9317, August 07, 2006 |

| | |
|-----------------------|-------|
| Total Units | 48 |
| Avg. Unit Size | 986 |
| Avg. Rent/Unit | \$750 |

| | |
|---------------|-------------------|
| Net SF | 986 Per each unit |
|---------------|-------------------|

APP000110

Physical Data

| | |
|----------------------------|---|
| No. of Buildings | 8 |
| Construction Type | Wood/Stucco |
| Stories | 2 |
| Utilities with Rent | Electricity, Water, Cable, Gas, Phone, Sewer, Trash Collection |
| Unit Amenities | Patios/Balconies, Fire places, Ceiling Fans, Screen Porches, Vaulted Ceilings, Security System, Icemakers, Washer/Dryer Connections, Microwaves |
| Project Amenities | Pools (Indoor & OutDoor), Indoor Tennis, Outdoor Tennis, Clubhouse, Laundry, Sports Court, Whirlpool/Jacuzzi, Exercise/Fitness |
| Parking | 91 parking spots |
| Year Built | 1989 |
| Condition | Average |

APP000111

Multi-Family Lease No. 4



Property Identification

Record ID 22
Property Type Garden
Property Name 450 E 700 S
Address 450 E 700 S, St. George, Washington County, Utah 84770
Location St George
Tax ID SG-1388-K

Verification Lori Muscolino; 467-3785

| <u>Unit Type</u> | <u>Unit Mix</u> | | <u>Rent/Mo.</u> | <u>Mo. Rent/SF</u> |
|------------------------|-------------------------|----------------|-----------------|------------------------|
| | <u>No. of Units</u> | <u>Size SF</u> | | |
| 2 BR | 2 | 900 | \$795 | \$0.88 |
| 3 BR | 1 | 1,200 | \$900 | \$0.75 |
| Total Units | 3 | | | |
| Unit Size Range | 900 - 1200 | | | |
| Avg. Unit Size | 1,000 | | | |
| Avg. Rent/Unit | \$830 | | | |
| Avg. Rent/SF | \$0.83 | | | |

APP000112

Physical Data

| | |
|---------------------|--------------------------------|
| No. of Buildings | 1 |
| Construction Type | Wood Frame, Tar & Gravel |
| Stories | 1 |
| Floor Height | 9 |
| Utilities with Rent | Water, Sewer, Trash Collection |
| Parking | Open |
| Year Built | 1968 has been updated |
| Condition | Average |

Remarks

These apartments are located in central St George and appear to be in better condition than subject property. They are similar in location and have open parking spaces.

APARTMENT RENTALS SUMMARY TABLE

| No. | Location | Avg. Unit Size | Avg. Mo. Rent |
|-----|--------------|----------------|---------------|
| 1. | 652 N 2720 E | 1,307 | \$800 |
| 2. | 1238 W 360 N | 907 | \$758 |
| 3. | 333 E 1000 S | 986 | \$750 |
| 4. | 450 E 700 S | 1,000 | \$830 |

APP000113

| RENT COMPARABLE ADJUSTMENT | | | | | | | | | |
|--------------------------------------|-------------|--------------|-------|--------------|-------|--------------|-------|-------------|-------|
| | Subject | Rental 1 | | Rental 2 | | Rental 3 | | Rental 4 | |
| Location | Casa Grande | 652 N 2720 E | | 1238 W 360 N | | 333 E 1000 S | | 450 E 700 S | |
| No. of Units | 24 | 4 | | 6 | | 48 | | 3 | |
| Current Vacancy % | 0.00% | 0% | | 9% | | 10% | | 11% | |
| Studio | No | No | | No | | No | | No | |
| 1 Bed | No | No | | No | | No | | No | |
| 2 Bed | Yes | No | | Yes | | Yes | | Yes | |
| 3 Bed | Yes | Yes | | No | | Yes | | Yes | |
| RENTAL RATES | | | | | | | | | |
| Studio | \$0 | \$0 | | \$0 | | \$0 | | \$0 | |
| 1 Bed | \$0 | \$0 | | \$0 | | \$0 | | \$0.00 | |
| 2 Bed | \$650-\$700 | \$0 | | \$775 | | \$725 | | \$795.00 | |
| 3 Bed | \$775-\$850 | \$800 | | \$0 | | \$750 | | \$900.00 | |
| LEASE TERMS ADJUSTMENT | | | | | | | | | |
| Utilities | Lessee | Lessee | 0% | Lessee | 0% | Lessee | 0% | Lessee | 0% |
| Real Property Tax | Landlord | Landlord | 0% | Landlord | 0% | Landlord | 0% | Landlord | 0% |
| Insurance | Landlord | Landlord | 0% | Landlord | 0% | Landlord | 0% | Landlord | 0% |
| Maintenance | Landlord | Landlord | 0% | Landlord | 0% | Landlord | 0% | Landlord | 0% |
| Furnishings | Lessee | Lessee | 0% | Lessee | 0% | Lessee | 0% | Lessee | 0% |
| Other | NA | None | 0% | None | 0% | None | 0% | None | 0% |
| Total Adjustment | | | 0% | | 0% | | 0% | | 0% |
| PHYSICAL FEATURES | | | | | | | | | |
| Location | Good | Average | 5% | Good | | Good | 0% | Good | 0% |
| Quality | Average | Average | 0% | Good | -5% | Average | 0% | Average | 0% |
| Age/Condition | 1985 (Blt) | Average-Inf | 2% | Good | -5% | Average | 0% | Superior | -10% |
| Other | None | None | 0% | None | 0% | Pool/Ht/ect | -10% | Amenities | 0% |
| Total Adjustment | | | 7% | | -10% | | -10% | | -10% |
| INDICATED SUBJECT RENT/STUDIO | | | \$0 | | \$0 | | \$0 | | \$0 |
| INDICATED SUBJECT RENT/1 BED | | | \$0 | | \$0 | | \$0 | | \$0 |
| INDICATED SUBJECT RENT/2 BED | | | \$0 | | \$698 | | \$653 | | \$716 |
| INDICATED SUBJECT RENT/3 BED | | | \$856 | | \$0 | | \$675 | | \$810 |

APP000114

The following table is a summary of units offered or that have recently been leased in the St. George area.

3 BEDROOM UNITS

| Address | City | SF | Updated | Rent | Bed | Bath |
|----------------------------|------------|------|---------|-------|-----|------|
| 777 S 400 E #57 | St. George | 1300 | 3/18/09 | \$950 | 3 | 2 |
| 1784 N 2130 W | St. George | 1210 | 3/18/09 | \$950 | 3 | 2 |
| 535 N 2040 E | St. George | 1200 | 2/17/09 | \$950 | 3 | 2 |
| 524 S Indian Hills Dr. #2 | St. George | 1110 | 3/18/09 | \$950 | 3 | 2 |
| 524 S Indian Hills Dr #9 | St. George | | 3/18/09 | \$950 | 3 | 2 |
| 225 N Country Lane #33 | St. George | 1380 | 2/17/09 | \$925 | 2 | 2 |
| 1630 E 2450 S #276 | St. George | 1280 | 3/18/09 | \$925 | 3 | 2 |
| 3155 Hidden Valley #183 | St. George | 1420 | 3/18/09 | \$920 | 3 | 2.5 |
| 376 E 300 S #16 | St. George | 1700 | 3/18/09 | \$900 | 3 | 2 |
| 463 N 2070 E | St. George | 1700 | 2/17/09 | \$900 | 3 | 2 |
| 136 S 320 East | Ivins | 1600 | 2/17/09 | \$900 | 3 | 2 |
| 2045 S 1200 E #12 | St. George | 1500 | 3/18/09 | \$900 | 3 | 2 |
| 117 N Turnbury Lane | Washington | 1500 | 2/17/09 | \$900 | 3 | 2.5 |
| 2056 E Middleton #35 | Washington | 1470 | 3/18/09 | \$900 | 3 | 2 |
| 3155 Hidden Valley #203 | St. George | 1420 | 3/18/09 | \$900 | 3 | 2.5 |
| 3155 Hidden Valley #259 | St. George | 1420 | 2/17/09 | \$900 | 3 | 2.5 |
| 543 N 2480 W | Hurricane | 1300 | 1/20/09 | \$900 | 3 | 2 |
| 376 N 2480 W | Hurricane | 1286 | 1/20/09 | \$900 | 3 | 2 |
| 126 S 1250 W | St. George | 1200 | 2/17/09 | \$900 | 3 | 2 |
| 74 S 200 W | Ivins | | 3/18/09 | \$900 | 3 | 2 |
| 115 S 1250 W | St. George | | 2/17/09 | \$900 | 3 | 2 |
| 114 S 1250 W | St. George | | 1/20/09 | \$900 | 3 | 2 |
| 345 N 2450 E #154 | St. George | 1560 | 2/17/09 | \$895 | 3 | 2 |
| 683 Spring Circle | St. George | 1500 | 3/18/09 | \$895 | 3 | 2 |
| 3155 Hidden Valley #160 | St. George | 1420 | 3/18/09 | \$895 | 3 | 2.5 |
| 646 N 2450 E #17 | St. George | 1310 | 1/20/09 | \$895 | 3 | 2 |
| 1167 E 400 S #30 | St. George | 1300 | 1/20/09 | \$895 | 3 | 2.5 |
| 3155 Hidden Valley #2121 | St. George | 1300 | 1/20/09 | \$895 | 3 | 2.5 |
| 646 N 2450 E #38 | St. George | 1300 | 1/20/09 | \$895 | 3 | 2 |
| 2176 W 1770 N | St. George | 1200 | 3/18/09 | \$895 | 3 | 2 |
| 1301 W Indian Hills Dr #43 | St. George | 1500 | 2/17/09 | \$880 | 3 | 2 |
| 1167 E 400 S #2 | St. George | 1350 | 2/17/09 | \$875 | 3 | 2.5 |
| 1167 E 400 S #6 | St. George | 1167 | 1/20/09 | \$875 | 3 | 2 |
| 2583 E 620 N | St. George | 1000 | 3/18/09 | \$875 | 3 | 1.75 |
| 370 S Valley View Drive #8 | St. George | 1450 | 1/20/09 | \$850 | 3 | 3 |
| 3155 Hidden Valley #257 | St. George | 1380 | 3/18/09 | \$850 | 3 | 2.5 |
| 1735 W 540 N #1406 | St. George | 1365 | 2/17/09 | \$850 | 3 | 2.5 |
| 790 N 2720 E #6 | St. George | 1325 | 3/18/09 | \$850 | 3 | 2 |
| 3155 Hidden Valley #169 | St. George | 1300 | 3/18/09 | \$850 | 3 | 2 |
| 2136 W 1465 N | St. George | 1300 | 2/17/09 | \$850 | 3 | 2 |

