

"CAOP I"

DEBTOR: Castle Arch Opportunity Partners I, LLC

MONTHLY OPERATING REPORT

CHAPTER 11

CASE NUMBER: 11-35240

**Form 2-A
COVER SHEET**

For Period Ending 05/31/12

Accounting Method: Accrual Basis Cash Basis

THIS REPORT IS DUE 14 DAYS AFTER THE END OF THE MONTH

Mark One Box for Each
Required Document:

Debtor must attach each of the following reports/documents unless the U. S. Trustee has waived the requirement in writing. File the original with the Clerk of Court. Submit a duplicate, with original signature, to the U. S. Trustee.

| Report/Document Attached | Previously Waived | REQUIRED REPORTS/DOCUMENTS |
|-------------------------------------|--------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 1. Cash Receipts and Disbursements Statement (Form 2-B) |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 2. Balance Sheet (Form 2-C) |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 3. Profit and Loss Statement (Form 2-D) |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 4. Supporting Schedules (Form 2-E) |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 5. Quarterly Fee Summary (Form 2-F) |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 6. Narrative (Form 2-G) |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 7. Bank Statements for All Bank Accounts IMPORTANT: Redact account numbers and remove check images |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | 8. Bank Statement Reconciliations for all Bank Accounts |

I declare under penalty of perjury that the following Monthly Operating Report, and any attachments thereto are true, accurate and correct to the best of my knowledge and belief.

Executed on: 7/09/12

Print Name: D. Ray Strong

Signature: 

Title: Manager

DEBTOR: Castle Arch Opportunity Partners I, LLC CASE NO: 11-35240

**Form 2-B
CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

For Period: 5/1/12 to 5/31/12

CASH RECEIPTS DETAIL
(attach additional sheets as necessary)

Account No: Zions-****4943

| Date | Payer | Description | Amount |
|----------|-------|---|--------------|
| 05/03/12 | Conix | Principal & Interest from Oak Capital N/R | \$ 19,578.29 |

CASH RECEIPTS DETAIL
(attach additional sheets as necessary)

Account No: Preferred Bank-***3341

| Date | Payer | Description | Amount |
|----------|------------------------|---|--------------|
| 05/09/12 | Conix | Princ. & Int from Oak Capital & Town I | \$ 12,110.53 |
| 05/14/12 | Conix | Princ. & Int from Town I | 9,189.66 |
| 05/14/12 | Conix | EWCA COM II Distribution | 244,333.72 |
| 05/14/12 | Wholesale Foreclosures | Rent Income | 679.43 |
| 05/29/12 | Conix | Principal & Interest from Oak Capital N/R | 5,797.71 |

CASH RECEIPTS DETAIL
(attach additional sheets as necessary)

Account No: Preferred Bank-***4690

| Date | Payer | Description | Amount |
|------|-------|-------------|--------|
| NONE | | | \$ |

CASH RECEIPTS DETAIL
(attach additional sheets as necessary)

Account No: HSBC - Foreign Currency Savings

| Date | Payer | Description | Amount |
|------|-------|-------------|--------|
| NONE | | | \$ |

Total Cash Receipts \$ 291,689.34 (1)

(1) Total for all accounts should agree with total cash receipts listed on Form 2-B, page 1

DEBTOR: Castle Arch Opportunity Partners I, LLC

CASE NO: 11-35240

Form 2-B
CASH RECEIPTS AND DISBURSEMENTS STATEMENT
 For Period: 5/1/12 to 5/31/12

CASH DISBURSEMENTS DETAIL
(attach additional sheets as necessary)

Account No: Zions-****4943

| Date | Check No. | Payee | Description (Purpose) | Amount |
|----------|-----------|------------|-----------------------|----------|
| 05/31/12 | EFT | Zions Bank | Wire Transfer Fee | \$ 18.00 |

CASH DISBURSEMENTS DETAIL
(attach additional sheets as necessary)

Account No: Preferred Bank-***3341

| Date | Check No. | Payee | Description (Purpose) | Amount |
|----------|-----------|--------|-------------------------|--------------|
| 05/23/12 | EFT | CAREIC | May 2012 Management Fee | \$ 20,912.50 |

CASH DISBURSEMENTS DETAIL
(attach additional sheets as necessary)

Account No: Preferred Bank-***4690

| Date | Check No. | Payee | Description (Purpose) | Amount |
|------|-----------|-------|-----------------------|--------|
| NONE | | | | \$ |

CASH DISBURSEMENTS DETAIL
(attach additional sheets as necessary)

Account No: HSBC - Foreign Currency Savings

| Date | Check No. | Payee | Description (Purpose) | Amount |
|------|-----------|-------|-----------------------|--------|
| NONE | | | | \$ |

