

The below described is **SIGNED**.

Dated: March 27, 2013



JOEL T. MARKER
U.S. Bankruptcy Judge



Prepared and Submitted By:

Peggy Hunt (Utah State Bar No. 6060)
Nathan S. Seim (Utah State Bar No. 12654)

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Attorneys for D. Ray Strong, Chapter 11 Trustee for Castle Arch Real Estate Investment Company, LLC and Substantively Consolidated Debtors

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

ORDER GRANTING CHAPTER 11 TRUSTEE’S MOTION FOR ENTRY OF AN ORDER (I) APPROVING DISCLOSURE STATEMENT FOR CHAPTER 11 TRUSTEE’S PLAN OF LIQUIDATION, (II) APPROVING SOLICITATION PROCEDURES, INCLUDING FORM OF BALLOT AND MANNER OF NOTICE, AND (III) FIXING THE CONFIRMATION HEARING AND THE DEADLINE FOR FILING OBJECTIONS TO THE CONFIRMATION OF THE PLAN

The matter before the Court is the *Chapter 11 Trustee’s Motion for Entry of an Order (I) Approving Disclosure Statement for Chapter 11 Trustee’s Plan of Liquidation; (II) Approving Solicitation Procedures, Including Form of Ballot and Manner of Notice; and (III) Fixing the Confirmation Hearing and the Deadline for Filing Objections to the Confirmation of the Plan* [Docket No. 368] (the “Disclosure Statement Motion”), which initially sought approval of the Trustee’s *Disclosure Statement for Chapter 11 Trustee’s Plan of Liquidation Dated September 29, 2012* [Docket No. 337] (the “Initial Disclosure Statement”), filed in conjunction with the *Chapter 11 Trustee’s Plan of Liquidation Dated September 29, 2012* [Docket No. 338] (the “Initial Plan”). The Initial Disclosure Statement and Initial Plan were served via the Court’s CM/ECF system upon all parties that receive electronic notice in the above-captioned, jointly administered bankruptcy case (the “Electronic Service Parties”), as well as via hand delivery to the Securities & Exchange Commission. A *Notice of Disclosure Statement Motion and Notice of Hearing* [Docket No. 388] (the “Notice of Disclosure Statement Motion”) was properly served upon all parties in interest in this case, including all persons and entities known to the Trustee that assert a claim against or equity interest in any of the Debtors.

Five objections to the Disclosure Statement Motion—as the Motion related to the Initial Disclosure Statement—were filed on or prior to the November 26, 2012 objection deadline by the following parties: (a) Robert Geringer (“Geringer”) [Docket No. 467]; (b) Official

Committee of Unsecured Creditors (the “Committee”) [Docket No. 468]; (c) The Hunt Law Corporation [Docket No. 469]; (d) Richard Dance, 1031 ECI, LLC, Kenneth Gneuhs, Bill Grundy, Naomi King Trust, Daniel Maga, Pearl Noreen, Fran Pistorio and Ziba Sabour [Docket No. 470]; and (e) Prince Yeates & Geldzahler [Docket No. 471] (collectively, the “Initial Disclosure Statement Objections”).

After a preliminary hearing held on the Disclosure Statement Motion on December 3, 2012, the Trustee filed the *First Amended Disclosure Statement for Chapter 11 Trustee’s Plan of Liquidation Dated February 25, 2013* [Docket No. 621] (the “First Amended Disclosure Statement”), and the *Chapter 11 Trustee’s Plan of Liquidation Dated February 25, 2013* [Docket No. 622] (the “First Amended Plan”).

A *Notice of Continued Hearing Related to Disclosure Statement Motion* [Docket No. 623] (the “Notice of Amended Disclosure Statement”), which notified parties in interest of, among other things (a) the filing of the First Amended Disclosure Statement and First Amended Plan; (b) the deadline for filing objections to the First Amended Disclosure Statement; and (c) the time and location of the continued hearing on the Disclosure Statement Motion—as the Motion now related to the First Amended Disclosure Statement—was properly served via the Court’s CM/ECF system upon the Electronic Service Parties and via email upon each of the parties who filed Initial Disclosure Statement Objections, and no further notice of the Disclosure Statement Motion is necessary. One objection to the First Amended Disclosure Statement was filed by Geringer [Docket No. 634] (the “Geringer Objection”), to which the Trustee filed a Reply [Docket No. 640] (the “Reply”).

On March 21, 2013, the continued hearing on the Disclosure Statement Motion was held. Peggy Hunt of Dorsey & Whitney LLP appeared on behalf of the Trustee; John T. Morgan appeared on behalf of the Office of the United States Trustee; Lon A. Jenkins of Jones Waldo Holbrook & McDonough appeared on behalf of the Committee; Gregory J. Adams of McKay Burton & Thurman appeared on behalf of Castle Arch Opportunity Partners I, LLC; Penrod W. Keith of Durham Jones & Pinegar, P.C. appeared on behalf of Castle Arch Opportunity Partners II, LLC; Julie A. Bryan of Cohn Rappaport & Segal, P.C. appeared on behalf of the Hunt Law Corporation; and George B. Hoffman appeared on behalf of Geringer. No other appearances were made.

The Court has considered (a) the Disclosure Statement Motion, as relates to the First Amended Disclosure Statement; (b) the First Amended Disclosure Statement; (c) the Notice of Disclosure Statement Motion; (d) the Notice of Amended Disclosure Statement; (e) the *Notice of Entry of Order (I) Approving the Chapter 11 Trustee's Disclosure Statement and Fixing Time for Filing Acceptances or Rejections to the Chapter 11 Trustee's Plan of Liquidation Dated February 25, 2013, and (II) Notice of Hearing on Confirmation of the Plan and for Filing Objections*, attached as Exhibit B to Docket No. 636 (the "Confirmation Hearing Notice") as further amended at the hearing; (f) the form of Ballots, attached as Exhibit C to the Reply and as Exhibit C to Docket No. 636 (the "Ballots"); (g) the Trustee's solicitation letters, attached as Exhibit D to the Reply and as Exhibit D to Docket No. 636 (the "Solicitation Letters"); (h) the Initial Disclosure Statement Objections and the Geringer Objection; (i) the Reply; (j) the arguments and representations of counsel made at the continued hearing; and (k) applicable law. Based thereon, and for good cause appearing,

IT IS HEREBY ORDERED THAT:

- (1) The Disclosure Statement Motion is **GRANTED**.
- (2) The Initial Disclosure Statement Objections and the Geringer Objection have been resolved or withdrawn.
- (3) The First Amended Disclosure Statement, as further revised on the record at the continued hearing, contains adequate information pursuant to 11 U.S.C. § 1125(a)(1) and is thereby **APPROVED**.
- (4) The Trustee's proposed solicitation procedures as set forth in the Disclosure Statement Motion and as may have been further revised on the record at the continued hearing are **APPROVED**.
 - (a) The use of Dorsey & Whitney LLP for noticing agent and Ballot tabulator is **APPROVED**;
 - (b) The Ballot and Voting Instructions, as well as the Solicitation Letter to be sent to holders of Allowed Claims (defined in the First Amended Disclosure Statement), the forms of which are attached hereto as Exhibit A, is **APPROVED**;
 - (c) The Ballot and Voting Instructions, as well as the Solicitation Letter to be sent to holders of Allowed Equity Interests (defined in the First Amended Disclosure Statement), the forms of which are attached hereto as Exhibit B, is **APPROVED**;
 - (d) The Confirmation Hearing Notice, the form of which is attached hereto as Exhibit C, is **APPROVED**;
 - (e) By no later than April 12, 2013, the Trustee shall (i) serve on all holders of Allowed Claims or Allowed Equity Interests in Classes A4–A5, B4–B5 and C4–C5 the First Amended Disclosure Statement as further amended and approved herein, the applicable Ballot and Voting Instructions, and the Solicitation Letter; (ii) serve on all holders of Allowed Claims or Allowed Equity Interests, as well as all other parties in interest, the Confirmation Hearing Notice; and (iii) file and serve his Memorandum in Support of Confirmation of the First Amended Plan, including any Notice of Hearing relating thereto;
 - (f) Any and all motions pursuant to Federal Rule of Bankruptcy Procedure 3018(a) to estimate Claims or Equity Interests for purposes of voting accept or reject the First Amended Plan must be filed with the Court and served upon the Trustee's counsel by no later than April 29, 2013;

- (g) The voting deadline for receipt of Ballots accepting or rejecting the First Amended Plan is May 13, 2013, and in order to be counted, all Ballots must be properly executed, completed and delivered to the Trustee at the address stated on the Ballot and in the Voting Instructions by mail, overnight courier, or hand delivery so that the Ballots are received by the Trustee by the above voting deadline; and
- (h) The Trustee's "Tabulation Procedures" as set forth in Section II.F. of the Disclosure Statement Motion are **APPROVED**.

(5) The Trustee's Document Supplements to the First Amended Plan must be filed on or before May 6, 2013.

(6) Any and all objections to confirmation of the Trustee's First Amended Plan must be filed with the Court and served so it is received by the Trustee's counsel on or before May 13, 2013.

(7) The Trustee may file a Reply to any objections to the First Amended Plan on or before May 22, 2013.

(8) The Trustee will file a voting tabulation report by no later than May 17, 2013.

(9) The Confirmation Hearing on the First Amended Plan will commence on May 30, 2013 at 2:00 p.m. (Mountain Time).

End of Order

EXHIBIT A

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF UTAH

In re:

CASTLE ARCH REAL ESTATE INVESTMENT COMPANY, LLC; CAOP MANAGERS, LLC; CASTLE ARCH KINGMAN, LLC; CASTLE ARCH SECURED DEVELOPMENT FUND, LLC; CASTLE ARCH SMYRNA, LLC; CASTLE ARCH STAR VALLEY, LLC; *and*

CASTLE ARCH OPPORTUNITY PARTNERS I, LLC; CASTLE ARCH OPPORTUNITY PARTNERS II, LLC,

Debtors.

Case Nos. 11-35082, 11-35237, 11-35243, 11-35242 and 11-35246
(Substantively Consolidated)

Case Nos. 11-35241 and 11-35240
(Jointly Administered)

(Chapter 11)
The Honorable Joel T. Marker

- Affects All Debtors
- Affects Only the Substantively Consolidated Debtors
- Affects only Castle Arch Opportunity Partners I, LLC
- Affects only Castle Arch Opportunity Partners II, LLC

BALLOT FOR ACCEPTING OR REJECTING CHAPTER 11 TRUSTEE'S PLAN OF LIQUIDATION
DATED FEBRUARY 25, 2013

[NAME OF CREDITOR OR EQUITY INTEREST HOLDER]

CLASS []

ACTION REQUIRED PRIOR TO VOTING DEADLINE OF MAY 13, 2013

D. Ray Strong, the duly appointed Chapter 11 Trustee ("Trustee") for the consolidated bankruptcy estates of Castle Arch Real Estate Investment Company, LLC, CAOP Managers, LLC, Castle Arch Kingman, LLC, Castle Arch Smyrna, LLC, Castle Arch Secured Development Fund, LLC and Castle Arch Star Valley, LLC (collectively, the "Legacy Debtors"), and in that capacity as manager of Castle Arch Opportunity Partners I, LLC and Castle Arch Opportunity Partners II, LLC (collectively with the Legacy Debtors, the "Debtors"), has filed a Plan of Liquidation Dated February 25, 2013 (the "Plan"). The Debtors' records indicate that you may be a holder of a Claim or Equity Interest in the Class stated above who is entitled to cast a vote through this Ballot to accept or reject the Plan. Thus, for purposes of this Ballot, you are a holder of a "Voting Claim" or a "Voting Equity Interest" in the Class stated above. **You are encouraged to vote to accept or reject the Plan. If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote.**

The Bankruptcy Court has approved the Trustee's Disclosure Statement for the Plan (the "Disclosure Statement"), which provides information to assist you in deciding how to vote on the Plan. **Thus, the Disclosure Statement, attached to which as Exhibit A is the Plan, is enclosed with this Ballot, and you should review the Disclosure Statement and Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan.** The Bankruptcy Court's approval of the Disclosure Statement does not indicate approval of the Plan by the Court.

Instructions for completing this Ballot, *including deadlines for objecting to the classification of your Voting Claim or Voting Equity Interest and for submitting this Ballot to ensure that it is counted*, are attached to this Ballot and should be reviewed.

This Ballot should be used by all holders of Voting Claims and Voting Equity Interests to vote to accept or reject the Plan. Acceptance of the Plan generally requires that the holders of two-thirds in dollar amount and more than one-half in number of the Voting Claims and Voting Equity Interests actually voted in each Class vote to accept the Plan. If any Class of Voting Claims or Voting Equity Interests rejects the Plan, the Bankruptcy Court may nonetheless confirm the Plan if it finds that the Plan provides fair and equitable treatment to, and does not discriminate unfairly against, the Class or Classes rejecting it, and otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code. As set forth in the Disclosure Statement, the Trustee encourages you to vote to accept the Plan

VOTING DEADLINE

VOTING DEADLINE: This Ballot must be completed in full and the *original* must be submitted to the Trustee at the address below by mail, hand delivery, or overnight courier so that it is RECEIVED by the Trustee on or before May 13, 2013. If your Ballot is not received by the Trustee on or before the Voting Deadline, your vote will not count as either an acceptance or rejection of the Plan.

BALLOTS WILL NOT BE ACCEPTED BY E-MAIL, TELECOPY OR FACSIMILE TRANSMISSION.

ACCEPTANCE OR REJECTION OF THE PLAN

Item 1. Vote. The undersigned votes all of its Voting Claim or Voting Equity Interest as follows (**check one box only**):

to **Accept** the Plan.

to **Reject** the Plan.

Item 2. Authorization. By returning this Ballot, the undersigned certifies that he/she/it (a) has full power and authority to vote to accept or reject the Plan with respect to the Voting Claim or Voting Equity Interest identified above, and (b) has received a copy of the Disclosure Statement (including any exhibits thereto) and understands that the solicitation of votes for the Plan is subject to all the terms and conditions set forth in the Disclosure Statement and the Bankruptcy Court's Order approving the Disclosure Statement.