APP000115

| Address | City | SF | Updated | Rent | Bed | Bath |
|-----------------------------|------------|------|---------|-------|-----|------|
| 777 S 400 E #72 | St. George | 1200 | 3/18/09 | \$850 | 3 | 2 |
| 45 W Center | Ivins | 1200 | 2/17/09 | \$850 | 3 | 2 |
| 1272 W 360 N #D | St. George | 1100 | 3/18/09 | \$850 | 3 | 2 |
| 700 N Main #C5 | Washington | 1060 | 1/20/09 | \$850 | 3 | 2 |
| 110 S 1930 W | Hurricane | | 1/20/09 | \$850 | 3 | 2 |
| 118 S 1930 W | Hurricane | | 1/20/09 | \$850 | 3 | 2 |
| 108 S 1250 W | St. George | 1470 | 3/18/09 | \$825 | 3 | 2 |
| 1061 N 1550 W #2 | St George | | 3/18/09 | \$825 | 3 | 2.5 |
| 114 S 1250 W | St. George | | 3/18/09 | \$825 | 3 | 2 |
| 790 N 2720 E #7 | St. George | 1330 | 2/17/09 | \$800 | 3 | 2.5 |
| 790 N 2720 E #4 | St. George | 1325 | 1/20/09 | \$800 | 3 | 2.5 |
| 790 N 2720 E #3 | St. George | 1300 | 3/18/09 | \$800 | 3 | 2.5 |
| 547 Fiesta Drive #63 | Ivins | 1210 | 3/18/09 | \$800 | 3 | 2 |
| 2546 E 620 N | St. George | 1200 | 3/18/09 | \$800 | 3 | 2 |
| 260 S 200 E #C | St. George | 1161 | 2/17/09 | \$800 | 3 | 2 |
| 119 S 1930 W | Hurricane | 1150 | 1/20/09 | \$800 | 3 | 2 |
| 700 N Main #A4 | Washington | 1100 | 1/20/09 | \$800 | 3 | 2 |
| 2560 E 620 N | St. George | 1000 | 1/20/09 | \$800 | 3 | 2 |
| 2636 E 610 N #A | St. George | 1000 | 3/18/09 | \$800 | 3 | 2 |
| 1735 W 540 N #2701 | St. George | 1365 | 3/18/09 | \$795 | 3 | 2 |
| 1301 W Indian Hills Dr #18 | St George | 1250 | 2/17/09 | \$795 | 3 | 2.5 |
| 1301 W Indian Hills Dr #10 | St. George | 1250 | 1/20/09 | \$795 | 3 | 2.5 |
| 1301 W Indian Hills Dr #12 | St. George | 1250 | 1/20/09 | \$795 | 3 | 2.5 |
| 1301 W Indian Hills Dr #8 | St. George | 1200 | 3/18/09 | \$795 | 3 | 2 |
| 470 E 1100 S #36 | St. George | 1136 | 3/18/09 | \$795 | 3 | 2 |
| 1079 N 1800 W Cir #1 | St. George | | 3/18/09 | \$795 | 3 | 2 |
| 1040 N 1300 W #48 | St. George | 1500 | 2/17/09 | \$780 | 3 | 2 |
| 1735 W 540 N #2104 | St. George | 1356 | 3/18/09 | \$775 | 3 | 2 |
| 777 S 400 E #57 | St. George | 1300 | 2/17/09 | \$775 | 3 | 2 |
| 151 S 400 E #8 | St. George | 1200 | 3/18/09 | \$775 | 3 | 2 |
| 1735 W 540 N #2302 | St George | | 3/18/09 | \$775 | 3 | 2 |
| 1065 N 1620 W #52 | St. George | | 2/17/09 | \$775 | 3 | 2 |
| 1735 W 540 N #2302 | St. George | | 1/20/09 | \$775 | 3 | 2 |
| 781 N Valley View Drive #53 | St. George | 1800 | 2/17/09 | \$750 | 3 | 2.5 |
| 1050 E 500 S #16 | St. George | 1600 | 3/18/09 | \$750 | 3 | 2 |
| 805 S River Rd #49 | St. George | 1550 | 3/18/09 | \$750 | 3 | 2 |
| 1301 W Indian Hills Dr #44 | St. George | 1500 | 3/18/09 | \$750 | 3 | 2 |
| 1301 W Indian Hills Dr #58 | St. George | 1454 | 3/18/09 | \$750 | 3 | 2.5 |
| 1735 W 540 N #2002 | St. George | 1365 | 3/18/09 | \$750 | 3 | 2.5 |
| 1735 W 540 N #2405 | St. George | 1350 | 2/17/09 | \$750 | 3 | 2.5 |
| 575 S 1100 E #15 | St. George | 1300 | 3/18/09 | \$750 | 3 | 2 |
| 1301 W Indian Hills Dr #11 | St. George | 1250 | 3/18/09 | \$750 | 3 | 2.5 |
| 1301 W Indian Hills Dr #45 | St. George | 1250 | 3/18/09 | \$750 | 3 | 2.5 |
| 1735 W 540 N #805 | St. George | 1200 | 1/20/09 | \$750 | 3 | 2.5 |

APP000116

| Address | City | SF | Updated | Rent | Bed | Bath |
|----------------------------|------------|------|---------|-------|-----|------|
| 1039 E 600 S #8 | St. George | 1200 | 3/18/09 | \$750 | 3 | 3 |
| 1169 N 1340 W Circle #1 | St. George | 1122 | 3/18/09 | \$750 | 3 | 2 |
| 444 E Sunland Dr #72 | St. George | 1100 | 3/18/09 | \$750 | 3 | 2 |
| 700 N Main #A4 | Washington | 1100 | 3/18/09 | \$750 | 3 | 2 |
| 2529 E 610 N | St. George | 1100 | 1/20/09 | \$750 | 3 | 2 |
| 700 N Main #F8 | Washington | 1060 | 3/18/09 | \$750 | 3 | 2 |
| 2470 E 620 N | Washington | 1000 | 2/17/09 | \$750 | 3 | 2 |
| 700 N Main #H5 | Washington | 1000 | 2/17/09 | \$750 | 3 | 2 |
| 1040 N 1300 W #79 | St. George | | 3/18/09 | \$750 | 3 | 2 |
| 1065 N 1100 W #3 | St. George | | 3/18/09 | \$750 | 3 | 2 |
| 444 E Sunland Dr #72 | St. George | | 2/17/09 | \$750 | 3 | 2 |
| 397 W 300 N | Hurricane | | 1/20/09 | \$750 | 3 | 1 |
| 444 E Sunland Dr #72 | St. George | | 1/20/09 | \$750 | 3 | 2 |
| 1767 W 1100 N #4 | Parkside | | 3/18/09 | \$750 | 3 | 2 |
| 1152 N 1400 W #5C | St. George | 1364 | 3/18/09 | \$725 | 3 | 2 |
| 1301 W Indian Hills Dr #40 | St. George | 1300 | 3/18/09 | \$725 | 3 | 2.5 |
| 1301 W Indian Hills Dr #39 | St. George | 1050 | 3/18/09 | \$725 | 3 | 2.5 |
| 161 W 950 S #C-4 | St. George | | 3/18/09 | \$725 | 3 | 2 |
| 210 W 625 N | LaVerkin | | 2/17/09 | \$725 | 3 | 2 |
| 781 N Valley View Dr #50 | St. George | 1600 | 1/20/09 | \$700 | 3 | 2.5 |
| 1735 W 540 N #1303 | St. George | 1345 | 2/17/09 | \$700 | 3 | 2 |
| 1735 W 540 N #2403 | St. George | 1345 | 3/18/09 | \$700 | 3 | 2 |
| 1735 W 540 N #2704 | St. George | 1300 | 3/18/09 | \$700 | 3 | 2.5 |
| 1943 W 200 S | Hurricane | 1200 | 3/18/09 | \$700 | 3 | 2 |
| 1075 N 1400 W #17 | St. George | 1100 | 3/18/09 | \$700 | 3 | 2 |
| 575 S 1100 E #14 | St. George | | 1/20/09 | \$700 | 3 | 2 |
| 700 N Main #111 | Washington | 1300 | 2/17/09 | \$695 | 3 | 2 |
| 1308 W 1130 N #2 | St. George | 1250 | 3/18/09 | \$695 | 3 | 2 |
| 365 W 200 S #1 | St. George | 1200 | 1/20/09 | \$695 | 3 | 2 |
| 455 S 1100 E #13 | St. George | 1100 | 3/18/09 | \$695 | 3 | 1 |
| 700 N Main #B6 | Washington | 1085 | 3/18/09 | \$695 | 3 | 2 |
| 700 N Main #F5 | Washington | 950 | 3/18/09 | \$695 | 3 | 2 |
| 1017 S 460 E #2 | St. George | | 3/18/09 | \$695 | 3 | 2 |
| 673 W Evans Ridge Cir #2 | St. George | | 3/18/09 | \$695 | 3 | 2 |
| 455 S 1100 E #29 | St. George | 1105 | 3/18/09 | \$675 | 3 | 1 |
| 2574 E 750 N #2 | Washington | 1100 | 3/18/09 | \$675 | 3 | 2 |
| 2574 E 750 N #3 | Washington | 1100 | 3/18/09 | \$675 | 3 | 2 |
| 673 W Evans Ridge Cir #34 | Washington | | 3/18/09 | \$675 | 3 | 2 |
| 1372 W 1130 N #6 | St. George | 1200 | 1/20/09 | \$650 | 3 | 2.5 |
| 1152 N 1400 W #7D | St. George | | 3/18/09 | \$650 | 3 | 2 |
| 1372 W 1130 N #7 | St. George | 1200 | 3/18/09 | \$625 | 3 | 2.5 |
| 1372 W 1130 N #8 | St. George | 1200 | 3/18/09 | \$625 | 3 | 2.5 |
| 1152 N 1400 W #3B | St. George | 1050 | 2/17/09 | \$625 | 3 | 2 |

APP000117

| Address | City | SF | Updated | Rent | Bed | Bath |
|---------------------------|------------|---------|---------|-------|-----|------|
| 232 N Adobe Ridge Cir. #1 | Washington | 1156 | 1/20/09 | \$595 | 3 | 2 |
| 232 N Adobe Ridge Cir. #3 | Washington | 1156 | 1/20/09 | \$595 | 3 | 2 |
| | | MIN | 1/20/09 | \$595 | 2 | 1 |
| | | MAX | 3/18/09 | \$950 | 3 | 3 |
| | | MEDIAN | 3/18/09 | \$795 | 3 | 2 |
| | | AVERAGE | 2/26/09 | \$793 | 3.0 | 2.1 |

TWO BEDROOMS

| Address | City | SF | Updated | RENT | Bed | Bath |
|-----------------------|------------|------|---------|-------|-----|------|
| 964 N 1725 W | St. George | 1050 | 3/18/09 | \$575 | 2 | 2 |
| 1045 N 1725 W #166 | St. George | 1050 | 3/18/09 | \$595 | 2 | 1 |
| 1046 N 1725 W #167 | St. George | 1050 | 3/18/09 | \$595 | 2 | 1.5 |
| 1711 W 950 N #28 | St. George | 1050 | 3/18/09 | \$595 | 2 | 2.5 |
| 1794 W 1020 N #136 | St George | 1050 | 3/18/09 | \$595 | 2 | 2 |
| 1045 N 1725 W #173 | St. George | 1000 | 3/18/09 | \$595 | 2 | 1.5 |
| 355 W 100 S #7 | St. George | 800 | 3/18/09 | \$595 | 2 | 1 |
| 1747 W 950 N #16 | St. George | | 1/20/09 | \$595 | 2 | 1.5 |
| 510 S 1100 E #1 | St. George | 876 | 3/18/09 | \$595 | 2 | 1 |
| 510 S 1100 E #2 | St. George | 876 | 3/18/09 | \$595 | 2 | 1 |
| 355 W 100 S #3 | St. George | 800 | 3/18/09 | \$595 | 2 | 1 |
| 355 W 100 S #2 | St. George | 800 | 2/17/09 | \$595 | 2 | 1 |
| 355 W 100 S #5 | St. George | 800 | 1/20/09 | \$595 | 2 | 1 |
| 255 W 2025 S #203 | St. George | 600 | 3/18/09 | \$595 | 1 | 1 |
| 480 S 200 W #18 | St. George | | 2/17/09 | \$595 | 1 | 2 |
| 58 S 800 E | St. George | 900 | 3/18/09 | \$600 | 2 | 1 |
| 1108 N 1300 W #9 | St. George | 1100 | 3/18/09 | \$600 | 2 | 2 |
| 1725 W 1045 N #173 | St. George | 1050 | 2/17/09 | \$600 | 2 | 1.5 |
| 270 N 200 E | St. George | 800 | 1/20/09 | \$600 | 2 | 1 |
| 219 S 400 E | St. George | | 3/18/09 | \$600 | 2 | 1 |
| 221 S 400 E #1 | St. George | | 3/18/09 | \$600 | 2 | 1 |
| 371 S 300 W #1 | St. George | | 1/20/09 | \$600 | 2 | 1 |
| 373 S 500 E #3 | St. George | 900 | 1/20/09 | \$600 | 2 | 1 |
| 373 S 500 E #6 | St. George | 900 | 1/20/09 | \$600 | 2 | 1 |
| 379 E 400 S #9 | St. George | 800 | 3/18/09 | \$600 | 2 | 1 |
| 545 S 900 E #34 | St. George | 800 | 1/20/09 | \$600 | 2 | 1 |
| 525 S 1100 E #28 | St. George | 1050 | 3/18/09 | \$625 | 2 | 1.5 |
| 1735 W 540 N #703 | St. George | 1000 | 3/18/09 | \$625 | 2 | 2 |
| 776 W Diagonal #45 | St George | 1128 | 2/17/09 | \$625 | 1 | 1.5 |
| 860 S Village Rd #G-1 | St. George | 700 | 3/18/09 | \$645 | 1 | 1 |
| 490 E 700 S #8 | St. George | 1280 | 3/18/09 | \$650 | 2 | 2 |
| 1840 W 1100 N | St. George | 1200 | 3/18/09 | \$650 | 2 | 2 |