Total Cash Disbursements \$ 20,930.50 (1)

(1) Total for all accounts should agree with total cash disbursements listed on Form 2-B, page 1

**Form 2-C
 COMPARATIVE BALANCE SHEET
 For Period Ended: 05/31/12**

| | Current Month (1) | Petition Date (2) |
|---|------------------------|------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash (from Form 2-B, line 5) | \$ 409,625.21 | \$ 385,457.71 |
| Accounts Receivable (from Form 2-E) | - | - |
| Receivable from Officers, Employees, Affiliates | - | - |
| Inventory | - | - |
| Other Current Assets :(List) | | |
| <u>Real Estate Investments</u> | 1,001,983.07 | 1,272,211.16 |
| <u>Tooele Land & Water</u> | 5,376,050.00 | 5,376,050.00 |
| Total Current Assets | \$ 6,787,658.28 | \$ 7,033,718.87 |
| Fixed Assets: | | |
| Land | \$ - | \$ - |
| Building | - | - |
| Equipment, Furniture and Fixtures | - | - |
| Total Fixed Assets | - | - |
| Less: Accumulated Depreciation | (-) | (-) |
| Net Fixed Assets | \$ - | \$ - |
| Other Assets (List): | | |
| <u>Pre-Paid Legal Retainer</u> | 50,000.00 | - |
| | - | - |
| TOTAL ASSETS | \$ 6,837,658.28 | \$ 7,033,718.87 |
| LIABILITIES | | |
| Post-petition Accounts Payable (from Form 2-E) | \$ 227,940.25 | \$ - |
| Post-petition Accrued Professional Fees (from Form 2-E) | 68,470.50 | - |
| Post-petition Taxes Payable (from Form 2-E) | - | - |
| Post-petition Notes Payable | - | - |
| Other Post-petition Payable(List): | | |
| <u>I/C Transaction</u> | 20,000.00 | - |
| <u>Preferred Dividend Payable</u> | 3,186,832.77 | - |
| <u>Note Interest Payable</u> | 26,630.14 | - |
| Total Post Petition Liabilities | \$ 3,529,873.66 | \$ - |
| Pre Petition Liabilities: | | |
| Secured Debt | 100,000.00 | 100,000.00 |
| Priority Debt | - | - |
| Unsecured Debt | (12,985.86) | (12,985.86) |
| Total Pre Petition Liabilities | \$ 87,014.14 | \$ 87,014.14 |
| TOTAL LIABILITIES | \$ 3,616,887.80 | \$ 87,014.14 |
| OWNERS' EQUITY | | |
| Owner's/Stockholder's Equity | \$ 4,633,184.47 | \$ 7,820,017.24 |
| Retained Earnings - Prepetition | (873,312.51) | (873,312.51) |
| Retained Earnings - Post-petition | (539,101.48) | - |
| TOTAL OWNERS' EQUITY | \$ 3,220,770.48 | \$ 6,946,704.73 |
| TOTAL LIABILITIES AND OWNERS' EQUITY | \$ 6,837,658.28 | \$ 7,033,718.87 |

(1) The Manager has not conducted a detailed analysis of the historical accounting balances contained herein to determine the accuracy of the information presented.

(2) Petition date values are taken from the Debtor's balance sheet as of the petition date or are the values listed on the Debtor's schedules.

DEBTOR: Castle Arch Opportunity Partners I, LLC

CASE NO: 11-35240

Form 2-D
PROFIT AND LOSS STATEMENT
For Period 05/01/12 to 05/31/12

| | Current Month (1) | Accumulated Total (2) |
|--|------------------------|--------------------------|
| Gross Operating Revenue | \$ 6,577.98 | \$ 93,677.34 |
| Less: Discounts, Returns and Allowances | (-) | (-) |
| Net Operating Revenue | \$ 6,577.98 | \$ 93,677.34 |
| Cost of Goods Sold | <u>126,649.72</u> | <u>267,558.52</u> |
| Gross Profit | \$ (120,071.74) | \$ (173,881.18) |
| Operating Expenses | | |
| Officer Compensation | \$ - | \$ - |
| Selling, General and Administrative | 20,930.50 | 240,763.62 |
| Rents and Leases | - | - |
| Depreciation, Depletion and Amortization | - | - |
| Other (list): <u>Property Tax</u> | - | 29,043.23 |
| | <u>-</u> | <u>-</u> |
| Total Operating Expenses | \$ <u>20,930.50</u> | \$ <u>269,806.85</u> |
| Operating Income (Loss) | \$ (141,002.24) | \$ (443,688.03) |
| Non-Operating Income and Expenses | | |
| Other Non-Operating Expenses | \$ - | \$ - |
| Gains (Losses) on Sale of Assets | - | - |
| Interest Income | - | 12.19 |
| Interest Expense | - | (26,630.14) |
| Other Non-Operating Income | - | - |
| Net Non-Operating Income or (Expenses) | \$ <u>-</u> | \$ <u>(26,617.95)</u> |
| Reorganization Expenses | | |
| Legal and Professional Fees (3) | \$ 4,379.00 | \$ 68,470.50 |
| Other Reorganization Expense | - | 325.00 |
| Total Reorganization Expenses | \$ <u>4,379.00</u> | \$ <u>68,795.50</u> |
| Net Income (Loss) Before Income Taxes | \$ (145,381.24) | \$ (539,101.48) |
| Federal and State Income Tax Expense (Benefit) | <u>-</u> | <u>-</u> |
| NET INCOME (LOSS) | \$ (145,381.24) | \$ (539,101.48) |