Dated: _____

Name of Creditor (print or type)

Signature

Title/Authority (if you are signing on behalf of a corporation, LLC, partnership, trust, or you are otherwise acting in a representative capacity)

Address: _____

Telephone Number: _____

RETURN THIS BALLOT TO:

**Peggy Hunt or
Nathan Seim
Attn: Castle Arch Vote
Tabulation
Dorsey & Whitney LLP
136 South Main St., Suite 1000
Salt Lake City, Utah 84101**

IMPORTANT

THIS BALLOT SHALL NOT CONSTITUTE OR BE DEEMED A PROOF OF CLAIM, A PROOF OF EQUITY INTEREST OR ANY OTHER ASSERTION OF A CLAIM OR EQUITY INTEREST. THE FACT THAT YOU HAVE RECEIVED THIS BALLOT SHALL NOT PRECLUDE THE TRUSTEE FROM OBJECTING TO YOUR CLAIM OR EQUITY INTEREST FOR PURPOSES OF VOTING OR RECEIVING DISTRIBUTIONS UNDER THE PLAN, REGARDLESS OF WHETHER YOU VOTE TO ACCEPT OR REJECT THE PLAN.

IF YOU ARE SUBMITTING THIS BALLOT ON BEHALF OF ANOTHER ENTITY, YOU MUST SUBMIT SATISFACTORY EVIDENCE OF YOUR AUTHORITY TO SO ACT (E.G., A POWER OF ATTORNEY OR A CERTIFIED COPY OF BOARD RESOLUTION AUTHORIZING YOU TO SO ACT).

ONLY VOTES SUBMITTED ON THIS BALLOT BY HOLDERS OF VOTING CLAIMS OR VOTING EQUITY INTERESTS WILL BE COUNTED, AND YOUR FAILURE TO FULLY COMPLETE THIS BALLOT AND RETURN IT TO THE TRUSTEE PRIOR TO THE EXPIRATION OF THE VOTING DEADLINE MAY DISQUALIFY THE BALLOT AND PRECLUDE YOUR VOTE FROM BEING COUNTED.

VOTING INSTRUCTIONS FOR COMPLETING THE BALLOT

1. General.

The Ballot is submitted to you by the Trustee for the Debtors to solicit your vote to accept or reject the Plan. The liquidating Plan is described in the Disclosure Statement, and as set forth in the Disclosure Statement, the Trustee is requesting that you vote by submitting this Ballot prior to the Voting Deadline, and to vote to accept the Plan.

All capitalized terms used but not defined in the Ballot shall have the meaning ascribed to such terms in the Plan. **YOU ARE ENCOURAGED TO READ THE PLAN AND DISCLOSURE STATEMENT IN THEIR ENTIRETY AND, IF POSSIBLE, CONSULT YOUR LEGAL ADVISOR BEFORE COMPLETING THE BALLOT.**

2. Your Voting Claim or Voting Equity Interest.

The Ballot has been pre-printed by the Trustee to indicate the Class of your Claim or Equity Interest for purposes of voting on the Plan (the "Voting Claim" or "Voting Equity Interest").

PLEASE NOTE THAT ALTHOUGH YOUR CLAIM OR EQUITY INTEREST MAY BE ALLOWED FOR PURPOSES OF VOTING TO ACCEPT OR REJECT THE PLAN, THIS DOES NOT NECESSARILY MEAN THAT YOUR CLAIM OR EQUITY INTEREST WILL BE ALLOWED FOR PURPOSES OF RECEIVING DISTRIBUTIONS UNDER THE PLAN. THE TRUSTEE RESERVES ALL RIGHTS AND DEFENSES WITH RESPECT TO THE ALLOWANCE OF YOUR CLAIM OR EQUITY INTEREST FOR ANY PURPOSES. YOUR BALLOT SHALL NOT CONSTITUTE OR BE DEEMED A PROOF OF CLAIM, A PROOF OF EQUITY INTEREST OR ANY OTHER ASSERTION OF A CLAIM OR EQUITY INTEREST.

3. Contesting Your Voting Claim or Voting Equity Interest—Deadline to File Motion Seeking Temporary Allowance of Claim or Equity Interest.

If you believe that the Class of your Voting Claim or Voting Equity Interest as it appears on the first page of your Ballot is incorrect, you should immediately contact the Trustee's counsel, Dorsey & Whitney LLP, at (801) 933-8956.

If, after contacting the Trustee's counsel, you still disagree with the Trustee's classification of your Voting Claim or Voting Equity Interest, then *by no later than April 29, 2013*, you must file with the Bankruptcy Court and serve on the Trustee's undersigned counsel, a motion for an Order pursuant to Federal Rule of Bankruptcy Procedure 3018(a) seeking temporary allowance of such Claim or Equity Interest for purposes of voting to accept or reject the Plan. Such motion must be made in accordance with the procedures set forth in the "**Notice of Entry of Order (I) Approving the Chapter 11 Trustee's Disclosure Statement and Fixing Time for Filing Acceptances or Rejections to the Chapter 11 Trustee's Plan of Liquidation Dated February 25, 2013, and (II) Notice of Hearing on Confirmation of the Plan and For Filing Objections.**"

4. Need to Use Ballot and Need to Vote.

TO VOTE AND HAVE YOUR VOTE COUNTED, YOU MUST USE THIS PRE-PRINTED BALLOT. NO DOCUMENT OTHER THAN THIS PRE-PRINTED BALLOT WILL BE COUNTED. PLEASE NOTE THAT YOUR VOTE WILL NOT BE COUNTED UNLESS YOU VOTE, AND IF THE PLAN IS CONFIRMED, YOU WILL BE BOUND BY THE PLAN EVEN IF YOU DO NOT VOTE TO ACCEPT OR REJECT THE PLAN.

5. **Voting Deadline.**

TO HAVE YOUR VOTE COUNTED, YOU MUST COMPLETE, SIGN, AND RETURN THE ORIGINAL BALLOT SO IT IS RECEIVED BY THE TRUSTEE'S COUNSEL NO LATER THAN MAY 13, 2013 (THE "VOTING DEADLINE"). *Ballots not received prior to the Voting Deadline will not be counted.* If you submit more than one Ballot voting the same Claim or Equity Interest prior to the Voting Deadline, the last timely filed Ballot shall be counted.

Original Ballots must be delivered by mail, hand delivery, or overnight courier to the Trustee's counsel at the following address:

Peggy Hunt or
Nathan Seim
Attn: Castle Arch Vote Tabulation
Dorsey & Whitney LLP
136 South Main Street, Suite 1000
Salt Lake City, Utah 84101

BALLOTS WILL NOT BE ACCEPTED BY E-MAIL, TELECOPY, OR FACSIMILE TRANSMISSION

6. **Requirements for Proper Completion of Ballot.**

To properly complete the Ballot, you must:

- (i) Cast one vote to accept or reject the Plan by checking the appropriate box in Item 1 of the Ballot;
- (ii) If completing this Ballot on behalf of another person or entity, you must (a) indicate your relationship with such person or entity and the capacity in which you are signing, and (b) submit with the Ballot satisfactory evidence of your authority to so act (e.g., a power of attorney or a certified copy of board resolution authorizing you to act);
- (iii) Fully complete Item 2 of the Ballot, including by signing and dating your Ballot, and providing the contact information requested; and
- (iv) Return the original of your completed Ballot so that it is *received* by the Trustee's counsel on or before the Voting Deadline as discussed in paragraph 5 above.