APP000118

| Address | City | SF | Updated | RENT | Bed | Bath |
|---------------------------|------------|------|---------|-------|-----|------|
| 35 E 600 S #A106 | Ivins | 1125 | 3/18/09 | \$650 | 2 | 2 |
| 455 S 1100 E #8 | St. George | 1105 | 3/18/09 | \$650 | 2 | 2 |
| 280 N 500 W #12 | St. George | 1100 | 3/18/09 | \$650 | 2 | 2 |
| 55 S 200 E #303 | St. George | 1100 | 3/18/09 | \$650 | 2 | 2.5 |
| 55 S 200 E #304 | St. George | 1100 | 3/18/09 | \$650 | 2 | 2.5 |
| 247 W 635 N | Hurricane | 1100 | 2/17/09 | \$650 | 2 | 2 |
| 1725 W 1045 N #152 | St. George | 1050 | 1/20/09 | \$650 | 2 | 1.5 |
| 1785 W 1020 N #89 | St. George | 1050 | 1/20/09 | \$650 | 2 | 1.5 |
| 161 W 950 S #A12 | St. George | 1000 | 3/18/09 | \$650 | 2 | 2 |
| 700 N Main #E6 | Washington | 950 | 3/18/09 | \$650 | 2 | 2 |
| 55 S 200 E #301 | St. George | 1100 | 2/17/09 | \$650 | 2 | 2.5 |
| 1122 E 300 S #I-217 | St. George | 1000 | 1/20/09 | \$650 | 2 | 2 |
| 375 S Main # 8 | St. George | 972 | 3/18/09 | \$650 | 2 | 2 |
| 510 S 1100 E #3 | St. George | 876 | 2/17/09 | \$650 | 2 | 1 |
| 1195 W 540 N #1 | St. George | 700 | 3/18/09 | \$650 | 2 | 1 |
| 2142 W 70 S #5 | Hurricane | | 3/18/09 | \$650 | 2 | 1.5 |
| 35 E 600 S #B106 | Ivins | 1125 | 1/20/09 | \$650 | 2 | 1 |
| 134 S 100 W #1 | St. George | 954 | 3/18/09 | \$675 | 2 | 2 |
| 1045 N 1725 W #164 | St. George | | 3/18/09 | \$675 | 2 | 1.5 |
| 126 S 850 W #1 | St. George | | 1/20/09 | \$675 | 2 | 2 |
| 126 S 850 W #7 | Hurricane | | 1/20/09 | \$675 | 2 | 2 |
| 126 S 850 W #6 | Hurricane | | 1/20/09 | \$675 | 2 | 2 |
| 988 N 1725 W #49 | St George | 1050 | 3/18/09 | \$680 | 2 | 1.5 |
| 976 N 1725 W | St. George | 1025 | 3/18/09 | \$680 | 2 | 2 |
| 1831 W 950 N #100 | St. George | | 2/17/09 | \$680 | 2 | 2 |
| 252 N 400 W #3 | St. George | 1300 | 2/17/09 | \$695 | 2 | 2 |
| 642 N 220 W | LaVerkin | 1170 | 3/18/09 | \$695 | 2 | 2 |
| 1178 W 300 S #D | St. George | 1050 | 3/18/09 | \$695 | 2 | 1.75 |
| 1711 W 1020 N | St. George | 1000 | 3/18/09 | \$695 | 2 | 1.5 |
| 55 N 1510 W | Hurricane | | 1/20/09 | \$695 | 2 | 1 |
| 1160 N 1620 W | St. George | 1280 | 3/18/09 | \$700 | 2 | 2.5 |
| 206 N Quail Ridge #2 | Washington | | 2/17/09 | \$700 | 2 | 1 |
| 1301 W Indian Hills Dr #2 | St. George | 1200 | 3/18/09 | \$700 | 2 | 2 |
| 700 N Main #C6 | Washington | 950 | 2/17/09 | \$700 | 2 | 2 |
| 700 N Main #C6 | Washington | 950 | 1/20/09 | \$700 | 2 | 2 |
| 376 E 300 S #17 | St. George | 1400 | 3/18/09 | \$725 | 2 | 2 |
| 1152 N 1400 W #5D | St. George | 1500 | 3/18/09 | \$730 | 2 | 2 |
| 1040 N 1300 W #18 | St. George | 1100 | 3/18/09 | \$750 | 2 | 2 |
| 280 N 500 W #6 La Costa | St. George | | 2/17/09 | \$750 | 2 | 2 |
| 1050 W Red Hills Pkwy #6 | Washington | 944 | 2/17/09 | \$750 | 2 | 1 |
| 1178 E 300 S #D208 | St. George | | 2/17/09 | \$750 | 2 | 2 |
| 840 S 400 E #41 | St. George | 1200 | 3/18/09 | \$750 | 2 | 2 |
| 776 W Diagonal #48 | St. George | 1128 | 3/18/09 | \$750 | 1 | 1.5 |
| 381 N 2480 W | Hurricane | 1100 | 2/17/09 | \$775 | 2 | 2 |

APP000119

| Address | City | SF | Updated | RENT | Bed | Bath |
|------------------------|------------|----------------|---------|--------------|-----|------|
| 361 E 400 S #12 | St. George | | 3/18/09 | \$775 | 2 | 2 |
| 9 Partridge Dr | Hurricane | 1100 | 1/20/09 | \$785 | 2 | 1 |
| 1178 E 300 S #D108 | St. George | 1050 | 2/17/09 | \$795 | 2 | 1.75 |
| 860 S Village Rd #S-10 | St George | 1200 | 3/18/09 | \$795 | 2 | 2 |
| 161 S 210 W | LaVerkin | 1294 | 2/17/09 | \$800 | 2 | 2 |
| 640 W 250 S | Hurricane | 1350 | 1/20/09 | \$800 | 2 | 1 |
| 1050 E Brigham Rd #16 | St. George | 1250 | 3/18/09 | \$825 | 2 | 2 |
| | | MIN | 1/20/09 | \$575 | 1 | 1 |
| | | MAX | 3/18/09 | \$825 | 2 | 2.5 |
| | | MEDIAN | 3/18/09 | \$650 | 2 | 2 |
| | | AVERAGE | 2/27/09 | \$663 | 1.9 | 1.6 |

Conclusion

There is a significant discrepancy between what the rental rates for the units in this complex were and what they can be rented for today or the rents that are being collected from competing rental complexes. I believe the discrepancy can be partially explained as follows:

1) Occupancy standards are lower than competing areas. All indications are that tenant qualifications are minimal. Credit checks are not required and occupancy standards appear to be lower than in other projects. There appeared to be more than one family in some of the units.

2) Collapse of the sub prime lending market and changes in lending requirements has resulted in increased single family residential home foreclosures with fewer people who can now qualify to purchase a residence. The result has been an increase in the number of tenants looking for housing, particularly people with poor credit scores, non US residents or those who can not quality to rent in projects with high qualification standards.

APP000120

It appears that the subject units were rented at the upper end of the range given the rental rates in competing areas. However, with the collapse of the employment market for the same individual's described above; the need for such units has dropped, resulting in a high vacancy for the subject. The subject units are well located and the remodeled units have better than typical appeal when compared to competing older properties.

The owner reports current rental rates at the following; typical rent for the three bedroom units is estimated at \$850 per month, with a three month \$300 concession resulting in an overall rate of \$775. Typical rent for the two bedroom units is estimated at \$700 per month, with a three month \$250 concession resulting in an overall rate of \$650. The Potential Gross Income is as follows:

24 Units Building

| <u>Unit</u> | <u>Number</u> | <u>Rent</u> | <u>Total/Month</u> | <u>Total/Year</u> |
|-------------|---------------|-------------|--------------------|-------------------|
| 3 Bedroom | 8 | \$775 | \$6,200 | \$74,400 |
| 2 Bedroom | 16 | \$650 | \$10,400 | \$124,800 |
| Total | | | \$16,600 | \$199,200 |

13 Units Building

| <u>Unit</u> | <u>Number</u> | <u>Rent</u> | <u>Total/Month</u> | <u>Total/Year</u> |
|-------------|---------------|-------------|--------------------|-------------------|
| 3 Bedroom | 13 | \$775 | \$10,075 | \$120,900 |
| Total | | | \$10,075 | \$120,900 |

Note that an income statement with the rent schedule and payment history for the property as provided by the owner is attached in the addendum of the report.

APP000121

Market rent based on competing rental units is much lower than the rents that are being obtained from the subject. Income based on market rent is as follows:

The specific comparables suggest a range of values for the 2 and 3 bedrooms as follows;

| | |
|------------|----------------|
| 2 Bedrooms | \$650 to \$700 |
| 3 Bedrooms | \$750 to \$850 |

Vacancy

Actual vacancy as reported by the owner based on the Potential Gross Income is 27%. This figure is misleading as the previous owner reportedly did not do adequate marketing activities and the rental rates were too high. The rates were based on the previous need in the market for apartments that could be rented by someone with less than standard documentation/credit level. With the softening of the construction market and related activities, this market has reduced to the point of not being a viable market to sustain the higher rents of the past. Property manager's report stabilized rents in larger projects from 5% to 15% with an average vacancy of 10% for older units (Brandy at Jensen Property Management). At present, demand for entry apartment space is good and on the lower end of the vacancy range with slight increases over time, but general market rental rates are reported to be price sensitive. Based on the average stabilized rent from the comparable market and average of 10% is closer to the long term reality than 27%.