(1) The Manager has not conducted a detailed analysis of the historical accounting balances contained herein to determine the accuracy of the information presented.
(2) Accumulated Totals include all revenue and expenses since the petition date.

DEBTOR: Castle Arch Opportunity Partners I, LLC

CASE NO: 11-35240

Form 2-E
SUPPORTING SCHEDULES
 For Period: 05/01/12 to 05/31/12

POST PETITION TAXES PAYABLE SCHEDULE

| | <u>Beginning Balance (1)</u> | <u>Amount Accrued</u> | <u>Amount Paid</u> | <u>Date Paid</u> | <u>Check Number</u> | <u>Ending Balance</u> |
|------------------------------|----------------------------------|---------------------------|------------------------|----------------------|-------------------------|---------------------------|
| Income Tax Withheld: | | | | | | |
| Federal | \$ - | \$ - | \$ - | | | \$ - |
| State | - | - | - | | | - |
| FICA Tax Withheld | - | - | - | | | - |
| Employer's FICA Tax | - | - | - | | | - |
| Unemployment Tax | | | | | | |
| Federal | - | - | - | | | - |
| State | - | - | - | | | - |
| Sales, Use & Excise Taxes | - | - | - | | | - |
| Property Taxes | - | - | - | | | - |
| Accrued Income Tax: | | | | | | |
| Federal | - | - | - | | | - |
| State | - | - | - | | | - |
| Other: _____ | - | - | - | | | - |
| TOTALS | \$ - | \$ - | \$ - | | | \$ - |

(1) For first report, Beginning Balance will be \$0; thereafter, Beginning Balance will be Ending Balance from prior report.

INSURANCE SCHEDULE

| | <u>Carrier</u> | <u>Amount of Coverage</u> | <u>Expiration Date</u> | <u>Premium Paid Through</u> |
|------------------------|----------------|-------------------------------|----------------------------|-------------------------------------|
| Workers' Compensation | None | \$ - | \$ | |
| General Liability | Travelers (1) | \$ 2,000,000 | 10/18/12 | \$ 10/18/12 |
| Property (Fire, Theft) | Travelers (1) | \$ 25,000 | 10/27/12 | \$ 10/27/12 |
| Vehicle | None | \$ - | \$ | |
| Other (list): | | \$ | | |
| | | \$ | | |

(1) The Manager was informed in late May that the vacant land policy for the Tooele, Kingman, Star Valley, and Smyrna properties was terminate. The Manager worked with Travelers to get the policy reinstated in June 2012.

DEBTOR: Castle Arch Opportunity Partners I, LLC

CASE NO: 11-35240

**Form 2-E
SUPPORTING SCHEDULES**

For Period 05/01/12 to 05/31/12

ACCOUNTS RECEIVABLE AND POST PETITION PAYABLE AGING

| <u>Due</u> | <u>Accounts Receivable</u> | <u>Post Petition Accounts Payable</u> |
|--|---|---------------------------------------|
| Under 30 days | \$ 0.00 | \$ 0.00 |
| 30 to 60 days | 0.00 | 13,661.56 |
| 61 to 90 days | 0.00 | 0.00 |
| 91 to 120 days | 0.00 | 67,323.12 |
| Over 120 days | 0.00 | 146,955.57 |
| Total Post Petition | 0.00 | |
| Pre Petition Amounts | 0.00 | |
| Total Accounts Receivable | \$ 0.00 | |
| Less: Bad Debt Reserve | 0.00 | |
| Net Accounts Receivable (to Form 2-C) | \$ 0.00 | |
| | Total Post Petition Accounts Payable | \$ 227,940.25 |

* Attach a detail listing of accounts receivable and post-petition accounts payable

