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**IN THE UNITED STATES BANKRUPTCY COURT
OR THE DISTRICT OF UTAH**

In re:

CASTLE ARCH REAL ESTATE
INVESTMENT COMPANY, LLC; CAOP
MANAGERS, LLC; CASTLE ARCH
OPPORTUNITY PARTNERS I, LLC;
CASTLE ARCH OPPORTUNITY
PARTNERS II, LLC; CASTLE ARCH

Bankruptcy Case No. 11-35082
Bankruptcy Case No. 11-35237
Bankruptcy Case No. 11-35240
Bankruptcy Case No. 11-35242
Bankruptcy Case No. 11-35243
Bankruptcy Case No. 11-35246
Bankruptcy Case No. 11-35241

KINGMAN, LLC; CASTLE ARCH SECURED DEVELOPMENT FUND, LLC; <i>and</i> CASTLE ARCH SMYRNA, LLC, Debtors.	(Jointly Administered) (Chapter 11) The Honorable Joel T. Marker
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JOINT REPLY TO RESPONSES TO JOINT OMNIBUS CLAIM OBJECTION FILED BY CASTLE ARCH REAL ESTATE INVESTMENT COMPANY, LLC; CASTLE ARCH OPPORTUNITY PARTNERS I, LLC; CASTLE ARCH OPPORTUNITY PARTNERS II, LLC; CASTLE ARCH KINGMAN, LLC; CASTLE ARCH SECURED DEVELOPMENT FUND, LLC; AND CASTLE ARCH SMYRNA, LLC AND TO THE EXTENT APPROPRIATE REQUESTING THAT CLAIMS BE RECLASSIFIED AS PROOFS OF INTEREST

D. Ray Strong, the Chapter 11 Trustee (the “Trustee”) for Castle Arch Real Estate Investment Company, LLC (“CAREIC”), together with Castle Arch Opportunity Partners I, LLC (“CAOP I”), Castle Arch Opportunity Partners II, LLC (“CAOP II”), Castle Arch Kingman, LLC (“CAK”), Castle Arch Secured Development Fund, LLC (“CASDF”) and Castle Arch Smyrna, LLC (“CAS” and, collectively with CAREIC, CAOP I, CAOP II, CAK and CASDF, the “Debtors”), through their respective counsel, hereby file this Reply to various responses to the Trustee’s and the Debtors’ Joint Omnibus Claim Objection [Docket No. 308] (the “Omnibus Claim Objection”). In support hereof, the Trustee and the Debtors state as follows:

1. On September 4, 2012, the Trustee and the Debtors filed the Omnibus Claim Objection, which seeks the disallowance, reduction or re-characterization of various proofs of claim filed against the Debtors.
2. On October 3, 2012, Shirlee B. Walker filed a response to the Omnibus Claim Objection [Docket No. 346] (the “Walker Response”).

3. On October 5, 2012, Richard Dance, Pearl Noreen, Shahzad Sabour, Naomi F. King Trust and 1031 ECI LLC filed a joint response to the Omnibus Claim Objection in the bankruptcy case of Castle Arch Secured Development Fund, LLC, Bankr. Case No. 11-35243 [Docket No. 71] (the “Dance Response”).

4. For reasons that will be stated in greater detail at the hearing on the Omnibus Claim Objection, which is currently scheduled before the Court on October 30, 2012 at 9:00 a.m. (Mountain Time), the Trustee and the Debtors maintain that the parties who filed the Walker Response and the Dance Response are holders of equity interests in the Debtors, and the documents attached to their respective Responses and Proofs of Claim fail to establish any basis for allowing such parties a claim in the Debtors’ cases that would give them a distribution priority over other similarly situated investors. By so stating, the Trustee is in no way seeking disallowance of these parties’ equity interests in this case.

DATED this 17th day of October, 2012.

DORSEY & WHITNEY LLP

/s/ Peggy Hunt
Peggy Hunt
Nathan S. Seim
*Attorneys for D. Ray Strong, Chapter 11
Trustee of Castle Arch Real Estate
Investment Company, LLC*

DATED this 17th day of October, 2012.

DURHAM JONES & PINEGAR, PC

/s/ Penrod W. Keith
Penrod W. Keith
*Attorney for Castle Arch Opportunity
Partners II, LLC*

DATED this 17th day of October, 2012.

LABERTEW & ASSOCIATES, LLC

/s/ Michael L. Labertew
Michael L. Labertew
Attorney for Castle Arch Smyrna, LLC

DATED this 17th day of October, 2012.

McKAY, BURTON & THURMAN

/s/ Gregory J. Adams
Gregory J. Adams
Attorney for Castle Arch Opportunity Partners II, LLC

DATED this 17th day of October, 2012.

PEARSON, BUTLER, CARSON & COOK

/s/ Andrew B. Clawson
Andrew B. Clawson
Attorney for Castle Arch Secured Development Fund, LLC

CERTIFICATE OF SERVICE

I hereby certify that on October 17, 2012, the foregoing JOINT REPLY TO RESPONSES TO JOINT OMNIBUS CLAIM OBJECTION FILED BY CASTLE ARCH REAL ESTATE INVESTMENT COMPANY, LLC; CASTLE ARCH OPPORTUNITY PARTNERS I, LLC; CASTLE ARCH OPPORTUNITY PARTNERS II, LLC; CASTLE ARCH KINGMAN, LLC; CASTLE ARCH SECURED DEVELOPMENT FUND, LLC; AND CASTLE ARCH SMYRNA, LLC AND TO THE EXTENT APPROPRIATE REQUESTING THAT CLAIMS BE RECLASSIFIED AS PROOFS OF INTEREST (the “Reply”) was filed with the Court and served via the Court’s CM/ECF system upon all parties that receive electronic service in the above-captioned, jointly administered bankruptcy case.

I further certify that on October 17, 2012, the Reply was served via U.S. First Class Mail, postage prepaid, upon the following:

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