

Malm Bankruptcy
15-40298

Present Value of Payments owing under the Note.

Number of Payments to be made until 9/2038 270

Monthly payments received 557.81

Present value of 270 \$557.81 payments:

at 8%	\$69,757.83
at 10%	\$59,815.99
at 12%	\$51,981.60

Asset Sales

Trustee: R. SAM HOPKINS (320130)

Case: MALM, ROGER SCOTT (15-40298)

For Asset: 19 - 10.791% INTEREST IN MALM PROPERTIES, LP 4961 WES

Transaction Date	Account No.	Transaction Type	Transaction #	Amount	Cleared Date	T-Code	Entered By
06/02/15	██████████366	Deposit	100002-1	\$1,115.62	06/03/15	1129-00	AMBER
06/23/15	██████████366	Deposit	100004-1	\$557.81	06/24/15	1129-00	AMBER
07/28/15	██████████366	Deposit	100006-1	\$557.81	07/29/15	1129-00	AMBER
08/18/15	██████████366	Deposit	100009-1	\$557.81	08/19/15	1129-00	AMBER
09/29/15	██████████366	Deposit	100012-1	\$557.81	09/30/15	1129-00	AMBER
10/19/15	██████████366	Deposit	100015-1	\$557.81	10/20/15	1129-00	AMBER
11/17/15	██████████366	Deposit	100018-1	\$557.81	11/18/15	1129-00	AMBER
12/18/15	██████████366	Deposit	100020-1	\$557.81	12/22/15	1129-00	AMBER
01/26/16	██████████366	Deposit	100022-1	\$557.81	01/27/16	1129-00	AMBER
02/19/16	██████████366	Deposit	100024-1	\$557.81	02/22/16	1129-00	AMBER
03/14/16	██████████366	Deposit	100026-1	\$557.81		1129-00	AMBER
Total:				\$6,693.72			

Form **1065**

Department of the Treasury
Internal Revenue Service

U.S. Return of Partnership Income
For calendar year 2014, or tax year beginning _____, 2014,
ending _____, 20____.

Information about Form 1065 and its separate instructions is at www.irs.gov/form1065.

OMB No. 1545-0123

2014

A Principal business activity
ASSET MGT

B Principal product or service
ASSET MGT

C Business code number
900

Type of Print
MALM PROPERTIES, L.P.
4961 WEST GREY TOWERS DR.
MERIDIAN, ID 83642

D Employer identification no.
8636

E Date business started
12/31/1999

F Total assets (see the instrs)
\$ 915,049.

G Check applicable boxes: (1) Initial return (2) Final return (3) Name change (4) Address change (5) Amended return (6) Technical termination - also check (1) or (2)

H Check accounting method: (1) Cash (2) Accrual (3) Other (specify) _____

I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year _____ **10**

J Check if Schedules C and M-3 are attached

Caution. Include only trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

INCOME	1 a Gross receipts or sales	1 a	
	b Returns and allowances	1 b	
	c Balance. Subtract line 1b from line 1a	1 c	
	2 Cost of goods sold (attach Form 1125-A)	2	
	3 Gross profit. Subtract line 2 from line 1c	3	
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)	4	
	5 Net farm profit (loss) (attach Schedule F (Form 1040))	5	
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)	6	
7 Other income (loss) (attach statement)	7		
8 Total income (loss). Combine lines 3 through 7	8		
DEDUCTIONS FOR LIMITATIONS	9 Salaries and wages (other than to partners) (less employment credits)	9	
	10 Guaranteed payments to partners	10	
	11 Repairs and maintenance	11	
	12 Bad debts	12	
	13 Rent	13	
	14 Taxes and licenses	14	766.
	15 Interest	15	
	16 a Depreciation (if required, attach Form 4562)	16 a	
	b Less depreciation reported on Form 1125-A and elsewhere on return	16 b	
	16 c	16 c	
	17 Depletion (Do not deduct oil and gas depletion.)	17	
	18 Retirement plans, etc.	18	
	19 Employee benefit programs	19	
	20 Other deductions (attach statement) SEE STATEMENT 1	20	2,184.
21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20	21	2,950.	
22 Ordinary business income (loss). Subtract line 21 from line 8	22	-2,950.	