SCHEDULE OF PAYMENTS TO ATTORNEYS AND OTHER PROFESSIONALS

| | <u>Month-end Retainer Balance</u> | <u>Current Month's Accrual</u> | <u>Paid in Current Month</u> | <u>Date of Court Approval</u> | <u>Month-end Balance Due *</u> |
|--|-----------------------------------|--------------------------------|------------------------------|-------------------------------|--------------------------------|
| Debtor's Counsel | \$ 50,000.00 | \$ 4,379.00 | \$ - | | \$ 68,470.50 |
| Counsel for Unsecured Creditors' Committee | - | - | - | | - |
| Trustee's Counsel | - | - | - | | - |
| Accountant | - | - | - | | - |
| Other: | - | - | - | | - |
| Total | \$ 50,000.00 | \$ 4,379.00 | \$ - | | \$ 68,470.50 |

*Balance due to include fees and expenses incurred but not yet paid.

SCHEDULE OF PAYMENTS AND TRANSFERS TO PRINCIPALS/EXECUTIVES**

| <u>Payee Name</u> | <u>Position</u> | <u>Nature of Payment</u> | <u>Amount</u> |
|-------------------|-----------------|--------------------------|---------------|
| _____ | _____ | _____ | \$ _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |

**List payments and transfers of any kind and in any form made to or for the benefit of any proprietor, owner, partner, shareholder, officer or director.

DEBTOR: Castle Arch Opportunity Partners I, LLC

CASE NO: 11-35240

**Form 2-F
QUARTERLY FEE SUMMARY ***
For the Month Ended: 05/31/12

| <u>Month</u> | <u>Year</u> | <u>Cash Disbursements **</u> | <u>Quarterly Fee Due</u> | <u>Check No.</u> | <u>Date Paid</u> |
|-------------------|-------------|------------------------------|--------------------------|----------------------------|------------------------------------|
| January | <u>2012</u> | \$ 50,000.00 | | | |
| February | <u>2012</u> | 361,743.00 | | | |
| March | <u>2012</u> | 200,018.00 | | | |
| TOTAL 1st Quarter | \$ | <u>611,761.00</u> \$ | <u>4,875.00</u> | <u>3001</u> | <u>06/07/12</u> |
| April | <u>2012</u> | \$ 20,386.10 | | | |
| May | <u>2012</u> | 20,930.50 | | | |
| June | | - | | | |
| TOTAL 2nd Quarter | \$ | <u>41,316.60</u> \$ | | | |
| July | | - | | | |
| August | | - | | | |
| September | | - | | | |
| TOTAL 3rd Quarter | \$ | <u>-</u> \$ | | | |
| October | <u>2011</u> | \$ - | | | |
| November | <u>2011</u> | 500.00 | | | |
| December | <u>2011</u> | 20,000.00 | | | |
| TOTAL 4th Quarter | \$ | <u>20,500.00</u> \$ | <u>650.00</u> | <u>3001</u> <u>1003</u> | <u>06/07/12</u> <u>02/08/12</u> |

FEE SCHEDULE (as of JANUARY 1, 2008)

Subject to changes that may occur to 28 U.S.C. §1930(a)(6)

| <u>Quarterly Disbursements</u> | <u>Fee</u> | <u>Quarterly Disbursements</u> | <u>Fee</u> |
|--------------------------------|------------|----------------------------------|------------|
| \$0 to \$14,999..... | \$325 | \$1,000,000 to \$1,999,999..... | \$6,500 |
| \$15,000 to \$74,999..... | \$650 | \$2,000,000 to \$2,999,999..... | \$9,750 |
| \$75,000 to \$149,999..... | \$975 | \$3,000,000 to \$4,999,999..... | \$10,400 |
| \$150,000 to \$224,999..... | \$1,625 | \$5,000,000 to \$14,999,999..... | \$13,000 |
| \$225,000 to \$299,999..... | \$1,950 | \$15,000,000 to \$29,999,999.... | \$20,000 |
| \$300,000 to \$999,999..... | \$4,875 | \$30,000,000 or more | \$30,000 |

* This summary is to reflect the current calendar year's information cumulative to the end of the reporting period

** Should agree with line 3, Form 2-B. Disbursements are net of transfers to other debtor in possession bank accounts

Failure to pay the quarterly fee is cause for conversion or dismissal of the chapter 11 case. [11 U.S.C. Sec. 1112(b)(10)]

In addition, unpaid fees are considered a debt owed to the United States and will be assessed interest under 31 U.S.C. §3717

DEBTOR: Castle Arch Opportunity Partners I, LLC

CASE NO: 11-35240

Form 2-G
NARRATIVE

For Period Ending: 05/31/12

Please provide a brief description of any significant business and legal actions taken by the debtor, its creditors, or the court during the reporting period, any unusual or non-recurring accounting transactions that are reported in the financial statements, and any significant changes in the financial condition of the debtor which have occurred subsequent to the report date.

