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*Attorney for Southern Properties in Northern Dollars, LLC,
as Transferee of Claim of ANB Venture, LLC*

**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

REQUEST TO APPROVE STIPULATION REGARDING CLAIM OF SOUTHERN PROPERTIES IN NORTHERN DOLLARS, LLC

Southern Properties in Northern Dollars, LLC (“Southern”), as transferee of the claim of ANB Venture, LLC (“ANB”), and 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”) and the Castle Arch Opportunity Partners I, LLC Liquidating Trust (the “CAOP I Trust”), by and through their respective counsel of record, hereby request entry of an Order approving the below stipulation regarding Southern’s proofs of claim in the above-captioned bankruptcy cases. 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.

Southern’s Filed Claims

8. On February 21, 2012, ANB filed a Proof of Claim against CAREIC, designated as Claim No. 33 on CAREIC’s claims docket (the “CAREIC Claim”), asserting a claim against CAREIC secured by certain real property located in Tooele, Utah (the “Tooele Property”).

9. Also on February 21, 2012, ANB filed a Proof of Claim against CAOP I, designated as Claim No. 3 on CAOP I's claims docket (the "CAOP I Claim"), which claim is duplicative with the CAREIC Claim, other than the entity against which the Claim is asserted.

10. ANB filed the Proofs of Claim against both CAREIC and CAOP I because ANB was unsure as to the proper entity against which the claim should be asserted.

11. On March 26, 2013, counsel for ANB and Southern filed a *Transfer of Claim Other than for Security* [CAREIC Docket No. 651 and CAOP I Docket No. 76], transferring all rights and interests of ANB in the CAREIC Claim and the CAOP I Claim to Southern.

12. Presently, and in accordance with the "Conflict Resolution Procedures" set forth in the Confirmed Plan, the Trustee is in the process of determining the proper entity against which Southern's Claim should be asserted. However, because the Trustee is still uncertain at this time against which entity Southern's claim should be asserted, he has requested that Southern enter into this Stipulation.

STIPULATION

13. The Trustee and Southern agree as follows:

(a) The CAREIC Claim and the CAOP I Claim are duplicative, other than the entity against which the claims are asserted.

(b) Southern will not be allowed to receive a distribution in this bankruptcy case for both the CAREIC Claim and the CAOP I Claim. Rather, Southern will be allowed either a Class A2 "Allowed Secured Claim" against the Consolidated Legacy Debtors/Legacy Trust or a Class B2 "Allowed Secured Claim" against CAOP I/CAOP I Trust, as determined by the Conflict Resolution Procedures of the Confirmed Plan and/or an Order of this Court (the "Allowed Southern Claim").

(c) The Allowed Southern Claim will be paid under the terms of the Confirmed Plan and the respective Trust Agreements.

(d) By entering into this Stipulation, Southern is not waiving and expressly reserves and preserves any and all defenses associated with the CAREIC Claim and the CAOP I Claim.

(e) While the Trustee does not dispute that Southern is an oversecured creditor and entitled to rights under 11 U.S.C. § 506(b), the full amount of Southern's claim is not presently known as the amount of Southern's claim is dependent upon the timing of the Trustee's sale of the Tooele Property. Accordingly, by entering into this Stipulation, and notwithstanding the deadline to object to claims established by the Confirmed Plan and subsequent Orders of the Court, the Trustee is not waiving and specifically reserves and preserves the right to object to the reasonableness of fees and costs that Southern may assert pursuant to 11 U.S.C. § 506(b).

DATED this 20th day of November, 2013.

DORSEY & WHITNEY LLP

/s/ Peggy Hunt
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of the Legacy Debtors Liquidating Trust*

McKAY, BURTON & THURMAN

/s/ Gregory Adams
*Attorneys for D. Ray Strong, Liquidating
Trustee of the CAOP I Trust*

CHAPMAN AND CUTLER LLP

/s/ Adelaide Maudsley
*Attorneys for Southern Properties in
Northern Dollars, LLC*

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

I hereby certify that on November ___, 2013, I electronically filed the foregoing **REQUEST TO APPROVE STIPULATION REGARDING CLAIM OF SOUTHERN PROPERTIES IN NORTHERN DOLLARS, LLC** 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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