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

Sign Here

Signature of general partner or limited liability company member manager _____ Date _____

May the IRS discuss this return with the preparer shown below (see instrs)? Yes No

Paid Preparer Use Only

Print/Type preparer's name **DAVID R. STEWART** Preparer's signature _____ Date _____

Firm's name **STEWART & ASSOCIATES PA** Firm's EIN _____

Firm's address **3045 E COPPER POINT DR** Phone no. **(208) 378-0072**

MERIDIAN, ID 83642

Schedule B Other Information

1 What type of entity is filing this return? Check the applicable box:		Yes	No	
a <input type="checkbox"/> Domestic general partnership	b <input checked="" type="checkbox"/> Domestic limited partnership			
c <input type="checkbox"/> Domestic limited liability company	d <input type="checkbox"/> Domestic limited liability partnership			
e <input type="checkbox"/> Foreign partnership	f <input type="checkbox"/> Other ▶			
2 At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?			X	
3 At the end of the tax year:				
a Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If 'Yes,' attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership			X	
b Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If 'Yes,' attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership			X	
4 At the end of the tax year, did the partnership:				
a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (iv) below.			X	
(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock	
b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If 'Yes,' complete (i) through (v) below			X	
(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital
5 Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		Yes	No	
6 Does the partnership satisfy all four of the following conditions?			X	
a The partnership's total receipts for the tax year were less than \$250,000.				
b The partnership's total assets at the end of the tax year were less than \$1 million.				
c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.				
d The partnership is not filing and is not required to file Schedule M-3. If 'Yes,' the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.			X	
7 Is this partnership a publicly traded partnership as defined in section 469(k)(2)?			X	
8 During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?			X	
9 Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?			X	
10 At any time during calendar year 2014, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). If 'Yes,' enter the name of the foreign country. ▶			X	

Schedule B Other Information (continued)

	Yes	No
11 At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If 'Yes,' the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions.		X
12a Is the partnership making, or had it previously made (and not revoked), a section 754 election? See instructions for details regarding a section 754 election.		X
b Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If 'Yes,' attach a statement showing the computation and allocation of the basis adjustment. See instructions.		X
c Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If 'Yes,' attach a statement showing the computation and allocation of the basis adjustment. See instrs		X
13 Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly owned by the partnership throughout the tax year) <input type="checkbox"/>		
14 At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		X
15 If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions ▶		
16 Does the partnership have any foreign partners? If 'Yes,' enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership. ▶		X
17 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		
18a Did you make any payments in 2014 that would require you to file Form(s) 1099? See instructions.		X
b If 'Yes,' did you or will you file required Form(s) 1099?		
19 Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶		
20 Enter the number of partners that are foreign governments under section 892. ▶ 0		

Designation of Tax Matters Partner (see instructions)

Enter below the general partner or member-manager designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ▶	ROGER L MALM	Identifying number of TMP ▶	[REDACTED]
If the TMP is an entity, name of TMP representative ▶	[REDACTED]	Phone number of TMP ▶	[REDACTED]
Address of designated TMP ▶	[REDACTED]		
	MERIDIAN, ID 83642		