On May 3, 2012, D. Ray Strong was appointed as Chapter 11 Trustee ("Trustee") of Castle Arch Real Estate Investment Company, LLC ("CAREIC"). Pursuant the Trustee's appointment and the existing ownership structure of the other related debtors, the Trustee also functions as the Manager ("Manager") of CAOP Managers, LLC, Castle Arch Opportunity Partners I, LLC ("CAOPI"), Castle Arch Opportunity Partners II, LLC ("CAOPII"), Castle Arch Secured Development Fund, LLC ("CASDF"), Castle Arch Kingman, LLC ("CAK"), and Castle Arch Smyrna, LLC ("CAS") (collectively the "Debtors"). The CAOPI case is jointly administered with the other Debtors.

Shortly after his appointment, the Trustee engaged Dorsey & Whitney, LLP as his counsel and Berkeley Research Group, LLC as his accountants for the CAREIC debtor. Their employment was approved by the Bankruptcy Court on June 13, 2012. The existing counsel for CAOPI remains engaged until a plan of reorganization is confirmed to address issues pertaining to this debtor.

Upon the Trustee's appointment, the Trustee terminated all existing management of CAREIC except Glen Martinsen who was retained to assist with the day-to-day operations and accounting. The Trustee is utilizing a payroll services, Paychex, for the calculation and reporting of payroll. The payroll related expenses are netted and paid to Paychex in a lumpsum for the payroll period. Mr. Martinsen provides services for the Manager relating to CAOPI.

The Trustee has began, among other things: (a) an investigation of Debtor's assets and claims including Longview; (b) reviewed and analyzed the cash needs of the Debtors; (c) developed interim management fees and cash budget; (d) an investigation of Blackstar and Conix transactions; (e) an investigation of the accounting activity of the Debtors; (f) formulation of a plan of reorganization concept; (g) and to develop a detailed Trustee website to provide case information.

The Manager has closed the debtor-in-possession Zions Bank account and setup a new bank account with Preferred Bank .

On May 14, 2012, the Trustee filed an emergency motion seeking approval of proposed use of cash on an interim basis. This motion setforth a limited cash budget and proposed management fees for May 2012 and June 2012 with an understanding that an additional motion would be filed seeking approval for future management fees. The emergency motion was granted by the Bankruptcy Court on May 21, 2012.

The Manager has relied on the currently available records and records prepared by the Debtors to obtain historical activity included on the balance sheet referenced in Form 2C and the profit and loss statement in Form 2D. Work is ongoing to ascertain and determine appropriate balances. Balances may be over or understated and are subject to material modification. The financial statements may change as information becomes available to the Manager. The Manager may dispute the nature and amount of the assets and liabilities presented in these financial statements. As new information becomes available, these balances may be adjusted and updated to reflect the correct amounts. The fact that liabilities and assets may have been omitted, listed and/or adjusted, does not necessarily reflect the final opinion as to the eventual treatment under a plan of reorganization or otherwise.

Historically, activity between the Debtors was recorded through various intercompany accounts which have been very convoluted and commingled. In an effort to differentiate between the historical pre-petition amounts, the post-petition intercompany activity has been reclassified to Accounts Payable for better clarity. Additionally, accrued property taxes are accounted for in accounts payable and not reflected in Form 2E.

The large loss reflected on Form 2D is related to a reconciliation and "true-up" of the Conix related investments recognizing losses related to investments CREO111, EWCA COM I & II pursuant to Conix provided information. The Manager is undertaking a detailed analysis and investigation of the Conix transactions to determine if additional amounts are owed by Conix or losses have been improperly asserted by Conix.

In an effort to provide interested parties with as much information as possible, a website has been created located at www.castlearchtrustee.com. Interested parties should reference the website for more detailed information.