APP000122

Expenses

I have conducted an expense survey with local property managers. Expenses are a function of the age of the units coupled with the common area amenities. Projects with pools, clubhouses and recreational amenities are reported to have expenses 30% to 40% of Potential Gross Income. Smaller projects with no amenities are reported to be 20% to 30%. The owner provided a copy of the income and expense information. The owner is managing the property and did not provide any allowances from management. Jensen Property Management indicated that they would manage a property such as the subject for 8% of Expected Gross Income. No reserves for replacement were included by the owner. Some discrepancies existed between the MLS and the information provided by the owner. Some of the owner expenses appeared to be too low and I used the higher of the two reported expenses. Taxes are based on actual taxes from public records. Insurance is based on information provided by the owner. The following is the expenses as provided by the owner with some refinements and additions made to reflect either missing or substandard expenses:

24 Units-Expenses are estimated as follows: Annual

| | | |
|------------------------------------|-----------------|-------------------|
| Taxes | \$8,697 | |
| Insurance | \$3,705 | |
| Management 8% | \$20,352 | |
| Trash* | \$2,650 | |
| Utilities* | \$4,356 | |
| Yard Maintenance | \$1,320 | |
| Reserves (\$3,000 x 24 / 10 yrs =) | \$7,200 | |
| Repairs | <u>\$2,680</u> | |
| Total Expenses | \$50,960 | 20% of PGI |

*=Obtained from listing. This figure reported on the listing was higher than reported by the owner. The figure reported by the owner appears to be lower than is reasonable. Expenses for the property based on a more typical rent rate are the same with the exception on management which is an 8% variable expense. Total expenses are adjusted to 23% of PGI.

Net Operating Income

| <u>Net Income is calculated as follows:</u> | <u>24 Units</u> | <u>13 Units</u> |
|--|------------------------|------------------------|
| Potential Gross Income | \$199,200 | \$120,900 |
| Vacancy 10% | | |
| Expected Gross Income | \$179,280 | \$108,810 |
| Expenses 23% | | |
| Net Operating Income | \$133,464 | \$81,003 |

Capitalization Rate

Direct capitalization is used to convert an estimate of a single year's income expectancy into an indication of value. Selection of an appropriate rate generally comes from rates derived from comparable sales of properties similar to the subject. Data on sales of like properties as reported in the Sales Comparison Approach generally provides direction as to market expectations and overall rates. The following table is based apartment data reported there as well as sale that have taken place in other area which are not be fully reported upon here.

APP000124

| <u>Location</u> | <u>Date</u> | <u>Units</u> | <u>Price</u> | <u>Cap</u> |
|--------------------------------|-------------|--------------|--------------|------------|
| 276 Harding Cedar City | 12/06 | 7 | \$800,000 | 5.42 |
| 54 S 600 E St. George | 7/07 | 9 | \$1,000,000 | 6.00% |
| 355 E 700 S St. George | 3/07 | 8 | \$565,000 | 6.47% |
| 71 N 1000 E St. George | 5/06 | 6 | \$1,002,000 | 6.16% |
| 200 S Dewey Cedar City | 8/06 | 9 | \$795,000 | 7.68% |
| 506 Fiddlers Cyn Cedar City | 1/06 | 30 | \$1,687,000 | 6.27% |
| 244 S 300 W Cedar City | 6/06 | 6 | \$468,000 | 6.00% |
| 364 N 1000 W Cedar City | 2/07 | 4 | \$431,022 | 6.35% |

The sales data suggests a CAP rate in the 5.42 to 7.68 percent range. In this case the units are old and rented at the upper end of the market range. Capitalization rate applied to the actual rent is based on the higher end of the range. Capitalization based on market rent is on the lower end of the range. There are more vacancies in the 13 unit building so a higher CAP rate will be used to compensate for the risk. The adjusted rate for the 24 unit building is calculated at 5.9% and the rate for the 13 unit building is 6.30%.

APP000125

Value by Direct Capitalization

The following grid includes the reported deferred maintenance as well as a deduction of income to stabilize the vacancy at 10% from 27%. The current owner reported that even with a \$300/month for three months discount and lowering the rent to \$700 for 2 bed units and \$850 for 3 bed units, he is having a difficult time renting the vacant units. As the market improves, it is my opinion that the owner will be able to rent the units to the stabilized occupancy. I have included a lost rent calculation that takes the overage rents into account. This is a line item below. Based on the net operating income estimate for stabilized operation, the value of the subject property by direct capitalization was obtained as follows:

| | | | | |
|-----------|------------------|-----------|------------------|-----------------------------|
| | \$199,200 | | \$120,900 | INCOME |
| | 5.90% | | 6.30% | RATE |
| \$ | 2,262,102 | \$ | 1,285,762 | CURRENT |
| | | | | LOST INCOME |
| | | | | DEFERRED MAINTENANCE |
| \$ | 2,253,971 | \$ | 1,264,368 | TOTAL |

CONCLUSION

Income based on current rents is a little higher than the value of the property based on projected market rent. I believe the income will continue at the market rate, after the vacant units fill and the higher rent units are re-rented at market rates. The CAP rate that is applied to each building is reflective of the risk associated with it.

Market value of the property based on income capitalizations is believed to be **\$2,250,000** for the 24 units and **\$1,260,000** for the 13 units.

APP000126

RECONCILIATION

The two approaches to value have supplied the following indicated values.

24 UNIT BUILDING

| | |
|-----------------------|-------------|
| Sales Comparison | \$2,256,000 |
| Income Capitalization | \$2,253,000 |

13 UNIT BUILDING

| | |
|-----------------------|-------------|
| Sales Comparison | \$1,261,000 |
| Income Capitalization | \$1,264,000 |

The Cost Approach is a reliable indication of market value for newer properties, but is not considered to be reliable for older properties. The cost approach was not developed for this property.

Sales Comparison Approach to value provides a reliable indication of market value where the sales are similar to the subject. In this case, the sales have some limitations when compared to the subject. The sales used are considered to be the best available for the subject property, but they are all smaller in overall size and differ in age. Most of the indicators suggest a market value slightly lower than the price paid for the property 2.5 years ago. Since the original purchase the rents have been decreased. Thus, it would seem market value for the property is likely to be somewhat lower than indicated by some of the sales indicators.

APP000127

Income Capitalization Approach to value is most reliable for income producing properties. The income approach provides a reliable indication of market value, it is also consistent with the value developed in the sales comparison approach to value.

The income approach was blended between actual rent with a higher CAP rate and lower rents from neighboring properties with a lower CAP rate. Market conditions are improving for newer rental properties due to a larger number people entering the rental market who can no longer qualify to purchase homes. However, older apartments are stable with rents decreasing to attract tenants. When there is a strong need in the community (times of increasing growth and low unemployment) apartments that have minimal qualifications can obtain a rent premium. This would be a possibility in the future which would help the subject property.

CONCLUSION

While both approaches to value have received consideration, the final value estimate is most heavily weighted to the income approach.

Market value of the "leased fee estate" is;

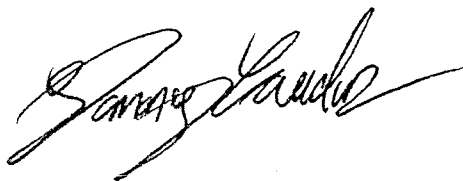
| | |
|-------------------------|------------------------------|
| 24 UNIT BUILDING | \$2,250,000 (rounded) |
| 13 UNIT BUILDING | \$1,260,000 (rounded) |

APP000128

ADDENDUM

APPRAISER'S CERTIFICATION

- I, the undersigned, certify that to the best of my knowledge and belief:
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and I have no personal interest with respect to the parties involved.
- I have no personal bias in the property that is the subject of this report and I have no personal bias with respect to the parties involved.
- My engagement in this assignment was not contingent upon developing or reporting pre determined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the property that is the subject of this report.
- I certify that, to the best of my knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Stacy Lawlis provided significant real property appraisal assistance to the person signing this certification.



Damon P. Lawlis
Utah State Certified General Appraiser
Certificate #5732525-CG00 Expires 10/31/2010

Nevada State Certified General Appraiser
Certificate #A.00007288-CG Expires 4/30/2011

Date April 1, 2009

APP000130

ASSUMPTIONS AND LIMITING CONDITIONS

1. LIMIT OF LIABILITY

The liability of Morley & McConkie, Appraisers/Consultants, is limited to the client only and to the fee actually received by the appraisers. Further, there is no accountability, obligations, or liability to any third party. If this report is placed in the hands of anyone other than client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The Appraiser is in no way to be responsible for any costs incurred to discover or correct any deficiencies of any type present in the property; physically, financially, and/or legally. In the case of limited partnerships or syndication offerings or stock offerings in real estate, client agrees that in case of lawsuit [brought by lender, partner or part owner in any form of ownership, tenant, or any other party], any and all awards, settlements of any type in such suit, regardless of outcome, client will hold Appraiser completely harmless in any such action.

2. COPIES, PUBLICATION, DISTRIBUTION OF REPORT

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the Appraiser for the use of the client, the fee being for the analytical services only.

The Bylaws and Regulations of the American Institute of Real Estate Appraisers of the National Association of Realtors require each Member and Candidate to control the use and distribution of each appraisal report signed by such Member or Candidate; except as hereinafter provided, the client may distribute copies of this appraisal report in its entirety to such third parties as he may select; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of this appraisal report. Neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations, news, sales or other media for public communication without the prior written consent of appraiser. (See last item in following list for client agreement/consent).

3. CONFIDENTIALITY

This appraisal is to be used only in its entirety and no part is to be used without the whole report. All conclusions and opinions concerning the analysis as set forth in the report were prepared by the Appraiser(s) whose signature(s) appear on the appraisal report, unless indicated as "Review Appraiser". No change of any item in the report shall be made by anyone other than the Appraiser and/or officer of the firm. The Appraiser and firm shall have no responsibility if any such unauthorized change is made.

The Appraiser may not divulge the material (evaluation) contents of the report, analytical findings or conclusions, or give a copy of the report to anyone other than the client or his designee as specified in writing except as may be required by the American Institute of Real Estate Appraisers or the Society of Real Estate Appraisers as they may request in confidence for ethics enforcement, or by a court of law or body with the power of subpoena.

APP000131

4. *TRADE SECRETS*

This appraisal was obtained from Morley & McConkie or related companies and/or its individuals or related independent contractors and consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552[b][4]. Notify the Appraiser[s] signing report of any request to reproduce this appraisal in whole or in part.

5. *INFORMATION USED*

No responsibility is assumed for accuracy of information furnished by work of or work by others, the client, his designee, or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with Morley & McConkie and possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or from affidavit or other source thought reasonable; all are considered appropriate for inclusion to the best of our factual judgement and knowledge. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market-related information. It is suggested that the client consider independent verification as a prerequisite to any transaction involving sale, lease or other significant commitment of funds or subject property.

6. *TESTIMONY, CONSULTATION, COMPLETION OF CONTRACT FOR APPRAISAL SERVICE*

The contract for appraisal, consultation or analytical service is fulfilled and the total fee is payable upon completion of the report. The Appraiser(s) or those assisting in preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal, in full or in part, nor engage in post appraisal consultation with client or third parties except under separate and special arrangement and at additional fee. If testimony or deposition is required because of any subpoena, the client shall be responsible for any additional time, fees and changes, regardless of issuing party.

7. *EXHIBITS*

The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Various photos, if any, are included for the same purpose as of the date of the photos. Site plans are not surveys unless shown from separate surveyor.

8. *LEGAL, ENGINEERING, FINANCIAL, STRUCTURAL, OR MECHANICAL NATURE HIDDEN COMPONENTS, SOIL*

No responsibility is assumed for matters legal in character or nature, nor of any architectural, structural, mechanical, or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of the report.

The legal description is assumed to be correct as used in this report as furnished by the client, his designee, or as derived by the Appraiser.

Please note that no advice is given regarding mechanical equipment or structural integrity or adequacy, nor soils and potential for settlement, drainage, and such [seek assistance from qualified architect and/or engineer] nor matters concerning liens, title status, and legal marketability [seek legal assistance], and such. The lender and owner should inspect the property before any disbursement of funds; further it is likely that the lender or owner may wish to require mechanical

or structural inspections by qualified and licensed contractor, civil or structural engineer, architect, or other expert.