Schedule K Partners' Distributive Share Items		Total amount		
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)	1	-2,950.	
	2 Net rental real estate income (loss) (attach Form 8825)	2		
	3a Other gross rental income (loss)	3a		
	b Expenses from other rental activities (attach stmt)	3b		
	c Other net rental income (loss). Subtract line 3b from line 3a	3c		
	4 Guaranteed payments	4		
	5 Interest income	5	41,194.	
	6 Dividends: a Ordinary dividends	6a		
	b Qualified dividends	6b		
	7 Royalties	7		
	8 Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8		
9a Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a	10,360.		
	b Collectibles (28%) gain (loss)	9b		
	c Unrecaptured section 1250 gain (attach statement)	9c		
10 Net section 1231 gain (loss) (attach Form 4797)	10			
11 Other income (loss) (see instructions) Type ▶	11			
Deductions	12 Section 179 deduction (attach Form 4562)	12		
	13a Contributions	13a		
	b Investment interest expense	13b		
	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c (2)		
d Other deductions (see instructions) Type ▶	13d			
Self-Employment	14a Net earnings (loss) from self-employment	14a	-158.	
	b Gross farming or fishing income	14b		
	c Gross nonfarm income	14c		
Credits	15a Low-income housing credit (section 42(j)(5))	15a		
	b Low-income housing credit (other)	15b		
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable)	15c		
	d Other rental real estate credits (see instructions) Type ▶	15d		
	e Other rental credits (see instructions) Type ▶	15e		
	f Other credits (see instructions) Type ▶	15f		
Foreign Transactions	16a Name of country or U.S. possession ▶			
	b Gross income from all sources	16b		
	c Gross income sourced at partner level	16c		
	Foreign gross income sourced at partnership level			
	d Passive category ▶ e General category ▶ f Other ▶	16f		
	Deductions allocated and apportioned at partner level			
	g Interest expense ▶ h Other ▶	16h		
	Deductions allocated and apportioned at partnership level to foreign source income			
	i Passive category ▶ j General category ▶ k Other ▶	16k		
l Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	16l			
m Reduction in taxes available for credit (attach statement)	16m			
n Other foreign tax information (attach statement)				
Alternative Minimum Tax (AMT) Items	17a Post-1986 depreciation adjustment	17a		
	b Adjusted gain or loss	17b		
	c Depletion (other than oil and gas)	17c		
	d Oil, gas, and geothermal properties – gross income	17d		
	e Oil, gas, and geothermal properties – deductions	17e		
	f Other AMT items (attach stmt)	17f		
Other Information	18a Tax-exempt interest income	18a		
	b Other tax-exempt income	18b		
	c Nondeductible expenses	18c		
	19a Distributions of cash and marketable securities	19a	220,030.	
	b Distributions of other property	19b		
	20a Investment income	20a	41,194.	
b Investment expenses	20b			
c Other items and amounts (attach stmt)				

Analysis of Net Income (Loss)

1	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l					1	48,604.
2	Analysis by partner type:						
	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt Organization	(vi) Nominee/Other	
a	General partners	2,570.					
b	Limited partners	46,034.					

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		171,899.		10,950.
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach stmt)				
7a	Loans to partners (or persons related to partners)				
b	Mortgage and real estate loans				
8	Other investments (attach stmt) SEE ST 2		924,936.		904,099.
9a	Buildings and other depreciable assets				
b	Less accumulated depreciation				
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)				
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach stmt)				
14	Total assets		1,096,835.		915,049.
Liabilities and Capital					
15	Accounts payable				
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach stmt)				
18	All nonrecourse loans				
19a	Loans from partners (or persons related to partners)				
b	Mortgages, notes, bonds payable in 1 year or more				
20	Other liabilities (attach stmt) SEE ST 3		459,894.		449,534.
21	Partners' capital accounts		636,941.		465,515.
22	Total liabilities and capital		1,096,835.		915,049.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return
 Note. The partnership may be required to file Schedule M-3 (see instructions).

1	Net income (loss) per books	48,604.	6	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a	Tax-exempt interest .. \$	
3	Guaranteed pmts (other than health insurance)		7	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		a	Depreciation .. \$	
a	Depreciation .. \$		8	Add lines 6 and 7	
b	Travel and entertainment .. \$		9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	48,604.
5	Add lines 1 through 4	48,604.			

Schedule M-2 Analysis of Partners' Capital Accounts

1	Balance at beginning of year	636,941.	6	Distributions: a Cash	220,030.
2	Capital contributed: a Cash		b	Property	
	b Property		7	Other decreases (itemize):	
3	Net income (loss) per books	48,604.	8	Add lines 6 and 7	220,030.
4	Other increases (itemize):		9	Balance at end of year. Subtract line 8 from line 5	465,515.
5	Add lines 1 through 4	685,545.			