<p>IF YOU HAVE ANY QUESTIONS REGARDING THE BALLOT OR THE VOTING PROCEDURES, INCLUDING THE CLASSIFICATION OF YOUR VOTING CLAIM, PLEASE CONTACT THE TRUSTEE'S COUNSEL AT (801) 933-8956.</p>



[Date]

Re: *Chapter 11 Trustee's Plan of Liquidation and Voting Requirements*

ACTION REQUIRED BY [_____]

Dear Castle Arch Creditor or Investor:

As you may already know, on May 3, 2012, the United States Bankruptcy Court for the District of Utah (the "Bankruptcy Court") appointed me as the Chapter 11 trustee for Castle Arch Real Estate Investment Company, LLC ("CAREIC"). On February 8, 2013, the Bankruptcy Court determined that CAREIC, CAOP Managers, LLC, Castle Arch Kingman, LLC, Castle Arch Smyrna, LLC, Castle Arch Secured Development Fund, LLC and Castle Arch Star Valley, LLC are alter egos and consolidated them for all purposes (collectively, the "Consolidated Legacy Debtors"). As the Trustee of the Consolidated Legacy Debtors, I also manage Castle Arch Opportunity Partners I, LLC ("CAOP I") and Castle Arch Opportunity Partners II, LLC ("CAOP II") (collectively with the Consolidated Legacy Debtors, the "Debtors").

I have recently obtained approval from the Bankruptcy Court to solicit your votes on the enclosed *Chapter 11 Trustee's Plan of Liquidation Dated February 25, 2013* (the "Plan"). While contained in a single document, the Plan proposes a separate liquidation of (i) the Consolidated Legacy Debtors, (ii) CAOP I and (iii) CAOP II. You are asked to vote on the Plan with regard to the entity for which you hold a claim or an equity interest.

After significant analysis and investigation of the Debtors, I firmly believe that approval of the Plan is in the best interests of all Creditors and Investors. Liquidation through the Plan will maximize the value of the Debtors' respective assets, including through assignment of causes of action to three separate Liquidation Trusts (one for the Consolidated Legacy Debtors, one for CAOP I, and one for CAOP II) that will bring appropriate causes of action for the benefit of all holders of claims and interests of each of those respective estates. Assets of the Consolidated Legacy Debtors, CAOP I and CAOP II will be distributed as provided for in the Plan and the relevant Liquidation Trust Agreements. Confirmation of the Plan is necessary for me to commence any distribution of assets that are liquidated.

Also enclosed with this Letter is a "Disclosure Statement" to assist you in understanding the Plan, as well as a "Confirmation Hearing Notice" and a voting "Ballot" with instructions on how and when to vote on the Plan. If you receive more than one Ballot, it means that I have identified you as a holder of a claim or interest in more than one of the three liquidating entities. The Ballot is marked to indicate to which entity it pertains.

I RECOMMEND THAT YOU VOTE AND THAT YOU VOTE TO ACCEPT THE PLAN

As set forth above, I believe that the Plan is in the best interests of Creditors and Investors. If the Plan is not approved and confirmed, distributions could be diminished and will be delayed. Furthermore, as discussed in the Disclosure Statement, if persons entitled to vote for the Plan choose not to accept it, the Debtors' Chapter 11 bankruptcy cases will likely be converted to three separate cases under Chapter 7 of the Bankruptcy Code. While conversion to Chapter 7 would – like the proposed Plan – effect a liquidation of assets, conversion will result in a delay of distributions. Additionally, I anticipate that distributions will be greatly diminished in Chapter 7 for numerous reasons, including but not limited to the fact that (1) a sale of the real properties in Chapter 7 likely will not serve to maximize the value of the properties in question, (2) assets obtained through the Plan process, such as the assignment of the individual claims, likely could not be realized in a Chapter 7 liquidation, (3) the benefit of my knowledge of the Debtors and the Castle Arch enterprise obtained from my intensive investigation to date could potentially be greatly diminished if the three remaining estates are administered by new and separate



Chapter 7 trustees, and (4) if new trustees were appointed, there would exist significant new layers of administrative expense, as well as delay. For these reasons, I urge those entitled to vote to accept the Plan inasmuch as the Plan anticipates a distribution to holders of allowed claims and allowed equity interests of each of the estates.¹

Your vote is essential to confirmation of the Plan by the Bankruptcy Court. If I do not receive a sufficient amount of votes accepting the Plan, the Bankruptcy Court may not be able to confirm the Plan. Note that you will be bound by the Plan if it is confirmed, even if you do not vote or you vote to reject the Plan.

Please read the enclosed Plan and Disclosure Statement carefully so you can make an informed decision regarding the Plan. Then, complete and mail the enclosed voting Ballot according to the instructions that I have provided. I must receive your voting Ballot by no later than [] for your vote to be counted.

Again, I encourage you to vote and to vote to accept the Plan.

Very truly yours,

D. Ray Strong,
Chapter 11 Trustee

¹ See Disclosure Statement (Exhs. H-J (Plan projections)).

EXHIBIT B

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

In re:

CASTLE ARCH REAL ESTATE INVESTMENT COMPANY, LLC; CAOP MANAGERS, LLC; CASTLE ARCH KINGMAN, LLC; CASTLE ARCH SECURED DEVELOPMENT FUND, LLC; CASTLE ARCH SMYRNA, LLC; CASTLE ARCH STAR VALLEY, LLC; *and*

CASTLE ARCH OPPORTUNITY PARTNERS I, LLC; CASTLE ARCH OPPORTUNITY PARTNERS II, LLC,

Debtors.

Case Nos. 11-35082, 11-35237, 11-35243, 11-35242 and 11-35246
(Substantively Consolidated)

Case Nos. 11-35241 and 11-35240
(Jointly Administered)

(Chapter 11)
The Honorable Joel T. Marker

- Affects All Debtors
- Affects Only the Substantively Consolidated Debtors
- Affects only Castle Arch Opportunity Partners I, LLC
- Affects only Castle Arch Opportunity Partners II, LLC

**BALLOT FOR ACCEPTING OR REJECTING CHAPTER 11 TRUSTEE'S PLAN OF LIQUIDATION
DATED FEBRUARY 25, 2013**

[NAME OF CREDITOR OR EQUITY INTEREST HOLDER]

CLASS []

ACTION REQUIRED PRIOR TO VOTING DEADLINE OF MAY 13, 2013

D. Ray Strong, the duly appointed Chapter 11 Trustee ("Trustee") for the consolidated bankruptcy estates of Castle Arch Real Estate Investment Company, LLC, CAOP Managers, LLC, Castle Arch Kingman, LLC, Castle Arch Smyrna, LLC, Castle Arch Secured Development Fund, LLC and Castle Arch Star Valley, LLC (collectively, the "Legacy Debtors"), and in that capacity as manager of Castle Arch Opportunity Partners I, LLC and Castle Arch Opportunity Partners II, LLC (collectively with the Legacy Debtors, the "Debtors"), has filed a Plan of Liquidation Dated February 25, 2013 (the "Plan"). The Debtors' records indicate that you may be a holder of a Claim or Equity Interest in the Class stated above who is entitled to cast a vote through this Ballot to accept or reject the Plan. Thus, for purposes of this Ballot, you are a holder of a "Voting Claim" or a "Voting Equity Interest" in the Class stated above. **You are encouraged to vote to accept or reject the Plan. If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote.**

The Bankruptcy Court has approved the Trustee's Disclosure Statement for the Plan (the "Disclosure Statement"), which provides information to assist you in deciding how to vote on the Plan. **Thus, the Disclosure Statement, attached to which as Exhibit A is the Plan, is enclosed with this Ballot, and you should review the Disclosure Statement and Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan.** The Bankruptcy Court's approval of the Disclosure Statement does not indicate approval of the Plan by the Court.