The Appraiser has inspected as far as possible, by observation, the land and the improvements; however, it was not possible to personally observe conditions beneath the soil or hidden structural or other components. We have not critically inspected mechanical components within the improvements and no representations are made herein as to these matters unless specifically stated and considered in the report. The value estimate considers there being no such conditions that would cause a loss of value. The land or the soil of the area being appraised appears firm, however, subsidence in the area is unknown. The Appraiser[s] do not warrant against this condition or occurrence of problems arising from soil conditions.

The appraisal is based on there being no hidden, unapparent, or apparent conditions of the property site, subsoil, or structures or toxic materials which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them. All mechanical components are assumed to be in operable condition and status standard for properties of the subject type. Conditions of heating, cooling, ventilating, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgement may be made by us as to adequacy of insulation, type of insulation, or energy efficiency of the improvements or equipment which is assumed standard for subject age and type.

If the Appraiser has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranties are made concerning obtaining the above mentioned items.

The Appraiser assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An Agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

9. *LEGALITY OF USE*

The appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building, use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.

10. *COMPONENT VALUES*

The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

11. *AUXILIARY AND RELATED STUDIES*

No environmental or impact studies, special market study or analysis, highest and best use analysis study or feasibility study has been requested or made unless otherwise specified in an agreement for services or in the report.

12. *DOLLAR VALUES, PURCHASING POWER*

The market value estimated and the costs used are as of the date of the estimate of value. All dollar amounts are based on the purchasing power and price of the dollar as of the date of the value estimate.

13. *INCLUSIONS*

Furnishings and equipment or personal property or business operations except as specifically indicated and typically considered as a part of real estate, have been disregarded with only the real estate being considered in the value estimate unless otherwise stated. In some property types, business and real estate interests and values are combined.

14. *PROPOSED IMPROVEMENTS, CONDITIONED VALUE*

Improvements proposed, if any, on or off site, as well as any repairs required are considered for purposes of this appraisal to be completed in good and workmanlike manner according to information submitted and/or considered by the appraisers. In cases of proposed construction, the appraisal is subject to change upon inspection of property after construction is completed. This estimate of market value is as of the date shown, as proposed, as if completed and operating at levels shown and projected.

15. *VALUE CHANGE, DYNAMIC MARKET, INFLUENCES, ALTERATION OF ESTIMATE BY APPRAISER*

The estimated market value, which is defined in the report, is subject to change with market changes over time; value is highly related to exposure, time, promotional effort, terms, motivation, and conditions surrounding the offering. The value estimate considers the productivity and relative attractiveness of the property physically and economically in the marketplace.

In cases of appraisals involving the capitalization of income benefits, the estimate of market value or investment value or value in use is a reflection of such benefits and Appraiser's interpretation of income and yields and other factors derived from general and specific client and market information. Such estimates are as of the date of the estimate of value; they are thus subject to change as the market and value is naturally dynamic.

The "Estimate of Market Value" in the appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

The appraisal report and value estimate is subject to change if physical or legal entity or financing is different than that envisioned in this report.

16. *MANAGEMENT OF THE PROPERTY*

It is assumed that the property which is the subject of this report will be under prudent and competent ownership and management; neither inefficient nor super-efficient.

17. *FEE*

The fee for this appraisal or study is for the service rendered and not for the time spent on the physical report or the physical report itself.

18. *AUTHENTIC COPIES*

The authentic copies are signed in blue ink. Any copy that does have the above is unauthorized and may have been altered.

19. *INSULATION AND TOXIC MATERIALS*

Unless otherwise stated in this report, the Appraiser(s) signing this report have no knowledge concerning the presence or absence of toxic materials and/or urea-forming formaldehyde foam insulation in existing improvements; if such is present, the value of the property may be adversely affected and re-appraisal at additional cost necessary to estimate the effects of such.

20. *REVIEW*

Unless otherwise noted herein, the report has been reviewed as to general appropriateness of technique and format and the person completing the review has not necessarily inspected the subject or comparable properties.

21. *CHANGES, MODIFICATIONS*

The Appraisers reserve the right to alter statements, analysis, conclusion or any value estimate in the appraisal if there becomes known to us facts pertinent to the appraisal process which were unknown to us when the report was finished.

22. *AFTER TAX ANALYSIS AND/OR VALUATION*

Any after-tax income or investment analysis and resultant measures of return on investment are intended to reflect only possible and general market considerations, whether as part of estimating value or estimating possible returns on investment at an assumed value or price paid; note that the Appraiser(s) do(es) not claim expertise in tax matters and advises client and any other using the appraisal to seek competent tax advice as the Appraiser is in no way to be considered a tax advisor or investment advisor.

23. *CONSIDERATION OF HAZARDOUS SUBSTANCES IN THE APPRAISAL PROCESS*

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did the appraisers become aware of such during the appraiser's inspection. The appraisers have no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraisers, however, are not qualified to test such substances or conditions. If the presence of such substances such as asbestos, urea formaldehyde foam insulation or other hazardous substances or environmental conditions may effect the value the property, the value estimated is predicated on the assumption that there is no such condition on or in the property or in such proximately thereto that it would cause a loss in value. No responsibility is assumed for such conditions, nor for any expertise or engineering knowledge required to discover them.

APP000135

24 *AMERICANS WITH DISABILITIES ACT*

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the ACT. If so, this fact could have a negative effect upon the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible noncompliance with the requirements of ADA in estimating the value of the Property.

25 *ACCEPTANCE OF AND/OR USE OF THIS APPRAISAL REPORT BY A CLIENT OR ANY THIRD PARTY CONSTITUTES ACCEPTANCE OF THE ABOVE CONDITIONS. APPRAISER LIABILITY EXTENDS ONLY TO STATED CLIENT, NOT SUBSEQUENT PARTIES OR USERS, AND LIMITED TO THE AMOUNT OF THE FEE RECEIVED BY THE APPRAISER(S).*

APP000136

Damon P. Lawlis
Morley & McConkie, LC
393 East Riverside Dr. Ste 102
St. George, Utah 84790

PROFESSIONAL DESIGNATIONS

Utah State Certified General Real Estate Appraiser
Nevada State Certified |General Real Estate Appraiser
Utah State Health Facility Administrator
American College of Healthcare Executives
Certified Real Estate Appraiser,
National Association of Real Estate Appraisers
General Associate Member,
Appraisal Institute
GAA Designation from the National Associations of Realtors Appraisal
Department

EDUCATION

Appraisal Institute MAI Candidate
Income Capitalization
General Applications
Residential Highest and Best Use
URAR 2006 USPAP Update
Nevada Ethics and Law
Income Producing Properties and Apartments

Allied School of Business
75 Hour Real Estate Appraiser Course
15 Hour USPAP Course

City University, Seattle WA 1998-1999
Executive MBA Program
Public/Hospital Administration
Need 1 semester to graduate

Southern Utah University 1992-1994
Bachelors Degree
Deans List
Physiology/Chemistry

Dixie State College
Associates of Science
Chemistry/Pre-Med

APP000137

PARTIAL LIST OF CONTINUING EDUCATION COURSES

| | | |
|--|-------|----|
| URAR –New forms | 10/05 | AI |
| Income Capitalization | 02/06 | AI |
| General Applications | 04/06 | AI |
| Residential Highest and Best Use | 06/06 | AI |
| Business Practices and Ethics | 11/06 | AI |
| Nevada Real Estate Appraisal Statutes | 12/06 | AI |
| USPAP Update Course | 03/08 | AI |
| General Market Analysis and Highest & Best Use | 07/08 | AI |
| Advanced Sales Comparison & Cost Approaches | 08/08 | AI |
| Advanced Income Capitalization | 09/08 | AI |
| Report Writing and Valuation Analysis | 10/08 | AI |
| Advanced Applications | 11/08 | AI |

**Las Vegas Chapter of the Appraisal Institute*

LVCAI

**Appraisal Institute*

AI

**Utah Chapter of the Appraisal Institute*

UCAI

EMPLOYMENT HISTORY

| | |
|---|--------------|
| Morley & McConkie, LC | 2004-Current |
| Residential Appraising and Commercial Co-Appraising | |
| Bob Bailey Appraising, Inc | 2003-2005 |
| Residential Appraising | |
| Lawlis Professional Services, Inc. | 1988-Current |
| Residential/commercial computer networks and PC's | |
| Providence Health Systems | |
| Health Facility Administrator | 1997-2000 |
| Medical School | 1994-1996 |
| IHC-Dixie Regional Medical Center | 1988-1994 |
| Various positions from Technician to Management | |

PARTIAL LIST OF CLIENTELE

| | |
|----------------------------|------------------------------------|
| America First Credit Union | Planet Mortgage |
| America West Credit Union | Republic Mortgage |
| American Federal Mortgage | Richards Woodbury Mortgage |
| ANB Financial | SGI Mortgage |
| Bank One | Southern Utah Federal Credit Union |
| Beehive Credit Union | Southland Corporation |

APP000138

Chase Manhattan Bank
Chemical Financial Services Corp.
Clark county Credit Union
Desert Valley Mortgage
Far West Bank
First Interstate Bank
Heritage Savings Bank
IMC
LSI Services, Inc.
Medallion Mortgage
Mortgage Service America Co.
Mountain America Credit Union
Norwest Mortgage, Inc.

St. George City
State Bank of Southern Utah
State of Utah
Sunfirst Bank
United Savings Bank
Utah Valley Bank
Valley Bank of Nevada
Value-IT
Washington City
Washington Mutual
Wells Fargo Bank
Westgate Mortgage
Zions First National Bank

APP000139

STATE OF UTAH
DEPARTMENT OF COMMERCE
DIVISION OF REAL ESTATE

ACTIVE LICENSE

DATE ISSUED: 09/25/2008
EXPIRATION DATE: 10/31/2010
LICENSE NUMBER: 5732525-CG00
LICENSE TYPE: Certified General Appraiser
ISSUED TO:

DAMON PRESCOTT LAWLIS
393 E RIVERSIDE DR. STE 102
SAINT GEORGE, UT 84790



[Signature]
SIGNATURE OF HOLDER

[Signature]
REAL ESTATE DIVISION DIRECTOR

APPRAISER CERTIFICATE
STATE OF NEVADA DEPARTMENT OF BUSINESS AND INDUSTRY
REAL ESTATE DIVISION NOT TRANSFERABLE
This is to Certify that **DAMON PRESCOTT LAWLIS** Certificate Number: **A.0007288-CG**
is a **CERTIFIED GENERAL APPRAISER** from the issue date to the expiration date at
the expiration date, unless the certificate is sooner revoked, annulled, withdrawn, or invalidated.
Expires on **April 30, 2011**
This certificate is issued by the **REAL ESTATE DIVISION** by virtue of the
powers vested in the **REAL ESTATE DIVISION**, has caused this Certificate to be issued with its Seal printed
hereon and is to be displayed in place of business.
REAL ESTATE DIVISION
393 E RIVERSIDE DR. STE 102
SAINT GEORGE, UT 84790
GAIL J ANDERSON
Administrator

APP000140

LETTER OF ENGAGEMENT

APP000141

APPRAISAL REQUEST FORM

Morley & McConkie, L.C.