Schedule D
(Form 1065)

Department of the Treasury
Internal Revenue Service

Capital Gains and Losses

▶ Attach to Form 1065 or Form 8865. ▶ Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.
▶ Information about Schedule D (Form 1065) and its separate instructions is at www.irs.gov/form1065.

OMB No. 1545-0123

2014

Name of partnership

MALM PROPERTIES, L.P.

Employer identification number

8636

Part I Short-Term Capital Gains and Losses – Assets Held One Year or Less

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
1a Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b.....				
1b Totals for all transactions reported on Form(s) 8949 with Box A checked.....				
2 Totals for all transactions reported on Form(s) 8949 with Box B checked.....				
3 Totals for all transactions reported on Form(s) 8949 with Box C checked.....				
4 Short-term capital gain from installment sales from Form 6252, line 26 or 37.....				4
5 Short-term capital gain or (loss) from like-kind exchanges from Form 8824.....				5
6 Partnership's share of net short-term capital gain (loss), including specially allocated short-term capital gains (losses), from other partnerships, estates, and trusts.....				6
7 Net short-term capital gain or (loss) . Combine lines 1a through 6 in column (h). Enter here and on Form 1065, Schedule K, line 8 or 11; or Form 8865, Schedule K, line 8 or 11.....				7

Part II Long-Term Capital Gains and Losses – Assets Held More Than One Year

See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.	(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
8a Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b.....				
8b Totals for all transactions reported on Form(s) 8949 with Box D checked.....				
9 Totals for all transactions reported on Form(s) 8949 with Box E checked.....				
10 Totals for all transactions reported on Form(s) 8949 with Box F checked.....				
11 Long-term capital gain from installment sales from Form 6252, line 26 or 37.....				11 10,360.
12 Long-term capital gain or (loss) from like-kind exchanges from Form 8824.....				12
13 Partnership's share of net long-term capital gain (loss), including specially allocated long-term capital gains (losses), from other partnerships, estates, and trusts.....				13
14 Capital gain distributions (see instructions).....				14
15 Net long-term capital gain or (loss) . Combine lines 8a through 14 in column (h). Enter here and on Form 1065, Schedule K, line 9a or 11; or Form 8865, Schedule K, line 9a or 11.....				15 10,360.

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 1065.

Schedule D (Form 1065) 2014

Schedule K-1
(Form 1065)

2014

Final K-1

Amended K-1

651113

OMB No. 1545-0123

Department of the Treasury
Internal Revenue Service

For calendar year 2014, or tax
year beginning _____, 2014
ending _____.

Partner's Share of Income, Deductions, Credits, etc.
▶ See separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
██████████ 8636

B Partnership's name, address, city, state, and ZIP code

MALM PROPERTIES, L.P.
████████████████████
MERIDIAN, ID 83642

C IRS Center where partnership filed return
E-FILE

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
████████████████████

F Partner's name, address, city, state, and ZIP code

ROGER S MALM
████████████████████
POCATELLO, ID 83204

G General partner or LLC member-manager Limited partner or other LLC member

H Domestic partner Foreign partner

I1 What type of entity is this partner? INDIVIDUAL

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here.

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	10.791 %	10.791 %
Loss	10.791 %	10.791 %
Capital	10.791 %	10.791 %

K Partner's share of liabilities at year end:

Nonrecourse \$ 48,509.

Qualified nonrecourse financing \$

Recourse \$

L Partner's capital account analysis:

Beginning capital account \$ 77,643.

Capital contributed during the year \$

Current year increase (decrease) \$ 5,245.

Withdrawals & distributions \$ (23,743.)

Ending capital account \$ 59,145.

Tax basis GAAP Section 704(b) book
 Other (explain)

M Did the partner contribute property with a built-in gain or loss?
 Yes No
If "Yes", attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
	-318.		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
	4,445.		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
	1,118.		
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
12	Section 179 deduction	19	Distributions
		A	23,743.
13	Other deductions		
		20	Other information
		A	4,445.
14	Self-employment earnings (loss)		

*See attached statement for additional information.