Instructions for completing this Ballot, *including deadlines for objecting to the classification of your Voting Claim or Voting Equity Interest and for submitting this Ballot to ensure that it is counted*, are attached to this Ballot and should be reviewed.

This Ballot should be used by all holders of Voting Claims and Voting Equity Interests to vote to accept or reject the Plan. Acceptance of the Plan generally requires that the holders of two-thirds in dollar amount and more than one-half in number of the Voting Claims and Voting Equity Interests actually voted in each Class vote to accept the Plan. If any Class of Voting Claims or Voting Equity Interests rejects the Plan, the Bankruptcy Court may nonetheless confirm the Plan if it finds that the Plan provides fair and equitable treatment to, and does not discriminate unfairly against, the Class or Classes rejecting it, and otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code. As set forth in the Disclosure Statement, the Trustee encourages you to vote to accept the Plan

VOTING DEADLINE

VOTING DEADLINE: This Ballot must be completed in full and the *original* must be submitted to the Trustee at the address below by mail, hand delivery, or overnight courier so that it is RECEIVED by the Trustee on or before May 13, 2013. If your Ballot is not received by the Trustee on or before the Voting Deadline, your vote will not count as either an acceptance or rejection of the Plan.

BALLOTS WILL NOT BE ACCEPTED BY E-MAIL, TELECOPY OR FACSIMILE TRANSMISSION.

**ACCEPTANCE OR REJECTION OF THE PLAN
AND OPTIONAL ASSIGNMENT ELECTION**

Item 1. Vote. The undersigned votes all of its Voting Claim or Voting Equity Interest as follows (**check one box only**):

- to **Accept** the Plan. to **Reject** the Plan.

Item 2. Optional—Assignment Opt-Out. The undersigned elects to opt out of the assignment of Individual Claims to the Liquidation Trust provided for in Section 6.4 of the Plan, and in so doing affirmatively agrees that the undersigned will receive no distribution of net proceeds obtained by the Trust related to the Trust’s litigation of such Individual Claims.

- I elect to Opt-Out of the assignment of my Individual Claims to the Liquidation Trust and understand and agree that I will receive no distribution of net proceeds obtained by the Trust related to the Trust’s litigation of such Individual Claims.

Item 3. Authorization. By returning this Ballot, the undersigned certifies that he/she/it (a) has full power and authority to vote to accept or reject the Plan with respect to the Voting Claim or Voting Equity Interest identified above, and (b) has received a copy of the Disclosure Statement (including any exhibits thereto) and understands that the solicitation of votes for the Plan is subject to all the terms and conditions set forth in the Disclosure Statement and the Bankruptcy Court’s Order approving the Disclosure Statement.

Dated: _____

Name of Creditor or Investor (print or type)

Signature

Title/Authority (if you are signing on behalf of a corporation, LLC, partnership, trust, or you are otherwise acting in a representative capacity)

RETURN THIS BALLOT TO:

**Peggy Hunt or
Nathan Seim
Attn: Castle Arch Vote
Tabulation
Dorsey & Whitney LLP
136 South Main St., Suite 1000
Salt Lake City, Utah 84101**

Address: _____

Telephone Number: _____

IMPORTANT

THIS BALLOT SHALL NOT CONSTITUTE OR BE DEEMED A PROOF OF CLAIM, A PROOF OF EQUITY INTEREST OR ANY OTHER ASSERTION OF A CLAIM OR EQUITY INTEREST. THE FACT THAT YOU HAVE RECEIVED THIS BALLOT SHALL NOT PRECLUDE THE TRUSTEE FROM OBJECTING TO YOUR CLAIM OR EQUITY INTEREST FOR PURPOSES OF VOTING OR RECEIVING DISTRIBUTIONS UNDER THE PLAN, REGARDLESS OF WHETHER YOU VOTE TO ACCEPT OR REJECT THE PLAN.

IF YOU ARE SUBMITTING THIS BALLOT ON BEHALF OF ANOTHER ENTITY, YOU MUST SUBMIT SATISFACTORY EVIDENCE OF YOUR AUTHORITY TO SO ACT (E.G., A POWER OF ATTORNEY OR A CERTIFIED COPY OF BOARD RESOLUTION AUTHORIZING YOU TO SO ACT).

ONLY VOTES SUBMITTED ON THIS BALLOT BY HOLDERS OF VOTING CLAIMS OR VOTING EQUITY INTERESTS WILL BE COUNTED, AND YOUR FAILURE TO FULLY COMPLETE THIS BALLOT AND RETURN IT TO THE TRUSTEE PRIOR TO THE EXPIRATION OF THE VOTING DEADLINE MAY DISQUALIFY THE BALLOT AND PRECLUDE YOUR VOTE FROM BEING COUNTED.

VOTING INSTRUCTIONS FOR COMPLETING THE BALLOT

1. General.

The Ballot is submitted to you by the Trustee for the Debtors to solicit your vote to accept or reject the Plan. The liquidating Plan is described in the Disclosure Statement, and as set forth in the Disclosure Statement, the Trustee is requesting that you vote by submitting this Ballot prior to the Voting Deadline, and to vote to accept the Plan.

All capitalized terms used but not defined in the Ballot shall have the meaning ascribed to such terms in the Plan. **YOU ARE ENCOURAGED TO READ THE PLAN AND DISCLOSURE STATEMENT IN THEIR ENTIRETY AND, IF POSSIBLE, CONSULT YOUR LEGAL ADVISOR BEFORE COMPLETING THE BALLOT.**

2. Your Voting Claim or Voting Equity Interest.

The Ballot has been pre-printed by the Trustee to indicate the Class of your Claim or Equity Interest for purposes of voting on the Plan (the "Voting Claim" or "Voting Equity Interest").

PLEASE NOTE THAT ALTHOUGH YOUR CLAIM OR EQUITY INTEREST MAY BE ALLOWED FOR PURPOSES OF VOTING TO ACCEPT OR REJECT THE PLAN, THIS DOES NOT NECESSARILY MEAN THAT YOUR CLAIM OR EQUITY INTEREST WILL BE ALLOWED FOR PURPOSES OF RECEIVING DISTRIBUTIONS UNDER THE PLAN. THE TRUSTEE RESERVES ALL RIGHTS AND DEFENSES WITH RESPECT TO THE ALLOWANCE OF YOUR CLAIM OR EQUITY INTEREST FOR ANY PURPOSES. YOUR BALLOT SHALL NOT CONSTITUTE OR BE DEEMED A PROOF OF CLAIM, A PROOF OF EQUITY INTEREST OR ANY OTHER ASSERTION OF A CLAIM OR EQUITY INTEREST.