3:28 PM
06/15/12
Accrual Basis

Castle Arch Opportunity Partners I, LLC
Balance Sheet
As of May 31, 2012

| | <u>May 31, 12</u> |
|---|----------------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| 10003 · Pref Bank - New - [REDACTED] | 401,827.50 |
| 10004 · Pref Bank Old [REDACTED] | 5,797.71 |
| 10110 · HSBC Foreign Currency Savings | 2,000.00 |
| Total Checking/Savings | <u>409,625.21</u> |
| Other Current Assets | |
| 17300 · Properties Held for Sale | |
| 17905 · Blackstar Financial Inc | 561,386.00 |
| 17901 · Wholesale Foreclosures | 101,000.00 |
| 17102 · Tooele, UT | |
| 17103 · Unrealized Gain on Tooele Prop | -2,304,000.00 |
| 17102 · Tooele, UT - Other | 7,680,050.00 |
| Total 17102 · Tooele, UT | <u>5,376,050.00</u> |
| 17850 · Conix - CREO108 | |
| Town 3 | 134,237.26 |
| Oak Capital, LLC | 195,604.08 |
| 17850 · Conix - CREO108 - Other | 9,755.73 |
| Total 17850 · Conix - CREO108 | <u>339,597.07</u> |
| Total 17300 · Properties Held for Sale | 6,378,033.07 |
| 16000 · Prepaid Expense | 50,000.00 |
| Total Other Current Assets | <u>6,428,033.07</u> |
| Total Current Assets | <u>6,837,658.28</u> |
| TOTAL ASSETS | <u>6,837,658.28</u> |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| 20010 · Debtors Counsel Accrued Legal | 68,470.50 |
| 20000 · Accounts Payable | 233,004.00 |
| Total Accounts Payable | <u>301,474.50</u> |
| Other Current Liabilities | |
| Interest Payable-Tooele-Kingsto | 26,630.14 |
| Notes Payable - Tooele-Kingston | 100,000.00 |
| 25050 · Intercompany Notes | |
| 25200 · Accrued Interest | -8,605.44 |
| 25058 · CAS | -100,000.00 |
| 25056 · CAREIC | 128,073.08 |
| 25055 · CAOPIII | -17,517.25 |
| Total 25050 · Intercompany Notes | <u>1,950.39</u> |
| Total Other Current Liabilities | <u>128,580.53</u> |
| Total Current Liabilities | 430,055.03 |
| Long Term Liabilities | |
| 23600 · Preferred Dividend Payable | 3,186,832.77 |
| Total Long Term Liabilities | <u>3,186,832.77</u> |
| Total Liabilities | 3,616,887.80 |

3:28 PM
06/15/12
Accrual Basis

Castle Arch Opportunity Partners I, LLC
Balance Sheet
As of May 31, 2012

| | <u>May 31, 12</u> |
|--|----------------------------|
| Equity | |
| 39100 · Equity Adjustments | |
| 39101 · Preferred Dividends Accrued | -3,186,832.77 |
| 39106 · Cash Referral Fees | -29,272.08 |
| 39107 · Cash Commissions | -677,788.63 |
| Total 39100 · Equity Adjustments | <u>-3,893,893.48</u> |
| 30000 · Preferred Units Round A | |
| 30010 · Preferred Redemptions Round A | -1,515,911.00 |
| 30000 · Preferred Units Round A - Other | 10,042,988.95 |
| Total 30000 · Preferred Units Round A | <u>8,527,077.95</u> |
| 39000 · Retained Earnings | -1,115,596.16 |
| Net Income | -296,817.83 |
| Total Equity | <u>3,220,770.48</u> |
| TOTAL LIABILITIES & EQUITY | <u><u>6,837,658.28</u></u> |

3:31 PM
06/15/12
Accrual Basis

Castle Arch Opportunity Partners I, LLC
Profit & Loss
May 2012

| | <u>May 12</u> |
|---|---------------------------|
| Ordinary Income/Expense | |
| Income | |
| 41200 · Sales | |
| Wholesale Foreclosures | 679.43 |
| CREO108 | 5,898.55 |
| Total 41200 · Sales | <u>6,577.98</u> |
| Total Income | 6,577.98 |
| Cost of Goods Sold | |
| 50000 · Cost of goods sold | |
| CREO108 | 126,649.72 |
| Total 50000 · Cost of goods sold | <u>126,649.72</u> |
| Total COGS | <u>126,649.72</u> |
| Gross Profit | -120,071.74 |
| Expense | |
| 68000 · Management Fee | 20,912.50 |
| 60580 · Legal Fees | 4,379.00 |
| 60040 · Bank Fees | 18.00 |
| Total Expense | <u>25,309.50</u> |
| Net Ordinary Income | <u>-145,381.24</u> |
| Net Income | <u><u>-145,381.24</u></u> |

2:56 PM
06/15/12

Castle Arch Opportunity Partners I, LLC
A/P Aging Summary
As of May 31, 2012

| | <u>Current</u> | <u>1 - 30</u> | <u>31 - 60</u> | <u>61 - 90</u> | <u>91 - 120</u> | <u>> 120</u> | <u>TOTAL</u> |
|------------------------------------|-----------------|---------------|------------------|----------------|------------------|-------------------|-------------------|
| Broadway Copy | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5,063.75 | 5,063.75 |
| CAREIC | 0.00 | 0.00 | 13,661.56 | 0.00 | 67,323.12 | 117,635.67 | 198,620.35 |
| Colonial Stock Transfer | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 276.67 | 276.67 |
| McKay, Burton & Thurman | 4,379.00 | 0.00 | 64,091.50 | 0.00 | 0.00 | 0.00 | 68,470.50 |
| Tooele County Treasurer | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 29,043.23 | 29,043.23 |
| TOTAL | 4,379.00 | 0.00 | 77,753.06 | 0.00 | 67,323.12 | 152,019.32 | 301,474.50 |

