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

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

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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

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**NOTICE OF STIPULATION REGARDING TREATMENT OF CLAIM FOR TENNESSEE DEPARTMENT OF REVENUE UNDER CONFIRMED PLAN**

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The Tennessee Department of Revenue (“TDR”) and D. Ray Strong, the duly appointed Chapter 11 Trustee (the “Trustee”) for the consolidated bankruptcy estates of Castle Arch Real

Estate Investment Company, LLC (“CAREIC”), CAOP Managers, LLC, Castle Arch Kingman, LLC, Castle Arch Smyrna, LLC (“CAS”), Castle Arch Secured Development Fund, LLC and Castle Arch Star Valley, LLC (collectively, the “Legacy Debtors”), and in that capacity as Manager for Castle Arch Opportunity Partners I, LLC and Castle Arch Opportunity Partners II, LLC (collectively with the Legacy Debtors, the “Debtors”), hereby stipulate to the allowance and treatment of TDR’s filed Proof of Claim. In support hereof, the parties state as follows:

**JURISDICTION AND VENUE**

1. The Court has jurisdiction over this Objection pursuant to 28 U.S.C. § 1334.
2. This is a core proceeding pursuant to 28 U.S.C. § 157(b).
3. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

**BACKGROUND**

*General*

4. On October 17, 2011, CAREIC filed a petition seeking relief under Chapter 11 of the Bankruptcy Code.
5. On October 20, 2011, each of the other Debtors, other than Castle Arch Star Valley, LLC, also filed petitions seeking relief under Chapter 11 of the Bankruptcy Code.
6. On May 3, 2012, the Court entered an Order appointing the Trustee as the Chapter 11 Trustee for CAREIC.
7. On February 8, 2013, the Court entered an Order substantively consolidating the Legacy Debtors, which includes CAS [Docket No. 590] (the “Consolidation Order”).

8. On June 7, 2013, the Court entered an Order confirming the *Second Amended Chapter 11 Trustee's Plan of Liquidation Dated February 25, 2013* [Docket No. 701] (the "Plan").

*TDR's Proof of Claim and Designation Under the Plan*

9. On November 26, 2012, TDR filed a Proof of Claim against CAS, designated as Claim No. 10-1 on CAS's claims docket, asserting a claim for unpaid taxes in the total amount of \$55,839.70 (the "Total Claim Amount"). Of the Total Claim Amount, \$45,839.70 was asserted as a priority claim pursuant to Section 507(a)(8) of the Bankruptcy Code (the "Priority Claim"), and \$10,000.00 was asserted as a general unsecured claim (the "Unsecured Claim").

10. Pursuant to the Plan, TDR's Priority Claim is designated as an "Allowed Priority Tax Claim" against the Legacy Debtors, as described in §§ 1.1 and 4.3 of the Plan.

11. Pursuant to the Plan, TDR's Unsecured Claim is designated as a "Class A4 Allowed General Unsecured Claim" against the Legacy Debtors.

**STIPULATION**

12. TDR and the Trustee agree as follows:

(a) TDR's Unsecured Claim in the amount of \$10,000.00 is a Class A4 Allowed General Unsecured Claim against the Legacy Debtors, which claim will be paid in accordance with the provisions of the Plan.

(b) TDR's Priority Claim in the amount of \$45,839.70 is an Allowed Priority Tax Claim against the Legacy Debtors, which claim will be paid in accordance with § 4.3(c) of the Plan as follows: TDR's Allowed Priority Tax Claim will be paid in four equal installments over a period of four years, with the first payment being made on or before September 4, 2013,

and each of the three remaining payments being made on or before September 4th of each subsequent year. To eliminate any confusion, TDR and the Trustee agree that the Allowed Priority Tax Claim will be made in the amounts and according to the dates in the below table:

<b>PAYMENT DATE<sup>1</sup></b>	<b>PAYMENT AMOUNT</b>
On or before September 4, 2013	\$11,459.93
On or before September 4, 2014	\$11,459.93
On or before September 4, 2015	\$11,459.93
On or before September 4, 2016	\$11,459.93

(c) The Trustee, in his discretion, may elect to make any one of the above payments prior to the September 4<sup>th</sup> payment date in any year, and may elect to pay TDR in full prior to September 4, 2016.

(d) Upon execution of this Stipulation, TDR agrees that the Trustee, the Consolidated Liquidation Trust, the Liquidation Trustee, and any one or all of their successors, heirs, assigns and agents, shall be released from any and all liability to pay the Total Claim Amount except as provided in this Stipulation.

DATED this 3<sup>rd</sup> day of September, 2013.

**LEGACY DEBTORS**



*D. Ray Strong, Chapter 11 Trustee for  
Castle Arch Real Estate Investment  
Company, LLC and the Legacy Debtors*

<sup>1</sup> If any of the below payment dates fall on a Saturday, Sunday or legal holiday, the payment for such year will be due on the next business day.

DATED this 29<sup>th</sup> day of August, 2013.

**TENNESSEE DEPARTMENT OF  
REVENUE**

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By: *Gill R. Geldreich*  
Its: *Senior Counsel*  
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**CERTIFICATE OF SERVICE – BY NOTICE OF ELECTRONIC FILING (CM/ECF)**

I hereby certify that on August \_\_, 2013, I electronically filed the foregoing **NOTICE OF STIPULATION REGARDING TREATMENT OF CLAIM FOR TENNESSEE DEPARTMENT OF REVENUE UNDER CONFIRMED PLAN** with the United States Bankruptcy Court for the District of Utah by using the CM/ECF system. I further certify that the parties of record in this case, as identified below, are registered CM/ECF users and will be served through the CM/ECF system.

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/s/ Nathan S. Seim