FOR IRS USE ONLY

NON-RECOURSE PROMISSORY NOTE

Ashley Manor Properties, LLC, an Idaho limited liability company, with its office at [REDACTED], Meridian, Idaho, 83646 ("Debtor"), agrees to pay to Malm Properties. L.P., ("Creditor"), as follows:

1. Non-recourse. THE CREDITOR AND ALL SUBSEQUENT HOLDERS OF THIS NOTE UNDERSTAND AND AGREE THAT THIS NOTE DOES NOT CREATE ANY PERSONAL LIABILITY OF ANY KIND FOR THE DEBTOR OR ITS RESPECTIVE AGENTS, OFFICERS, EMPLOYEES, MANAGERS, SUCCESSORS AND ASSIGNS. IF A DEFAULT IS MADE IN THE PAYMENT OF THE AMOUNT DUE OR IN COMPLIANCE WITH OTHER TERMS OF THIS NOTE, THE EXCLUSIVE RECOURSE OF THE CREDITOR IS THE ISSUANCE TO THE CREDITOR OF UNITS OF DEBTOR AS SET FORTH IN SECTION 8 BELOW.

2. Promise to Pay. For value received, Debtor promises to pay to Creditor the principal amount of Nine Hundred Thirty Thousand Dollars (\$930,000.00) plus interest on the principal at the rate of Four and One-Half percent (4.50%) per year ("Amount Due") in lawful money of the United States of America. Accrued but unpaid interest shall compound and be added to the principal amount due under this Note on the 10th calendar day of each month. A day shall be calculated as 1/360th of a year, and a month shall be calculated as thirty (30) days. Interest shall commence on October 1, 2013.

3. Payment of Amount Due.

a. Monthly Payments. The Debtor shall pay the Amount Due in three hundred (300) consecutive monthly installments of Five Thousand One Hundred Sixty-Nine Dollars and Twenty-Four Cents (\$5,169.24) each. Each monthly installment is due on the tenth calendar day of each month with the first monthly installment due on October 10, 2013 and the final monthly installment due September 10, 2038. The Debtor shall pay a late charge of One Hundred Dollars (\$100.00) for any payment which is not received by the Creditor within ten (10) days of written notice that a payment was not received.

b. Final or Balloon Payment. On September 10, 2038, the Debtor shall pay to the Creditor all remaining principal and accrued but unpaid interest due under this Note.

c. Due Date. The date on which a payment is due is defined as a "Due Date."

4. Additional Payments. Debtor may prepay all or any portion of the Amount Due at any time.

5. Payment Procedure. Each payment shall be made in the form of a check made payable to the Sellers or ACH payment or direct deposit into the Sellers bank account on or before the Due Date.

6. **Application of Payment.** The amount of each payment shall first be applied to accrued interest, and the remainder to reduce the principal amount.

7. **Notice of Breach; Opportunity to Cure; Default.** If the Debtor breaches any provision of this Note, then before the Creditor can declare a default it must give written notice to the Debtor by hand delivery or by federal express or other recognized overnight delivery service or mailed by registered or certified mail, return receipt requested, detailing the nature of the breach. If the breach is monetary (i.e., failure to pay), then the Debtor shall have twenty (20) days from the receipt of the notice to cure the breach. If the breach is non-monetary, then the Debtor shall have sixty (60) days from the receipt of the notice to cure the breach. Provided, however, that if the breach is non-monetary and cannot reasonably be cured within sixty (60) days, then the Debtor shall be allowed a reasonable time to cure the default as long as the Debtor is pursuing resolution of the breach in good faith. If the breach is not cured within the time period allowed in this Section, then the Creditor, at its option, may declare this Note in default by providing written notice to the Debtor and pursue the remedy set forth in Section 8. Notices required under this Section will be given to the Debtor at Synergy Healthcare Holdings, LLC, [REDACTED], Meridian, Idaho 83646, Attn: Keith C. Fletcher.