3:55 PM
06/12/12

Castle Arch Opportunity Partners I, LLC
Reconciliation Detail
 10002 · Zion's - [REDACTED], Period Ending 05/31/2012

| Type | Date | Num | Name | Clr | Amount | Balance |
|--------------------------------------|-----------|------|------------|-----|---------------------------|--------------------|
| Beginning Balance | | | | | | 156,444.66 |
| Cleared Transactions | | | | | | |
| Checks and Payments - 2 items | | | | | | |
| Check | 5/31/2012 | | | X | -18.00 | -18.00 |
| Deposit | 6/14/2012 | wire | Zions Bank | X | -156,426.66 | -156,444.66 |
| Total Checks and Payments | | | | | <u>-156,444.66</u> | <u>-156,444.66</u> |
| Total Cleared Transactions | | | | | <u>-156,444.66</u> | <u>-156,444.66</u> |
| Cleared Balance | | | | | <u>-156,444.66</u> | <u>0.00</u> |
| Register Balance as of 05/31/2012 | | | | | <u>-156,444.66</u> | <u>0.00</u> |
| Ending Balance | | | | | <u>-156,444.66</u> | <u>0.00</u> |

4:23 PM
06/12/12

Castle Arch Opportunity Partners I, LLC
Reconciliation Detail
10004 · Pref Bank Old - [REDACTED] Period Ending 05/31/2012

| Type | Date | Num | Name | Clr | Amount | Balance |
|---------------------------------------|-----------|------|----------------|-----|-----------------|-----------------|
| Beginning Balance | | | | | | 0.00 |
| Cleared Transactions | | | | | | |
| Checks and Payments - 1 item | | | | | | |
| Check | 5/23/2012 | EFT | CAREIC | X | -20,912.50 | -20,912.50 |
| Total Checks and Payments | | | | | -20,912.50 | -20,912.50 |
| Deposits and Credits - 4 items | | | | | | |
| Deposit | 5/9/2012 | | | X | 12,110.53 | 12,110.53 |
| Deposit | 5/14/2012 | | | X | 9,189.66 | 21,300.19 |
| Deposit | 5/14/2012 | | | X | 245,013.15 | 266,313.34 |
| Deposit | 5/15/2012 | | | X | 156,426.66 | 422,740.00 |
| Total Deposits and Credits | | | | | 422,740.00 | 422,740.00 |
| Total Cleared Transactions | | | | | 401,827.50 | 401,827.50 |
| Cleared Balance | | | | | 401,827.50 | 401,827.50 |
| Uncleared Transactions | | | | | | |
| Checks and Payments - 1 item | | | | | | |
| Deposit | 5/31/2012 | wire | Preferred Bank | | -401,827.50 | -401,827.50 |
| Total Checks and Payments | | | | | -401,827.50 | -401,827.50 |
| Deposits and Credits - 1 item | | | | | | |
| Deposit | 5/29/2012 | | | | 5,797.71 | 5,797.71 |
| Total Deposits and Credits | | | | | 5,797.71 | 5,797.71 |
| Total Uncleared Transactions | | | | | -396,029.79 | -396,029.79 |
| Register Balance as of 05/31/2012 | | | | | 5,797.71 | 5,797.71 |
| Ending Balance | | | | | 5,797.71 | 5,797.71 |

ZIONS BANK[®]
 P.O. Box 30709, Salt Lake City, UT 84130-0709

Statement of Accounts

Page 1 of 2
 This Statement: May 31, 2012
 Last Statement: April 30, 2012

Primary Account [REDACTED]

0000579 1553-06-0000-ZFN-PC0007-00000

CASTLE ARCH OPPORTUNITY PARTNERS I
 JEFFERY SCOTT AUSTIN
 DEBTOR IN POSSESSION
 HOLD AT UT UTSC 0888
 DO NOT MAIL

For 24-hour account information, please contact:

1-800-789-BANK (2265)

zionsbank.com

WE HAVEN'T FORGOTTEN WHO KEEPS US IN BUSINESS. ®

SUMMARY OF ACCOUNT BALANCE

| Account Type | Account Number | Checking/Savings Ending Balance | Outstanding Balances Owed |
|------------------------|----------------|---------------------------------|---------------------------|
| Free Business Checking | [REDACTED] | \$0.00 | |

FREE BUSINESS CHECKING [REDACTED] 107 0

| Previous Balance | Deposits/Credits | Charges/Debits | Checks Processed | Ending Balance |
|------------------|------------------|----------------|------------------|----------------|
| 156,444.66 | 0.00 | 156,444.66 | 0.00 | 0.00 |

0 DEPOSITS/CREDITS

There were no transactions this period.