393 E. Riverside Dr. Ste 102 St. George, UT 84790

Ph/435-673-7720 Fax/435-673-7718 Email: mm@SUTAP.com

| | | | | | |
|---------------------|-------------------|------------------------|----------|------------------------|--------|
| Residential URAR | _____ | APPRAISAL TYPE (check) | _____ | New Construction | _____ |
| Add Cost Approach | _____ | Condo | _____ | Final Inspection (442) | _____ |
| Add Income Approach | _____ | 2055 Exterior | _____ | Land | _____ |
| FHA | _____ | 2-4 Income Property | _____ | Commercial | _____ |
| Manufactured | _____ | Field Review | _____ | Other (Specify) | Apts ✓ |
| | | Desk Review | _____ | Combo | |
| Ordered By: | Richard T. Murset | Phone: | 680-0658 | Date: | 3/4/09 |
| | | | | Closing Date: | ASAP |

IF COD payment in advance is required before appointment will be set

LENDER INFORMATION

| | | |
|-----------------|----------------------------|---------------|
| Lender: | | |
| Lender Address: | | |
| City/State/Zip: | Phone: | Fax: 635-7503 |
| Loan Officer: | Email: MAC_WAD @ SIGMA.COM | |

CUSTOMER INFORMATION

| | | | |
|--|---------------------------|------------|--------------------|
| Customer Name: California Benefit & Total LLC | | | |
| Property Address: 735 E 700 So. & 669 So. 700 E. | | | |
| City/State/Zip: St. George, UT 84770 | | | |
| Contact Person for Access: | Phone/Hm: | Phone/Wk: | Phone/Cell: |
| Rich Murset | 635-4446 | 680-0658 | 680-0658 |
| (circle one) | | | |
| 1 st Mortgage | 2 nd Mortgage: | Refinance: | Divorce Settlement |
| | | | Estate Settlement |
| | | | Drop PMI |

Purpose For Appraisal (if other than above mentioned)

| | |
|---|--------------|
| Deficiency Judgment | |
| Seller/Owner Name/Address: | Loan Amount: |
| Richard T. Murset 164 N. 160 E. Hurricane, UT 84737 | |

Sales Price:

(If Purchase, most recent sales contract with all addendums signed is required)

Legal Description/Tax I.D. Number

Please be advised that we are required to sign a certification that includes the following statement: "My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval or pending mortgage loan application)". We can not accept any appraisal request requiring some predetermined outcome.

Proposed construction will require a set of plans(site plan, elevation, floor plan, specifications, etc) and a cost breakdown.

* In the event I default in the payment of appraisal fees to the above, I agree to pay Morley & McConkie, L.C. their costs of collection to include a reasonable attorney's fee.

Richard T. Murset

igned

Tab 28

ADDENDUM “28”

1 Q Did you have any future involvement with
2 these apartment complexes after 2005?

3 A Yes.

4 Q Okay. Tell the Court the involvement
5 please.

6 A Later on, after this contract did not come
7 to fruition, the buyer and seller still wanted to put
8 the deal together, if possible. At that time, if I
9 remember right, Mr. Murset, I did not represent him as
10 the listing agent on it. We were more as a for sale
11 by owner contract where we represented just Mr. Fisher
12 of Davco on writing up the contract, like I say, Lori
13 wrote it up and tried to sell the properties again at
14 that time, at--in a different fashion, as far as how
15 it was written up.

16 Q Please look at Exhibit 62.

17 A Sure.

18 Q Do you recognize this document?

19 A I do.

20 Q And how do you recognize it?

21 A It would be a purchase contract for one of
22 the sets of apartments.

23 Q Okay. And this would be for the property
24 at 669 South 700 East, the 13 units?

25 A Thirteen units, yes.

26

1 Q Okay. And do you know who prepared this
2 real estate purchase contract?

3 A Lori did.

4 Q Okay. And within this contract, do you
5 recall if--there's an addendum to this contract;
6 correct?

7 A Yes. There is.

8 Q Okay. And for your real estate
9 commission, if the property was eventually purchased,
10 then you would be paid?

11 A Yes.

12 Q Okay. Now, within this real estate
13 purchase contract, I don't see any provision with
14 respect to providing any rent rolls. Do you see any?

15 A No. They're not on this addendum.

16 Q Okay. Do you recall the real estate
17 purchase contract for the Casa Grande?

18 A Yes.

19 Q Do you recall if there were any sort of a
20 requirement to provide financial statements for any
21 amount of time?

22 A No.

23 Q Okay. And that would be the same with the
24 Casa Sonoma with this real estate purchase contract,
25 that there wasn't any requirement--was there--do you
26 recall if there was any requirement to provide

1 financial statements?

2 A No.

3 Q Do you recall who prepared this real
4 estate purchase contract?

5 A Lori Muscolino.

6 Q Okay. And--

7 A Excuse me.

8 Q --for that matter, the Casa Grande one?

9 A Yes. Both.

10 MR. VEASY: Okay. I'd offer Exhibit 62
11 for admission.

12 THE COURT: Any objection to 62, Coun--

13 MR. FISHER: No objection.

14 THE COURT: 62 is received.

15 Q (By Mr. Veasy) During the time period of
16 2005 and 2006, with the information you requested from
17 Mr. Murset, was he always willing to provide any
18 financial information?

19 A Yes.

20 Q Okay. Was there any involvement by you in
21 the refinancing of these properties in either 2007 or
22 2008?

23 A No.

24 Q Okay. Were you a participant at all in
25 any meetings or discussions between Mr. Murset and
26 David Fisher in 2008?

1 A No.

2 MR. VEASY: Thank you.

3 THE COURT: Any cross, Mr. Darwin Fisher?

4 MR. FISHER: Yes, please.

5 THE WITNESS: Good morning.

6 *

7 CROSS-EXAMINATION

8 BY MR. FISHER:

9 Q Mr. Thompson, in the 2006 transaction, did
10 Mr. Murset--Murset send to you some financial
11 documents that were then sent to Lori?

12 A Yeah. I'm sure there was.

13 Q Now, do you recall specifically asking Mr.
14 Murset for financials in 2006?

15 A 2006? I do not recall.

16 Q Turn to Exhibit No. 61, please. You just
17 identified these as the documents that were sent to
18 you by Mr. Murset in 2005; correct?

19 A Right.

20 Q Okay. Now, looking through those and
21 let's go to the page. I see there's--if you go to
22 DT-20. If you look down at the bottom, there should
23 be some--

24 A Yeah.

25 Q Do you see that?

26 A Yeah. Working my way to it.

1 DT-20, 020.

2 Q Okay. And also, if you'll look at, let's
3 see if there's any others in there. That profit and
4 loss statements' only from January through July 31st,
5 2005; correct?

6 A Yes.

7 Q Did you get any financial statements from
8 Mr. Murset that were started in, like, for 2004, from
9 January, 2004, to December, 2004?

10 A I don't remember.

11 Q Okay. If you had, they would have been in
12 this exhibit; correct?

13 A Yes.

14 Q Because this exhibit comes from your file?

15 A Yes.

16 Q And I think you testified in deposition
17 that this was all you received from Mr. Murset?

18 A I believe so, yes.

19 Q Okay. Now, do you recall having
20 conversations with Mr. Murset about two months prior
21 to your deposition?

22 A Yes. Very briefly.

23 Q Okay. I think one you testified to was in
24 person and the other was by telephone; is that
25 correct?

26 A Yes.

1 Q Do you recall testifying in your
2 deposition that Mr. Murset told you after he examined
3 your file that he had given David the same financials
4 that you had in your file?

5 A Yes.

6 Q In one of your conversations with Mr.
7 Murset, do you recall him telling him that he had
8 given David an additional year to finance the
9 apartments?

10 A Vaguely.

11 Q Okay. Would you like to refresh your
12 memory?

13 A Sure.

14 MR. FISHER: Your Honor, again, I only
15 have the two.

16 THE COURT: Come on up and you can--

17 MR. FISHER: Oh, I could--I could share
18 with him.

19 THE COURT: If you want to share with Mr.
20 Thompson, that's fine, Counsel.

21 What page are we on?

22 MR. FISHER: We are on Page--excuse me,
23 I've got to go back, I can't remember from walking up
24 here.

25 Page 41.

26 THE COURT: All right. Thank you,

1 Counsel.

2 THE WITNESS: Uh huh (affirmative).

3 MR. FISHER: Help to refresh--

4 THE WITNESS: Yeah. You bet.

5 Q (By Mr. Fisher) Page 41. When--if you'll
6 read where it says "A" and I'll read where it says
7 "Q".

8 A Okay.

9 Q Okay. Says, before we get to the second
10 meeting--

11 A The only meeting. The--the wit--

12 Q Yeah.

13 A Yeah. The witness: It was only--the only
14 time we ever met face-to-face, wasn't it?

15 Q And let's skip down here, Getting back to
16 the telephone conversation, did you tell him what
17 documents you had required?

18 A During the telephone conversation, no. He
19 asked me if I had a file and I said yes, I have it, I
20 haven't looked at it in a couple years, and if he
21 could take a look at it and see if it was the same
22 thing I--he had.

23 Q Did you ask--did he ask you in that
24 telephone conversation specifically about any
25 documents that might be in your file?

26 A No. He just wanted to see if I had the

1 same documents I had.

2 Q What else do you recall him saying in that
3 telephone conversation?

4 A Other than he had taken it back on
5 foreclosure, probably the only real thing briefly was
6 said was the reason he had taken it is because Mr.
7 Fisher wasn't able to get financing for them, he had
8 given them, I think it was another year and then there
9 was no payment received by Mr. Murset from Mr. Fisher.

10 Q Okay. Thank you. Does that refresh your
11 memory?

12 A A little bit.

13 MR. FISHER: That's all.

14 THE COURT: Anything more, Mr. Veasy?

15 MR. VEASY: Just a few questions.

16 *

17 *

18 REDIRECT EXAMINATION

19 BY MR. VEASY:

20 Q Exhibit 63. This real estate purchase
21 contract in August, 2005.

22 A Okay.

23 Q And it's August of 2005; correct?

24 A Correct.

25 Q Counsel asked you, when he referred to the
26 financials in Exhibit 61, specifically Bate stamp No.

1 20, that you had supplied from January to July 31 of
2 2005, to your recollection, was there a need for
3 additional financials given the fact that the real
4 estate purchase contract is in August?

5 A No.

6 Q Okay. Did Mr. Murset ever refuse to
7 provide any--

8 A No.

9 Q Do you have a recollection as to how the
10 purchase price was arrived at for the real estate
11 purchase contract?

12 A Not specifically. Maybe comps from other
13 sales.

14 Q Would it be priced based upon the
15 financials?

16 MR. FISHER: Your Honor, speculation.

17 THE COURT: Well, if you know, do you know
18 if the price had anything to do with the financials
19 from these buildings?

20 THE WITNESS: I would assume so.

21 THE COURT: Well, that assumption--

22 THE WITNESS: Yeah.

23 THE COURT: --takes a step beyond maybe
24 what you know. I'm wanting--wanting to know, do you
25 have a recollection of there being any factor in this
26 process that included those financials?

1 THE WITNESS: No.

2 THE COURT: Thank you.

3 Anything else, Counsel?

4 MR. VEASY: Two more questions.

5 Q (By Mr. Veasy) Counsel referred to your
6 deposition--

7 A Yes, sir.

8 Q --and I'll just note on line, Page 42,
9 Line 13. Quote: So, they had worked out something
10 for seller financing for another year, I guess.

11 A Yes. Sounds correct.

12 Q Okay. And I asked you in direct if you
13 were part of any meeting in 2008, with either Mr.
14 Fisher or Mr. Murset and your answer was no--

15 A No.

16 Q --correct?

17 And you have no knowledge as to whether
18 there was any written agreement signed by either party
19 with respect to a one-year extension?

20 A Correct.

21 Q And sir, would it be correct to state that
22 you're guessing as to whether there was a one-year
23 extension?

24 MR. FISHER: I'm going to object. He
25 testified that he was told--

26 THE COURT: Counsel, his testimony in the

1 deposition and here in the courtroom is very
2 congruent.