3. Contesting Your Voting Claim or Voting Equity Interest—Deadline to File Motion Seeking Temporary Allowance of Claim or Equity Interest.

If you believe that the Class of your Voting Claim or Voting Equity Interest as it appears on the first page of your Ballot is incorrect, you should immediately contact the Trustee's counsel, Dorsey & Whitney LLP, at (801) 933-8956.

If, after contacting the Trustee's counsel, you still disagree with the Trustee's classification of your Voting Claim or Voting Equity Interest, then *by no later than April 29, 2013*, you must file with the Bankruptcy Court and serve on the Trustee's undersigned counsel, a motion for an Order pursuant to Federal Rule of Bankruptcy Procedure 3018(a) seeking temporary allowance of such Claim or Equity Interest for purposes of voting to accept or reject the Plan. Such motion must be made in accordance with the procedures set forth in the "**Notice of Entry of Order (I) Approving the Chapter 11 Trustee's Disclosure Statement and Fixing Time for Filing Acceptances or Rejections to the Chapter 11 Trustee's Plan of Liquidation Dated February 25, 2013, and (II) Notice of Hearing on Confirmation of the Plan and For Filing Objections.**"

4. Need to Use Ballot and Need to Vote.

TO VOTE AND HAVE YOUR VOTE COUNTED, YOU MUST USE THIS PRE-PRINTED BALLOT. NO DOCUMENT OTHER THAN THIS PRE-PRINTED BALLOT WILL BE COUNTED. PLEASE NOTE THAT YOUR VOTE WILL NOT BE COUNTED UNLESS YOU VOTE, AND IF THE PLAN IS CONFIRMED, YOU WILL BE BOUND BY THE PLAN EVEN IF YOU DO NOT VOTE TO ACCEPT OR REJECT THE PLAN.

5. **Voting Deadline.**

TO HAVE YOUR VOTE COUNTED, YOU MUST COMPLETE, SIGN, AND RETURN THE ORIGINAL BALLOT SO IT IS RECEIVED BY THE TRUSTEE'S COUNSEL NO LATER THAN MAY 13, 2013 (THE "VOTING DEADLINE"). *Ballots not received prior to the Voting Deadline will not be counted.* If you submit more than one Ballot voting the same Claim or Equity Interest prior to the Voting Deadline, the last timely filed Ballot shall be counted.

Original Ballots must be delivered by mail, hand delivery, or overnight courier to the Trustee's counsel at the following address:

Peggy Hunt or
Nathan Seim
Attn: Castle Arch Vote Tabulation
Dorsey & Whitney LLP
136 South Main Street, Suite 1000
Salt Lake City, Utah 84101

BALLOTS WILL NOT BE ACCEPTED BY E-MAIL, TELECOPY, OR FACSIMILE TRANSMISSION

6. **Optional Assignment Opt-Out.**

The Trustee has determined that there may exist numerous and significant claims, rights and causes of action against insiders of the Debtors and/or Persons who managed the Debtors or raised funds from Investors on the Debtors' behalf that may be held by you in your own right as either a Creditor of, or an Investor in the Debtors, and which may not necessarily be property of the bankruptcy estates within the meaning of Section 541 of the Bankruptcy Code (collectively, the "Individual Claims"). Pursuant to Section 6.4 of the Plan, unless you elect to "opt-out" of this assignment, you unconditionally agree, regardless of whether you voted to accept or reject the Plan, that your Individual Claims are assigned to the Liquidation Trust. The Liquidation Trust will pursue these Individual Claims for the benefit of all Liquidation Trust Beneficiaries who have assigned their Individual Claims.

You may elect to "opt-out" of this unconditional assignment of Individual Claims to the extent that you hold any such Claims. To do so, you must affirmatively make this election by marking the box in Item 2 of the Ballot titled "Optional—Assignment Opt-Out." If you do so, you are affirmatively agreeing that you will receive no distribution from the net litigation proceeds obtained by the applicable Liquidation Trust with regard to prosecution of the Individual Claims.

The Trustee believes that assignment of the Individual Claims to the Liquidation Trust is in the best interest of Creditors and Investors inasmuch as it may increase the total distribution made to you if you assign your Individual Claims. Thus, the Trustee urges you not to mark this box.

7. **Requirements for Proper Completion of Ballot.**

To properly complete the Ballot, you must:

- (i) Cast one vote to accept or reject the Plan by checking the appropriate box in Item 1 of the Ballot;
- (ii) If completing this Ballot on behalf of another person or entity, you must (a) indicate your relationship with such person or entity and the capacity in which you are signing, and (b) submit with the Ballot satisfactory evidence of your authority to so act (e.g., a power of attorney or a certified copy of board resolution authorizing you to act);
- (iii) Fully complete Item 3 of the Ballot, including by signing and dating your Ballot, and providing the contact information requested; and
- (iv) Return the original of your completed Ballot so that it is *received* by the Trustee's counsel on or before the Voting Deadline as discussed in paragraph 5 above.

IF YOU HAVE ANY QUESTIONS REGARDING THE BALLOT OR THE VOTING PROCEDURES, INCLUDING THE CLASSIFICATION OF YOUR VOTING CLAIM, PLEASE CONTACT THE TRUSTEE'S COUNSEL AT (801) 933-8956.



[Date]

Re: *Chapter 11 Trustee's Plan of Liquidation and Voting Requirements*

ACTION REQUIRED BY MAY 13, 2013

Dear Castle Arch Creditor or Investor:

As you may already know, on May 3, 2012, the United States Bankruptcy Court for the District of Utah (the "Bankruptcy Court") appointed me as the Chapter 11 trustee for Castle Arch Real Estate Investment Company, LLC ("CAREIC"). On February 8, 2013, the Bankruptcy Court determined that CAREIC, CAOP Managers, LLC, Castle Arch Kingman, LLC, Castle Arch Smyrna, LLC, Castle Arch Secured Development Fund, LLC and Castle Arch Star Valley, LLC are alter egos and consolidated them for all purposes (collectively, the "Consolidated Legacy Debtors"). As the Trustee of the Consolidated Legacy Debtors, I also manage Castle Arch Opportunity Partners I, LLC ("CAOP I") and Castle Arch Opportunity Partners II, LLC ("CAOP II") (collectively with the Consolidated Legacy Debtors, the "Debtors").

I have recently obtained approval from the Bankruptcy Court to solicit your votes on the enclosed *Chapter 11 Trustee's Plan of Liquidation Dated February 25, 2013* (the "Plan"). While contained in a single document, the Plan proposes a separate liquidation of (i) the Consolidated Legacy Debtors, (ii) CAOP I and (iii) CAOP II. You are asked to vote on the Plan with regard to the entity for which you hold a claim or an equity interest.

After significant analysis and investigation of the Debtors, I firmly believe that approval of the Plan is in the best interests of all Creditors and Investors. Liquidation through the Plan will maximize the value of the Debtors' respective assets, including through assignment of causes of action to three separate Liquidation Trusts (one for the Consolidated Legacy Debtors, one for CAOP I, and one for CAOP II) that will bring appropriate causes of action for the benefit of all holders of claims and interests of each of those respective estates. Assets of the Consolidated Legacy Debtors, CAOP I and CAOP II will be distributed as provided for in the Plan and the relevant Liquidation Trust Agreements. Confirmation of the Plan is necessary for me to commence any distribution of assets that are liquidated.