2 CHARGES/DEBITS

| Date | Amount | Description |
|-------|------------|---|
| 05/14 | 156,426.66 | WIRE/OUT-2012051400001996;BNF CASTLE ARCH OPPORTUNITY PARTNE 1300900946 |
| 05/14 | 18.00 | WIRE TRANSACTION SERVICE FEE |

0 CHECKS PROCESSED

There were no transactions this period.

AGGREGATE OVERDRAFT AND RETURNED ITEM FEES

| | Total for This Period | Total Year-to-Date |
|--------------------------|-----------------------|--------------------|
| Total Overdraft Fees | \$0.00 | \$0.00 |
| Total Returned Item Fees | \$0.00 | \$0.00 |

To learn more about our other products and services that may lower the cost of managing account overdrafts or to discuss removing overdraft coverage from your account, please contact Customer Service or visit your local branch.

DAILY BALANCES

| Date | Balance |
|-------|---------|
| 05/14 | 0.00 |



MEMBER FDIC



029 00001 00
ACCOUNT:

PAGE: 1
05/31/2012

11-35082 B
BANKRUPTCY ESTATE OF
CASTLE ARCH REAL ESTATE INVEST
D RAY STRONG, TRUSTEE 29
201 S MAIN ST SUITE 450 0
SALT LAKE CITY UT 84111 0

=====

PREFERRED BANK - LOS ANGELES
601 S. FIGUEROA ST. 29TH FLOOR
LOS ANGELES, CA 90017

TELEPHONE:213-891-1188

=====

eSTATEMENTS ARE HERE - LOG ON PBnet PERSONAL ONLINE BANKING TO ENROLL
FDIC deposit insurance rules have changed. Accounts are now insured to
at least \$250,000 under the Standard Maximum Deposit Insurance Amount
(SMDIA) rules. See your branch operations officer or FDIC.gov for more
information.

=====

BANKRUPTCY CHECKING ACCOUNT [REDACTED]

=====

| | | | |
|-----------------------|------------|-------------------------|------------|
| | | LAST STATEMENT 05/15/12 | .00 |
| AVG AVAILABLE BALANCE | 277,459.47 | 6 CREDITS | 422,740.00 |
| AVERAGE BALANCE | 293,124.96 | 1 DEBITS | 20,912.50 |
| | | THIS STATEMENT 05/31/12 | 401,827.50 |

----- OTHER CREDITS -----

| DESCRIPTION | DATE | AMOUNT |
|----------------------------|-------|------------|
| IN MAIL/NIGHT DROP DEPOSIT | 05/15 | 3,721.29 |
| IN MAIL/NIGHT DROP DEPOSIT | 05/15 | 8,389.24 |
| DEPOSIT VIA WIRE TRANSFER | 05/15 | 156,426.66 |
| IN MAIL/NIGHT DROP DEPOSIT | 05/21 | 9,189.66 |
| IN MAIL/NIGHT DROP DEPOSIT | 05/23 | 679.43 |
| IN MAIL/NIGHT DROP DEPOSIT | 05/23 | 244,333.72 |

----- OTHER DEBITS -----

| DESCRIPTION | DATE | AMOUNT |
|--------------------------|-------|-----------|
| TRANSFER TO # [REDACTED] | 05/23 | 20,912.50 |

* * * C O N T I N U E D * * *



029 00001 00
ACCOUNT:

PAGE: 2
05/31/2012

11-35082

=====

BANKRUPTCY CHECKING ACCOUNT [REDACTED]

=====

- - - ITEMIZATION OF OVERDRAFT AND RETURNED ITEM FEES - - -

| ***** | | | | | |
|-----------------------------|--|-------------|--|--------------|---|
| * | | TOTAL FOR | | TOTAL | * |
| * | | THIS PERIOD | | YEAR TO DATE | * |
| -----* | | | | | |
| * TOTAL OVERDRAFT FEES: | | \$.00 | | \$.00 | * |
| -----* | | | | | |
| * TOTAL RETURNED ITEM FEES: | | \$.00 | | \$.00 | * |
| ***** | | | | | |

- - - - - DAILY BALANCE - - - - -

| DATE..... | BALANCE | DATE..... | BALANCE | DATE..... | BALANCE |
|-----------|------------|-----------|------------|-----------|------------|
| 05/15 | 168,537.19 | 05/21 | 177,726.85 | 05/23 | 401,827.50 |

- END OF STATEMENT -