3 MR. VEASY: Okay.

4 THE COURT: I don't see much difference.
5 No problem.

6 MR. VEASY: Thank you. That's all the
7 questions.

8 THE COURT: All right. Mr.--

9 MR. FISHER: No further questions.

10 THE COURT: --Fisher?

11 Mr. Thompson, thank you. We'll let you go
12 back to trying to sell some real estate. I hope some
13 of it sells.

14 THE WITNESS: Yes, it will.

15 THE COURT: Okay. Good.

16 THE WITNESS: Thank you.

17 THE COURT: Your next witness, Counsel.

18 MR. VEASY: Lori Muscolino.

19 THE COURT: Ms. Muscolino, if you'll come
20 forward. Thank you, ma'am.

21 Right up here to the witness stand, if you
22 will. And if you'll face my clerk, raise your right
23 hand and be sworn.

24 LORI MUSCOLINO,
25 called as a witness by and on behalf of the plaintiffs
26 in this matter, after having been first duly sworn,

Tab 29

ADDENDUM “29”

1 establish--

2 THE COURT: He might be the best source of
3 this information.

4 MR. FISHER: That would be fine. That
5 will be fine.

6 Q (By Mr. Fisher) Now, you knew that David
7 would need financials for the apartments in order to
8 refinance and pay the promissory notes when they
9 matured; correct?

10 A Yes.

11 Q Did you provide him with financials?

12 A Yes.

13 Q And if you look at Plaintiffs' Exhibit No.
14 3, are those the financials that you provided to him?

15 THE COURT: Counsel, Plaintiffs' Exhibit
16 No. 3 is a Deed of Trust.

17 MR. VEASY: Plaintiffs' or Defendants',
18 Darwin?

19 MR. FISHER: Defense.

20 THE COURT: That's what I thought.

21 THE WITNESS: Defendants' 3?

22 MR. FISHER: I hate this--I hate this.

23 THE COURT: In the white book.

24 THE WITNESS: Okay.

25 MR. FISHER: Too confusing to have two
26 separate--

1 THE COURT: I'm glad you didn't both us
2 black binders, Counsel, we'd have been really lost.

3 MR. FISHER: Yeah. True.

4 THE COURT: All right.

5 Q (By Mr. Fisher) Are you--Exhibit 3?

6 A No. 3.

7 Q Okay.

8 A Yes.

9 Q Is that--are those the--well, these are
10 the--Exhibit No. 3 are the documents that you said in
11 your deposition that you had given to David, financial
12 documents; correct?

13 A That's correct.

14 Q All right. The--now, you also testified
15 that on PL-265, 266, 267, 269, the address that's
16 written down below is David's writing; is that
17 correct?

18 A Yes.

19 Q Are you still certain of that?

20 A I'm certain that he was the only one who
21 wrote on them besides me.

22 Q Okay. And that's not your writing?

23 A No.

24 Q So you're certain that that's David's
25 writing?

26 A Yes.

1 Q Okay. Now, you, in fact, in deposition,
2 you testified that you know that this is--or these are
3 the documents you gave to David because he did write
4 the address on some of them; correct?

5 A That's one way, yes.

6 Q Now, Exhibit 3, did you prepare all these
7 documents?

8 A Everything in No. 3?

9 Q Uh huh (affirmative).

10 A No.

11 Q Okay. There are some documents that you
12 received from David; correct?

13 A Yes.

14 Q Okay. So, how could these be the--the
15 documents that you gave to David for financials, if
16 some of them were prepared by David?

17 A Those aren't financials.

18 Q Well, there's--some are financials in
19 here; correct?

20 A I provided from 2002 to year-to-date 2006
21 financials to David for Casa Grande--or actually,
22 California Benefit and I-O-T-A.

23 Q If you didn't--

24 A If you're trying to say that all of these
25 other things that David produced, that I gave him, no,
26 I didn't give those to him.

1 Q But you initially testified in deposition
2 that Exhibit No. 3 were the financials that you gave
3 to David; correct? That was your initial testimony.

4 A The financials that I gave David, yes.

5 Q This packet? You gave this packet to us
6 and said, this is the packet I gave David; isn't that
7 correct?

8 A Oh, then--then I was mistaken, because
9 David produced some of these documents.

10 Q And not only that, in your deposition, you
11 realized there couldn't have been--

12 MR. VEASY: I'm going to object, your
13 Honor, on an improper use of the deposition. If he
14 has a question to pose to him and it's (inaudible) in
15 the deposition, there's an--an inconsistency, that's
16 fine; but for Counsel to just simply say, you said
17 this in your deposition is improper.

18 THE COURT: Well, where, within the Utah
19 Rules of Evidence do we look at that? Is it because
20 we don't have a proper foundation for this
21 cross-examination? He's on cross, he can ordinarily
22 lead and suggest and do all sorts of things on cross.

23 MR. VEASY: But--but my understanding
24 under Rule, I think it's 32, use of a deposition is,
25 to ask him a question and if he--and if he's
26 inconsistent with that, then he can use his deposition

1 testimony.

2 THE COURT: All right.

3 MR. FISHER: I--I think he's--

4 THE COURT: So, Mr. Fisher has now asked,
5 Do you remember in your deposition testifying like
6 this? The witness has responded. If he wants to
7 really nail it down, he can pull out the deposition,
8 but if he doesn't want to go that far, Counsel, I'll
9 let it stand where it is. That's overruled.

10 Q (By Mr. Fisher) Let's turn to PL-272,
11 please.

12 THE COURT: This is within Exhibit No.--

13 MR. FISHER: 3.

14 THE COURT: --3?

15 Let me get down to it.

16 PL-272 is a document with I-O-T-A LLC at
17 the top, the address in Hurricane, January 1, 2006,
18 December 31, 2006; is that right, Counsel?

19

20 MR. FISHER: That's correct.

21 THE COURT: Okay.

22 Q (By Mr. Fisher) And you prepared this
23 document; is that correct?

24 A Yes.

25 Q And now, this document, this page, PL-272,
26 you couldn't have possibly given to David prior to the

1 closings; correct?

2 A No. I--I didn't give him this document.
3 I gave him a year-to-date.

4 Q That's--year-to-date. And that's what he
5 had in order to purchase the--the apartments; correct?

6

7 A That's right.

8 Q All right.

9 A Through May of '06.

10 THE COURT: Mr. Murset, was this document
11 generated through the software that you've earlier
12 told me about?

13 THE WITNESS: Yes.

14 THE COURT: Okay. And when you gave it to
15 David, it would have ended some time, I'm presuming,
16 August or September, 2006?

17 THE WITNESS: No. I didn't have that one
18 then. I--I don't--the one I produced that was a
19 partial year was to the end--I believe the end of May
20 of 2006.

21 THE COURT: May of 2006? Okay. Thank
22 you.

23 THE WITNESS: This particular item was
24 given in February of 2007.

25 Q (By Mr. Fisher) Why do you say that?

26 A Because when I was looking through to

1 find--see, this one was printed in 2009 and so I was
2 looking for the one that I had printed earlier and
3 that's when it was, after I had done my taxes.

4 Q And this is printed February 27th, 2009;
5 correct?

6 A That's correct.

7 Q Okay. And you said you did give this to
8 him at a later date? Not--

9 A At a later date.

10 Q Okay.

11 A In--

12 Q So, your--in your deposition testimony,
13 when you testified that this packet, you had given it
14 to him in your meeting prior to the closing of the--of
15 the sale is incorrect?

16 A I just re-read my deposition and we had
17 probably 50 copies of all of these and I can tell you
18 it was pretty confusing. And you were asking me to
19 decide if I gave him one copy or another and they all
20 have the same information on them. So, I could have
21 been confused in my deposition on what I gave
22 him--well, no, I'm not confused on what I gave him.
23 Which individual paper I gave him, I may be confused
24 on.

25 Q Now, do you specifically recall giving
26 PL-272 to David?

1 A That's where you're asking me that kind of
2 question, because that was printed in--in '09 and so
3 that particular printing of that one, I don't recall
4 giving to him. That information, yes, I did give him.

5 Q When did--did you give him another
6 statement?

7 A Yes.

8 Q And when did you do that?

9 A In February of 2008--or 2007.

10 Q And how--how do you know it was February,
11 2007?

12 A 'Cause that's the print date and I had
13 a--I had a note on it.

14 Q Okay. Now,--

15 THE COURT: So the record's clear, sir,
16 what you're telling me is that you had the ability to
17 look at a different document than is PL-272 and by
18 looking at that document and seeing the print date on
19 it of February, 2007, assure yourself that that was
20 roughly the time that you gave the data that is shown
21 on PL-272 to Mr. David Fisher, as he requested a
22 year-to-date--not a year-to-date, but a full year of
23 2006, that's when you printed it out and gave it to
24 him 'cause you had it in your tax records?

25 THE WITNESS: That's correct.

26 THE COURT: I think I've got it put

1 together.

2 THE WITNESS: And so, actually--

3 THE COURT: Oh, you don't have to go back
4 there, just wait for Mr. Fisher's next question.

5 MR. FISHER: Your Honor, we have the
6 originals and we'd ask that be published, although I
7 think under the rules, we don't need to do that
8 anymore, but--

9 THE COURT: I don't think we need to
10 publish it anymore, but if you've got a copy of it,
11 Counsel, let's make it part of the record.

12 Thank you, Counsel.

13 Q (By Mr. Fisher) Would you go to Page 50
14 of your deposition, Mr. Murset?

15 On there, I'm going to read the, where it
16 says Q-Question and then it you'll read Answer, which
17 is your answer.

18 Says--I'm starting with Line 23, Page 50.

19 All right. Going to PL-272 which is
20 I-O-T-A LLC profit and loss statement for January 6,
21 through December '06, any writing on that page
22 David's?

23 A No.

24 Q And how do you know he received that
25 document?

26 A Because I gave it to him.

Tab 30

ADDENDUM “30”

1 paid?

2 A Yes.

3 Q Okay. And you knew that stopping these
4 monthly payments would be a hardship to Murset?

5 A I understand that that's the case. It's
6 not something I thought about at the time, but yes.

7 Q And you knew that the stopping of those
8 payments would be based upon your wanting to get
9 payment for your improvements that you had done to the
10 properties?

11 A Be reimbursed for those things?

12 Q Yes.

13 A Yes.

14 Q And you stopped making payments because
15 you felt the only way you were going to see any of the
16 money that you had put into the apartment complexes
17 for the refurbishings or the improvements was from
18 what you were collecting until Mr. Murset foreclosed
19 on you?

20 A Yes.

21 Q Okay. You wanted to get paid for those
22 improvements to the apartment complexes?

23

24 A I wanted to get reimbursed for those--

25 Q Okay.

26 A --expenses, yes.

1 Q And those expenses--those improvements
2 were made in the year 2007?

3 A 2006 and 2007, yes.

4 Q Okay. And they were made up and through
5 August of 2007; correct?

6 A I couldn't tell you the exact date.
7 I--I--I couldn't tell you for sure the exact date.

8 Q Okay. You'd admit, would you not, that
9 you were going to get--try and collect as much as you
10 could in the rents to try and get you reimbursed as
11 much as possible on the improvements that you had
12 made?

13 A Are we talking August, 2007, now?

14 Q I'm talking at the time that you made and
15 stopped these payments in September of 2010?

16 A And the question again?

17 THE COURT: '8, Counsel.

18 MR. VEASY: '8. Excuse me. Thank you,
19 your Honor.

20 THE WITNESS: And the question again was?

21 Q (By Mr. Veasy) You knew that at that
22 time, that you were going to try and get as--collect
23 as much as you could in rents to try and get you
24 reimbursed as much as possible for those improvements?