Also enclosed with this Letter is a "Disclosure Statement" to assist you in understanding the Plan, as well as a "Confirmation Hearing Notice" and a voting "Ballot" with instructions on how and when to vote on the Plan. If you receive more than one Ballot, it means that I have identified you as a holder of a claim or interest in more than one of the three liquidating entities. The Ballot is marked to indicate to which entity it pertains.

I RECOMMEND THAT YOU VOTE AND THAT YOU VOTE TO ACCEPT THE PLAN

As set forth above, I believe that the Plan is in the best interests of Creditors and Investors. If the Plan is not approved and confirmed, distributions could be diminished and will be delayed. Furthermore, as discussed in the Disclosure Statement, if persons entitled to vote for the Plan choose not to accept it, the Debtors' Chapter 11 bankruptcy cases will likely be converted to three separate cases under Chapter 7 of the Bankruptcy Code. While conversion to Chapter 7 would – like the proposed Plan – effect a liquidation of assets, conversion will result in a delay of distributions. Additionally, I anticipate that distributions will be greatly diminished in Chapter 7 for numerous reasons, including but not limited to the fact that (1) a sale of the real properties in Chapter 7 likely will not serve to maximize the value of the properties in question, (2) assets obtained through the Plan process, such as the assignment of the individual claims, likely could not be realized in a Chapter 7 liquidation, (3) the benefit of my knowledge of the Debtors and the Castle Arch enterprise obtained from my intensive investigation to date could potentially be greatly diminished if the three remaining estates are administered by new and separate



Chapter 7 trustees, and (4) if new trustees were appointed, there would exist significant new layers of administrative expense, as well as delay. For these reasons, I urge those entitled to vote to accept the Plan inasmuch as the Plan anticipates a distribution to holders of allowed claims and allowed equity interests of each of the estates.¹

Your vote is essential to confirmation of the Plan by the Bankruptcy Court. If I do not receive a sufficient amount of votes accepting the Plan, the Bankruptcy Court may not be able to confirm the Plan. Note that you will be bound by the Plan if it is confirmed, even if you do not vote or you vote to reject the Plan.

Please read the enclosed Plan and Disclosure Statement carefully so you can make an informed decision regarding the Plan. Then, complete and mail the enclosed voting Ballot according to the instructions that I have provided. You must affirmatively mark a box in Item 1 of the Ballot to vote on the Plan, and fill in the information in Item 3 of the Ballot.

Marking the box in Item 2 is optional. *I strongly urge you not to mark this box inasmuch as this means that you are opting out of the assignment of certain claims that will be prosecuted by the Liquidation Trust for your benefit.* Specifically, I have determined that there may exist numerous and significant claims, rights and causes of action against insiders of the Debtors and/or Persons who managed the Debtors or raised funds from Investors on the Debtors' behalf that may be held by you in your own right as either a Creditor of, or an Investor in the Debtors, and which may not necessarily be property of the bankruptcy estates (collectively, the "Individual Claims"). Pursuant to Section 6.4 of the Plan, unless you elect to "opt-out" of this assignment, you unconditionally agree that your Individual Claims are assigned to the Liquidation Trust to be pursued by the Liquidation Trust for you. While you may elect to "opt-out" of this unconditional assignment by marking the box in Item 2, if you do so, you are affirmatively agreeing that you will receive no distribution from the net litigation proceeds obtained by the applicable Liquidation Trust with regard to prosecution of the Individual Claims.

I must receive your voting Ballot by no later than May 13, 2013 for your vote to be counted.

Again, I encourage you to vote and to vote to accept the Plan.

Very truly yours,

D. Ray Strong,
Chapter 11 Trustee

¹ See Disclosure Statement (Exhs. H-J (Plan projections)).

EXHIBIT C

Peggy Hunt (Utah State Bar No. 6060)
Nathan S. Seim (Utah State Bar No. 12654)
DORSEY & WHITNEY LLP
136 South Main Street, Suite 1000
Salt Lake City, UT 84101-1685
Telephone: (801) 933-7360
Email: hunt.peggy@dorsey.com
seim.nathan@dorsey.com

Attorneys for D. Ray Strong, Chapter 11 Trustee for Castle Arch Real Estate Investment Company, LLC and Substantively Consolidated Debtors

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

In re:

CASTLE ARCH REAL ESTATE INVESTMENT COMPANY, LLC; CAOP MANAGERS, LLC; CASTLE ARCH KINGMAN, LLC; CASTLE ARCH SECURED DEVELOPMENT FUND, LLC; CASTLE ARCH SMYRNA, LLC; CASTLE ARCH STAR VALLEY, LLC; *and*

CASTLE ARCH OPPORTUNITY PARTNERS I, LLC; CASTLE ARCH OPPORTUNITY PARTNERS II, LLC,

Debtors.

Case Nos. 11-35082, 11-35237, 11-35243, 11-35242 and 11-35246
(Substantively Consolidated)

Case Nos. 11-35241 and 11-35240
(Jointly Administered)

(Chapter 11)
The Honorable Joel T. Marker

- Affects All Debtors
- Affects Only the Substantively Consolidated Debtors
- Affects only Castle Arch Opportunity Partners I, LLC
- Affects only Castle Arch Opportunity Partners II, LLC

NOTICE OF ENTRY OF ORDER (I) APPROVING THE CHAPTER 11 TRUSTEE'S DISCLOSURE STATEMENT AND FIXING TIME FOR FILING ACCEPTANCES OR REJECTIONS TO THE CHAPTER 11 TRUSTEE'S PLAN OF LIQUIDATION DATED FEBRUARY 25, 2013, AND (II) NOTICE OF HEARING ON CONFIRMATION OF THE PLAN AND FOR FILING OBJECTIONS

Deadline to Vote to Accept or Reject the Plan: May 13, 2013

Deadline to File a Rule 3018(a) Motion: April 29, 2013

Deadline for Objecting to the Plan: May 13, 2013

Hearing on Confirmation of the Plan: May 30, 2013 at 2:00 p.m. (Mountain Time)

PLEASE TAKE NOTICE THAT D. Ray Strong, the duly appointed Chapter 11 Trustee (the “Trustee”) for the substantively consolidated debtors Castle Arch Real Estate Investment Company, LLC, CAOP Managers, LLC, Castle Arch Kingman, LLC, Castle Arch Secured Development Fund, LLC, Castle Arch Smyrna, LLC and Castle Arch Star Valley, LLC (collectively, the “Legacy Debtors”), and as manager of Castle Arch Opportunity Partners I, LLC and Castle Arch Opportunity Partners II, LLC, (collectively with the Legacy Debtors, the “Debtors”), has previously filed with the United States Bankruptcy Court for the District of Utah (the “Bankruptcy Court”) the *Chapter 11 Trustee’s Plan of Liquidation Dated February 25, 2013* (the “Plan”) and the *Disclosure Statement for Chapter 11 Trustee’s Plan of Liquidation Dated February 25, 2013* (the “Disclosure Statement”) pursuant to Chapter 11 of the United States Bankruptcy Code. By Order entered on ____, 2013 after a hearing on March 21, 2013, the Bankruptcy Court approved the adequacy of the information in the Disclosure Statement and directed the Trustee to solicit votes on the Plan.