8. **Sole Remedy.** The sole and exclusive remedy available to the Creditor upon any default of this Note shall be the right to demand and to receive from the Debtor, the number of Units of the Debtor (rounded to the nearest whole number) that would provide the Creditor a percentage ownership interest in the Debtor equivalent to the Creditor's ownership interest immediately prior to the redemption of Units owned by the Creditor, reduced proportionately for the principal the Debtor paid on this Note and the payment made to the Creditor at the Closing under the Membership Interest Redemption Agreement between the Debtor and the Creditor.

a. The formula to calculate the number of Units that the Debtor must issue to the Creditor is as follows:

$$(up / \$930,000 \times 44.12\%) \times ou / (1 - ((up / \$930,000 \times 44.12\%)) = \text{number of units to issue};$$

where up = unpaid principal amount of Note; and
ou = outstanding number of Units of Debtor.

b. An example of the calculation of the number of Units of the Debtor to be issued pursuant to this Section 8 and the formula set forth in Subsection 8.a is as follows:

Assume:	Unpaid principal at time of default	\$700,000
	Outstanding Units at time of default	12,000
Calculations:		
	up =	700,000
	ou =	12,000

$(700,000 / 930,000 \times 44.12\%) \times 12,000 / (1 - (700,000 / 930,000 \times 44.12\%)) = 5,966.39$

Result: Rounding to the nearest whole number, the Debtor would issue to the Creditor 5,966 Units of the Debtor.

c. Upon written notice from the Creditor, the Debtor shall immediately issue to the Creditor the number of Units of Membership Interests of the Debtor as set forth in this Section 8. The Debtor shall also take any actions necessary to admit the Creditor as a Member of the Debtor with all the rights and obligations of a Member as set forth in the Debtor's operating agreement.

d. If the Debtor fails within sixty (60) days of receipt of notice from the Creditor to issue the Units and/or admit the Creditor as a Member, then the Creditor shall be free to pursue legal action, on a full recourse basis, against the Debtor to collect any sums owed the Creditor. Provided, however, that if the Debtor is actively challenging the validity of the claimed breach by legal action in a court of competent jurisdiction, then the sixty (60) day period shall not commence until such challenge is resolved by a final adjudication decision regarding the matter. Interest on any unpaid principal shall increase to Eight percent (8%) per annum following the sixty (60) day period.

9. Restrictions on real property distributions, sale and refinance. Without first obtaining the written consent of the Creditor, the Debtor shall not distribute, sell or refinance any real property of the Debtor. Provided, however, that the consent of the Creditor shall not be required if real property of the Debtor is refinanced in an amount not to exceed the principal balance due at the time of refinancing plus the costs of such refinancing (i.e., loan fees, appraisal costs, legal fees, etc.).

10. Subordination. This Note is and shall remain subordinate to any existing indebtedness of the Debtor or subsequent indebtedness of the Debtor that is compliant with Section 9 above. The Creditor shall, upon request of the Debtor, execute such instruments as are reasonably required to subordinate this Note to any such indebtedness.

11. Collection Costs. If any payment is in default, then Debtor shall pay (i) reasonable attorney fees and other costs and expenses incurred by Creditor after default and referral to an attorney, and (ii) reasonable expenses incurred in the issuance of Units of Membership Interests of the Debtor as set forth in Section 8 ("Collection Costs"). Collection Costs specifically include the expenses incurred by Creditor if an attorney representing Creditor contacts or attempts to contact Debtor because a payment is in default. Collection Costs constitute an advance to Debtor by Creditor and shall be added to the principal amount at the time the Collection Costs are incurred.

12. Waiver. Debtor waives presentment, notice of dishonor, and protest.

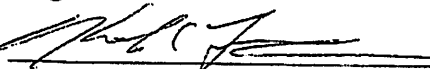
13. Assignment. None of the rights, privileges, or obligations set forth in, arising under, or created by this Note may be assigned by the Debtor or by the Creditor without the prior consent in writing of the Creditor or the Debtor respectively, which consent shall not be unreasonably withheld. Provided, however, that this Note may be assigned to any, or all, of the lineal descendants of the Creditor without consent of the Debtor.

14. Governing Law, Jurisdiction, and Venue. This Note shall be construed and interpreted in accordance with the laws of the State of Idaho. The courts of Idaho shall have exclusive jurisdiction, and Ada County is the proper venue.

