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*Attorneys for D. Ray Strong, Liquidating Trustee
of the Legacy Debtors Liquidating Trust*

**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 RESERVATION OF RIGHTS REGARDING CLAIM OF THE BANK OF
STAR VALLEY, LLC FILED AGAINST CASTLE ARCH REAL ESTATE
INVESTMENT COMPANY, LLC**

D. Ray Strong (the “Trustee”), as the post-confirmation estate representative of the above-captioned Debtors and the duly appointed Liquidating Trustee of the Consolidated Legacy Debtors Liquidating Trust (the “Legacy Trust”), by and through his counsel of record, hereby

provides notice of his reservation of rights to object to the amount of the claim asserted against Castle Arch Real Estate Investment Company, LLC (“CAREIC”) by The Bank of Star Valley (“BSV”). In support hereof, the parties state as follows:

JURISDICTION AND VENUE

1. On October 17, 2011, Castle Arch Real Estate Investment Company, LLC (“CAREIC”) filed a petition for relief under Chapter 11 of the Bankruptcy Code, and on October 20, 2011, CAOP Managers, LLC (“CAOP Managers”), Castle Arch Kingman, LLC (“CAK”), Castle Arch Secured Development Fund, LLC (“CASDF”), Castle Arch Smyrna, LLC (“CAS”), Castle Arch Opportunity Partners I, LLC (“CAOP I”) and Castle Arch Opportunity Partners II, LLC also filed petitions seeking relief under Chapter 11 of the Bankruptcy Code.

2. The Court has subject matter jurisdiction of this proceeding pursuant to 28 U.S.C. §§ 157 and 1334.

3. On June 7, 2013, the Bankruptcy Court entered an *Order Confirming Chapter 11 Trustee’s First Amended Plan of Liquidation Dated February 25, 2013 as Modified* [Docket No. 705] (the “Confirmation Order”), thus confirming the *Second Amended Chapter 11 Trustee’s Plan of Liquidation Dated February 25, 2013* [Docket No. 701] (the “Confirmed Plan”), pursuant to which the Court retains jurisdiction over this proceeding, which arises under the Bankruptcy Code and arises in and is related to the above-captioned bankruptcy cases.

4. Venue is proper in this Court pursuant to 28 U.S.C. § 1409.

BACKGROUND

General

5. On May 3, 2012, the Court entered an Order appointing the Trustee as the Chapter 11 bankruptcy Trustee for CAREIC [Docket No. 215], and in that capacity he managed each of the other Debtors.

6. On February 8, 2013, the Court entered an Order substantively consolidating CAOP Managers, CAK, CASDF, CAS and non-debtor Castle Arch Star Valley, LLC with CAREIC [Docket No. 590], and these entities, as consolidated, have hereinafter been referred to as the “Consolidated Legacy Debtors.”

7. On June 7, 2013, the Court entered the Confirmation Order which, among other things: (a) designated the Trustee as the post-confirmation estate representative for the Consolidated Legacy Debtors and CAOP I; (b) approved the Liquidating Trust Agreements for the Legacy Trust and the CAOP I Trust (the “Trust Agreements”); and (c) appointed the Trustee as the Liquidating Trustee for the Legacy Trust and the CAOP I Trust.

8. Pursuant to § 7.1 of the Confirmed Plan, as well as the Court’s *Order Granting Liquidating Trustee’s Ex Parte Motion to Extend Deadline to Object to Priority Tax Claims, Secured Tax Claims, Secured Claims, Priority Unsecured Claims, General Unsecured Claims and Equity Interests Under Confirmed Plan* [Docket No. 838], the Trustee’s current deadline for objecting to filed Proofs of Claim is November 20, 2013 (the “Claims Objection Deadline”).

BSV’s Filed Claim

9. On February 21, 2012, BSV filed a Proof of Claim against CAREIC, designated as Claim No. 34 on CAREIC’s claims docket (the “BSV Claim”), asserting a claim secured by certain real property located in Lincoln County, Wyoming (the “Wyoming Property”).

CERTIFICATE OF SERVICE – BY NOTICE OF ELECTRONIC FILING (CM/ECF)

I hereby certify that on November 20, 2013, I electronically filed the foregoing **NOTICE OF RESERVATION OF RIGHTS REGARDING CLAIM OF THE BANK OF STAR VALLEY, LLC FILED AGAINST CASTLE ARCH REAL ESTATE INVESTMENT COMPANY, LLC** (the “Notice”) 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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I further certify that on November 20, 2013, I served a copy of the Notice via U.S. First Class Mail, postage prepaid, to the following:

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North Logan, Utah 84341

Attorneys for The Bank of Star Valley

/s/ Nathan S. Seim