PLEASE TAKE FURTHER NOTICE THAT the Disclosure Statement and Plan are on file with the Bankruptcy Court and may be examined by interested parties during regular business hours at the Office of the Clerk of the Bankruptcy Court, Frank E. Moss U.S. Courthouse, 350 South Main Street, Salt Lake City, Utah 84101. In addition, copies may be obtained on the Trustee’s website at www.castlearchtrustee.com or upon written request to the Trustee’s counsel, Dorsey & Whitney LLP, 136 South Main Street, Suite 1000, Salt Lake City, Utah 84101, Attn: Moana DiFrancesco or at difrancesco.moana@dorsey.com.

PLEASE TAKE FURTHER NOTICE THAT if you hold a Claim against or an Equity Interest in the Debtors that entitles you to vote to accept or reject the Plan (i.e., a “Voting Claim or Interest”), you have received with this Notice a Ballot and Voting Instructions, together with a copy of the Disclosure Statement and the Plan. The Ballot states the Class of your Voting Claim or Interest. For your vote to be counted, you must strictly comply with the Voting Instructions, including by submitting the original of the fully completed Ballot to the Trustee so that it is received by the Trustee by no later than the Voting Deadline of May 13, 2013. Please review the Ballot and the Voting Instructions for complete details about voting to accept or reject the Plan.

PLEASE TAKE FURTHER NOTICE THAT holders of unimpaired Claims, as well as holders of impaired Claims and Equity Interests that will receive no distribution under the Plan are not entitled to vote on the Plan. If you did not receive a Ballot form with this Notice, the Trustee does not believe that you are entitled to vote on the Plan.

PLEASE TAKE FURTHER NOTICE THAT you should contact the Trustee’s counsel at the address set forth below or at (801) 933-8956 if (a) you received a Ballot but disagree with the Trustee’s classification of your Voting Claim or Interest, or (b) you did not receive a Ballot but believe that you are a holder of a Voting Claim or Interest. If, after contacting the Trustee’s counsel, you still disagree with the Trustee, then by no later than April 29, 2013, you must file with the Bankruptcy Court and serve on the Trustee, through undersigned counsel, a motion for an order pursuant to Federal Rule of Bankruptcy Procedure 3018(a) seeking temporary allowance of your Claim or Equity Interest for purposes of voting to accept or reject the Plan (a “Rule 3018(a) Motion”). Any party filing a Rule 3018(a) Motion shall be responsible for the provision of proper notice of such motion and the scheduling of a hearing with the Bankruptcy Court, which hearing must conclude in advance of the Confirmation Hearing to be held on May 30, 2013 at 2:00 p.m. (Mountain Time). Rule 3018(a) Motions that are not timely filed and served in the manner set forth above shall not be considered.

PLEASE TAKE FURTHER NOTICE THAT a hearing to consider confirmation of the Plan and any objections or proposed amendments or modifications thereto, will be held before the Honorable Joel T. Marker, United States Bankruptcy Judge, in his courtroom, Room 341 of the Frank E. Moss United States Courthouse, 350 South Main Street, Salt Lake City, Utah 84101, commencing on May 30, 2013 at 2:00 p.m. (Mountain Time) (the “Confirmation Hearing”). The Confirmation Hearing may be adjourned from time to time without further notice other than an announcement of the adjourned date or dates at the previously scheduled Confirmation Hearing.

PLEASE TAKE FURTHER NOTICE THAT pursuant to Section 1141(d)(3) of the Bankruptcy Code, the Confirmation Order shall not discharge Claims against or Equity Interests in the Debtors. However, no holder of a Claim or Equity Interest may receive any payment from or seek recourse against any assets of the Debtors, except for those assets required to be distributed to such holder as expressly provided for in the Plan. **THUS, THE PLAN PROVIDES FOR AN INJUNCTION THAT APPLIES TO ALL HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS AS FOLLOWS:**

As of the Effective Date (as that term is defined in the Plan), all Persons are precluded from asserting against the Debtors or the property or assets of the Debtors that are distributed under the Plan any Claims, Equity Interests, rights, Causes of Action, liabilities or other interests based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date, other than as expressly provided in the Plan or the Confirmation Order, regardless of the filing, lack of filing, allowance or disallowance of such Claim or Equity Interest and regardless of whether such Person has voted to accept the Plan.

Thus, except as otherwise provided in the Plan or the Confirmation Order, on and after the Effective Date, all Persons that have held, currently hold or may hold a debt, right, Claim, Equity Interest, Cause of Action, or other liability or interest against or in the Debtors that would be discharged upon confirmation of the Plan on the Effective Date but for the provisions of Section 1141(d)(3) of the Bankruptcy Code **SHALL BE PERMANENTLY ENJOINED FROM TAKING ANY OF THE FOLLOWING ACTIONS ON ACCOUNT OF SUCH DEBT, RIGHT, CLAIM, EQUITY INTEREST, CAUSE OF ACTION, OR OTHER LIABILITY OR INTEREST:** (i) commencing or continuing in any manner any action or other proceeding on account of such debt, right, Claim, Equity Interest, Cause of Action, or other liability or interest against assets or proceeds thereof that are property of the Debtors and which are to be distributed under the Plan, other than to enforce any right to a distribution with respect to such assets or the proceeds thereof as provided under the Plan; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree, or order against any assets to be distributed to holders of Claims or Equity Interests under the Plan, other than as permitted under subparagraph (i) above; and (iii) creating, perfecting or enforcing any Lien or encumbrance against any assets to be distributed under the Plan, other than as permitted by the Plan, provided that nothing contained herein shall limit the rights of any distributee under the Plan from taking any actions in respect of property distributed or to be distributed to it under the Plan.

PLEASE TAKE FURTHER NOTICE THAT the Trustee shall file a Motion and Memorandum in support of confirmation of the Plan by no later than April 12, 2013, and that any objections to the confirmation of the Plan must be filed with the Court by no later than May 13, 2013 (the “Objection Deadline”). All objections must (a) be in writing; (b) comply with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and the Local Rules and orders of the Bankruptcy Court; (c) state the name of the objector and the nature and amount of its Claim against or Equity Interest in the Debtors;

(d) state the nature of the objection and the legal basis for the objection; (e) reference with specificity the text of the Plan to which the objection is made; and (f) provide proposed language changes or insertions to the Plan to resolve such objection.

PLEASE TAKE FURTHER NOTICE THAT in addition to filing objections to confirmation of the Plan on or before the expiration of the Objection Deadline, to be considered, any and all objections must be served on the Trustee so that they are received on or before the Objection Deadline as follows:

Peggy Hunt
Nathan Seim
Dorsey & Whitney LLP
136 South Main Street, Suite 1000
Salt Lake City, Utah 84101

PLEASE TAKE FURTHER NOTICE THAT parties desiring more information about the solicitation procedures or the contents of the Plan may contact the Trustee's counsel at (801) 933-8956.

DATED this ____ day of March, 2013.

DORSEY & WHITNEY LLP

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