DEBTOR:
Ashley Manor Properties, LLC

By: Keystone West, Inc.
Its Manager

Dated: September 25, 2013

By: 
Keith C. Fletcher
President

RESOLUTIONS OF MALM PROPERTIES, L.P.

R & J Management, LLC, an Idaho limited liability company (“General Partner”), being the sole general partner of Malm Properties, L.P., an Idaho limited partnership (“Company”), hereby adopts the following resolutions and consents to taking of the actions set forth in the resolutions.

WHEREAS, Malm Properties is a member of the following companies (collectively referred to as the “Ashley Manor Companies”):

- Ashley Manor Properties, LLC, an Idaho limited liability company;
- Keystone West Investments, LLC, an Idaho limited liability company;
- East Cascade Holdings, LLC, an Idaho limited liability company;
- Ida Properties, LLC, an Idaho limited liability company; and
- Bright Angel Holdings, LLC, an Idaho limited liability company.

WHEREAS, the Company wishes to sell and have the Ashley Manor Companies redeem from it all of their limited liability company interests it owns in the Ashley Manor Companies for the combined payment of One Million Three Hundred Fifty Three Thousand Dollars (\$1,353,000) payable partly in cash (\$423,000) and partly by long term promissory note (\$930,000), all as more fully described in the proposed Membership Interest Redemption Agreements (the “Redemption Transactions”); and

WHEREAS, the Company, upon receipt of the redemption payments intends to distribute such payments to its partners based on percentage interests;

**NOW, THEREFORE, IT IS HEREBY RESOLVED BY
THE GENERAL PARTNER OF MALM PROPERTIES, L.P.**

1. Approval of the Redemption Transactions.

RESOLVED, that the General Partner approves in all respects the Redemption Transactions and subsequent proposed distribution of funds;

RESOLVED, that the General Partner is authorized to act on behalf of the Company to take any action or exercise any powers necessary to carry out the terms of the Redemption Transactions.


2. *Approval to distribute proceeds.*

RESOLVED, that the General Partner is authorized on behalf of the Company to distribute the proceeds received from the Redemption Transactions to the Company's partners based on percentage interests, with the cash amounts received at closing to be distributed prior to the end of 2013, and payments from the promissory note to be distributed upon receipt of each payment.

IN WITNESS WHEREOF, the undersigned has executed this Resolution of Malm Properties, L.P. on the 15 day of September, 2013.

GENERAL PARTNER:


R & J Management, LLC

By: 
Roger L. Malm
Its Sole Member


ACKNOWLEDGEMENT OF LIMITED PARTNERS

The undersigned, being all of the limited partners of the Company, hereby acknowledge that they have been informed and are aware of the terms of the Redemption Transactions involving the redemption of all of the limited liability company interests of the Company in the Ashley Manor Companies. The limited partners collectively and individually hereby release R & J Management LLC from any and all claims, duties, responsibilities, obligations and liabilities relating to the Redemption Transactions or any other action taken by R & J Management LLC in the name of or in behalf of the Company.


Date: 9-25-13


Roger L. Malm

Date: 9-25-13


Janis T. Malm

Date: 9-25-2013


Melinda Saville

Date: 9/25/13

Stacey Marsh
Stacey Marsh

Date: _____

Roger S. Malm

Date: 9/25/13

[Signature]
Richard B. Malm

Date: 9/25/13

Brandon Malm
Brandon S. Malm

Date: _____

Hollilyn Waite

Date: _____

Stacey Marsh

Date: 9/25/13

Roger Scott Malm
Roger S. Malm

Date: _____

Richard B. Malm

Date: _____

Brandon S. Malm

Date: _____

Hollilyn Waite

Date: _____

Stacey Marsh

Date: _____

Roger S. Malm

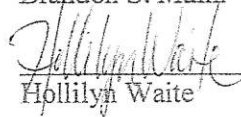
Date: _____

Richard B. Malm

Date: _____

Brandon S. Malm

Date: 9/25/13



Hollilyn Waite