25 A Correct.

26 THE COURT: Counsel, just because it's

1 going to help my thinking on it, I'm going to do
2 something that I promised Mr. Fisher that I would let
3 him ask in his case in chief, but I'm going to ask it
4 now, it'll be subject to your objection, you don't
5 even need to make it, Mr. Veasy, unless you want to
6 withdraw that objection; but Mr. Fisher, what was the
7 total amount of payments that you had put in to this
8 property that you classify as improvements?

9 THE WITNESS: That I can account for, for
10 sure?

11 THE COURT: Yes, sir.

12 THE WITNESS: Just a little over 128,000.

13 THE COURT: 128,000?

14 THE WITNESS: Uh huh (affirmative),

15 THE COURT: Thank you, sir.

16 Go ahead, Counsel.

17 Q (By Mr. Veasy) And have you supplied the
18 documentation for those 18--\$128,000 worth of
19 improvements?

20 A Yes.

21 Q And are you representing to the Court that
22 that's an accurate summary and accounting of what you
23 put in for those improvements?

24 A No.

25 Q It's inaccurate?

26 A Yeah. I--there's--I know it was more than

1 that but I couldn't find the receipts or I didn't have
2 them marked well enough to know which property it went
3 to, or which unit it went to, so, I didn't count it.

4 Q For the documents you have produced in
5 this litigation, are you representing that the
6 invoices, the documents attached, total \$128,000?

7 A Correct.

8 Q And that's your testimony here today?

9 A Correct.

10 Q Okay. Now, with Exhibit 9 and the date of
11 September, 2008, the stopping of these payments, you
12 had never commenced a lawsuit against either I-O-T-A
13 or California Benefit claiming you had the right to
14 receive improvements, had you?

15 A No. I did not.

16 Q Okay. You exercise--

17 A Specifically in September '08?

18 Q Yes.

19 A No.

20 Q And in fact, as part of this lawsuit, in
21 total, you had never sought or sued for breach of
22 contract, have you?

23 A Probably should ask my attorney that. I'm
24 not sure.

25 Q Okay. You're not aware of it, are you?

26 A No.

1 Q Okay. In September, with the taking of
2 those rents, you exercised self-help, did you not?

3 MR. FISHER: I would object.

4 THE COURT: Counsel, I think that's a
5 legal conclusion that the Court can draw from the
6 evidence.

7 Q (By Mr. Veasy) You knew from the notes
8 and trust deeds, that those rents were security for
9 the repayment of the notes, didn't you?

10 A At that time, I'm not sure if I really
11 knew that, but I've come to that conclusion from
12 the--what has been explained to me by my attorney.

13 Q Okay. And during the time period from
14 September of 2008 through February 20th, 2009, you
15 continued, knowingly continued to take the rents,
16 didn't you?

17 A Continued to collect the rents?

18 Q Yes.

19 A Yes.

20 Q Okay. And you took those rents with
21 seeking to get paid for the improvements; correct?

22 A Seeking to--

23 MR. FISHER: Your Honor, I'm going to
24 object, that's been asked and answered.

25 THE COURT: It has been, Counsel.

26 MR. VEASY: It has been answered.

1 THE COURT: I'll sustain the objection.

2 MR. VEASY: I'll withdraw the question.

3 Q (By Mr. Veasy) Did you ever consider at
4 that time that the deeds of trust secured--were
5 secured by the rents?

6 A No.

7 Q Okay. But you knew the fact that those
8 payments would be made to Mr. Murset so he could make
9 payments to the senior note holders?

10 A Did I know--say that again. Did I know
11 what?

12 Q At the time you were stopping the payments
13 to Mr. Murset, that he, in turn, would use that money
14 to pay the senior note holders?

15 A Did I know that? I don't know. I didn't
16 think about it at the time.

17 Q Okay. Is there anything in the note and
18 trust deeds that says that you get to keep money from
19 the rents to pay yourself back for improvements?

20 A Not that I'm aware of.

21 Q Okay. Let me have you look at the Court's
22 November 4th, 2008, order.

23 MR. VEASY: What exhibit number is that?

24 Q (By Mr. Veasy) It is Exhibit 19. Do you
25 recognize this order from the Court?

26 A I think so.

1 Q Okay.

2 A Uh huh (affirmative).

3 Q And at this time, as reflected in the
4 caption of the Court, you were a defendant in this
5 lawsuit; correct?

6 A According to this document?

7 Q Yes.

8 A Yes.

9 Q And according to the certificate of
10 service, you were sent a copy of this order; correct?

11 A I don't think it was sent. I think
12 someone brought it.

13 Q Okay. But you received it; correct?

14 A Correct.

15 Q And as I recall your deposition testimony,
16 you received it on November 10th; is that correct?

17 A I think so.

18 Q Okay.

19 A I think so.

20 Q And after receiving this order, you never
21 sought permission from the Court to receive those
22 rents; correct?

23 A To receive them?

24 Q Well, you continued to collect the rents;
25 correct?

26 A Tenants continued to pay the rents.

1 Q Okay.

2 A They came in and paid the rents.

3 Q And--and you continued to take the money
4 even though you had knowledge of this court order;
5 correct?

6 A I continued to accept the money, yes.

7 Q Okay. And for expenditures, if any, that
8 you made from the collected rent payments, you never
9 got permission from the Court to do that, did you?

10 A To pay the expenses?

11 Q Yes.

12 A No.

13 Q You just continued to collect the rent
14 from the tenants?

15 A Yes.

16 Q And you admit that you received payments
17 after the date of this order, November 4, from the
18 tenants in both apartment complexes and that you kept
19 those payments?

20 A I did temporarily, yes.

21 Q Okay. And by temporarily, you mean until
22 you deposited a portion of those in--on August 7th of
23 2009?

24 A Until I deposited the rents that I
25 received from the tenants on that--

26 Q Okay.

1 A --date, yes.

2 Q Some--so, some eight, nine, ten months
3 later.

4 A What date was it deposited?

5 Q This is November of '08 and I'll represent
6 to you, based upon your filings with the Court, that
7 you deposited some \$33,000 on August 7th of 2009.

8 A And so, you're saying November rents would
9 have been ten months later?

10

11 Q No. I'm saying you kept the rents from
12 basically, continuing through September, through the
13 Court's order, through the trustee sale?

14 A Yes. Until August, when--

15 Q And you were aware of this Court order?

16 A Yes.

17 Q Okay. And you kept those payments without
18 seeking any permission from the Court to keep those
19 payments?

20 MR. FISHER: Your Honor, I'm going to
21 object. Asked and answered.

22 THE COURT: Overruled.

23 THE WITNESS: Correct.

24 THE COURT: Mr. David Fisher, let me ask
25 you this question: Was there some reason in between
26 the time of the Court's order, which was--Counsel,

1 let's make clear on this, I signed it on the 4th of
2 November?

3 MR. VEASY: Yes. And it was entered on
4 the 5th.

5 THE COURT: But it was not entered by the
6 clerk until the 5th.

7 MR. FISHER: It was filed November 5th.

8 MR. VEASY: The 5th, yes.

9 THE COURT: During that time, from the 5th
10 of November up until you actually paid the
11 thirty-three thousand plus dollars that you paid into
12 the clerk of the Court, was there some reason that you
13 could not pay over the monies that were paid to you as
14 rent in to the clerk of the Court during that time?
15 Any reason that you could not do that, sir?

16 THE WITNESS: I used a portion of it for
17 the expenses on the property and then the rest, I--I
18 hung onto until my attorney told me to deposit them.

19 THE COURT: All right. So, you were not
20 operating under any disability in being able to do
21 that, it wasn't tied up by a bankruptcy court or
22 someone else hadn't executed against it or anything
23 else like that? It was just that you used the money
24 to pay the expenses on the properties that you had
25 incurred and the remaining that didn't go out for
26 expenses, you kept until you paid it into the Court in

1 August, 2009?

2 THE WITNESS: Correct.

3 THE COURT: Got that. Okay.

4 Q (By Mr. Veasy) Now, you provided us with
5 an accounting in August of 2009; is that correct?

6 A I'll take your word for it. I--

7 Q Okay.

8 A I supplied a lot of papers, so you can't
9 expect me to remember which one, which--when I did it.

10 MR. VEASY: May I, your Honor?

11 THE COURT: Certainly, Counsel.

12 MR. FISHER: Is that Exhibit 21?

13 MR. VEASY: What number is this?

14 MR. FISHER: Is that Exhibit 21?

15 THE COURT: I think we're up to 83.

16 Plaintiffs' 83, aren't we?

17 MR. VEASY: Yeah. And let me explain
18 something that we've got. In the exhibit binders,
19 there is Exhibit 21 and I think you will also see it
20 in your binder. And what that is, is simply Mr.
21 Darwin--Darwin Fisher's letter--

22 THE COURT: His cover letter.

23 MR. VEASY: --with--without the attached
24 accounting. And that was meant to include the
25 accounting to go with it.

26 THE COURT: Well, does anybody have a real

Tab 31

ADDENDUM “31”

Not Reported in P.3d, 2005 WL 3315331 (Utah App.), 2005 UT App 528
(Cite as: 2005 WL 3315331 (Utah App.))

H

UNPUBLISHED OPINION. CHECK COURT
RULES BEFORE CITING.

Court of Appeals of Utah.
Tami BENNETT, Petitioner and Appellee,
v.
Brendt Thomas BENNETT, Respondent and Ap-
pellant.
STATE of Utah, Office of Recovery Services, In-
tervenor.

No. 20050776-CA.
Dec. 8, 2005.

Third District, Salt Lake Department, 024901441.
The Honorable Tyrone E. Medley.
Brendt Thomas Bennett, Draper, Appellant pro se.

Suzanne Marychild, Logan, for Appellee.

Before Judges DAVIS, ORME, and THORNE.

MEMORANDUM DECISION (Not For Official
Publication)

PER CURIAM.

*1 Brendt Thomas Bennett appeals the trial court's order denying his motion for relief pursuant to rule 60(b) of the Utah Rules of Civil Procedure. This is before the court on its own motion for summary disposition based on the lack of a substantial question for review.

Bennett asserts that the trial court erred in denying his motion for relief because the trial court failed to consider two motions for orders to show cause filed just before trial. However, at trial on the outstanding issues in the divorce proceeding, Bennett and his wife entered into a stipulation on the record, resolving the issues raised in his motions.

A stipulation has all the binding effect of find-

ings of fact and conclusions of law made by the court upon the evidence. The rationale is that the stipulation constitutes an agreement of the parties that all the facts necessary to support it ... pre-existed and would be sustained by available evidence, had not the agreement of the parties dispensed with the taking of evidence.

Davis v. Davis, 2001 UT App 225, ¶ 10, 29 P.3d 676 (omission in original) (quotations and citation omitted).

By stipulating in court, Bennett implicitly agreed with the underlying facts, and his motions seeking other evidence were rendered moot. Generally, a trial court and the parties are bound by the parties' stipulation. *See Yeargin, Inc. v. Tax Comm'n*, 2001 UT 11, ¶ 19, 20 P.3d 287. Given the stipulation resolving the financial and parent time issues-the subject matter of the motions for orders to show cause-the trial court would not be able to receive other evidence contrary to the stipulation. *See id.* at ¶ 20. Because the stipulation mooted Bennett's motions, the trial court did not err in denying Bennett's motion for relief seeking consideration of those prior motions.

Accordingly, the trial court's order is affirmed.

Utah App., 2005.

Bennett v. Bennett

Not Reported in P.3d, 2005 WL 3315331 (Utah App.), 2005 UT App 528

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