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16 *Proposed Attorneys for Desert Capital REIT, Inc.*

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18 **UNITED STATES BANKRUPTCY COURT**
19 **FOR THE DISTRICT OF NEVADA**

20 In re:
 21 DESERT CAPITAL REIT, INC.
 22 Debtor.

Case No.: 11-16624-LBR
 Chapter 11

Date: July 20, 2011
 Time: 2:00 p.m.

23 **NOTICE OF HEARING APPLICATION FOR ORDER LIMITING NOTICE TO**
 24 **DEBTOR'S EQUITY SECURITY HOLDERS PURSUANT TO**
 25 **BANKRUPTCY RULE 2002(d)**

26 **NOTICE IS HEREBY GIVEN** that an Application for Order Limiting Notice to
 27 Debtor's Equity Security Holders Pursuant to Bankruptcy Rule 2002(d) ("Motion") was filed on
 28 June 22, 2011 by and through their proposed attorneys, the law firms of Gordon Silver, and

1 Heller, Draper, Hayden, Patrick & Horn, LLC. The Motion states as follows:

2 On April 29, 2011 (the "Petition Date"), Taberna Preferred Funding VI, Ltd. ("Taberna
3 "VI"), Taberna Preferred Funding VIII, Ltd. ("Taberna VIII," and together with Taberna VI,
4 "Taberna"), and Sage Trust, and its participants (collectively, "Sage Trust," and with Taberna, the
5 "Petitioning Creditors"), filed an involuntary petition for relief (the "Involuntary Petition") under
6 Chapter 11 against Debtor, thereby commencing the above-captioned bankruptcy case (the
7 "Bankruptcy Case"). With the consent of Debtor, an Order for Relief (the "Order For Relief"),
8 pursuant to Chapter 11 of the Bankruptcy Code, was entered by this Court on the 15th day of June,
9 2011 (the "Order For Relief Date").

10 Upon the involuntary filing, the Debtor, through its bankruptcy counsel, and the
11 petitioning creditors engaged in negotiations to avoid litigation and create a satisfactory process
12 for the wind down and liquidation of the Debtor and its complicated business transactions. As a
13 result of those discussions, the Petitioning Creditors and the Debtor agreed on a general process to
14 provide for the liquidation of the Debtor's assets, an investigation of claims of the estate related to
15 its financial demise, and a distribution of the proceeds of the liquidation and recoveries based on
16 claims, in accordance with the priorities established in the Bankruptcy Code.

17 As evidenced in Debtor's recently filed Creditor Matrix, Debtor has relatively few
18 creditors (the "Creditors") estimated at approximately 75-80. In contrast, Debtor's Equity Matrix
19 reveals that Debtor has in excess of 3,000 equity security holders (the "Equity Holders").

20 To the best of Debtor's knowledge, information, and belief, after a thorough review of
21 the assets and claims against Debtor, the Equity Holders likely will not receive any distribution
22 from Debtor's estate.

23 Where the ongoing mailings of notices to all Equity Holders would be costly and unduly
24 burdensome to Debtor, its counsel, and its estate, Debtor believes that it is not in the best interest
25 of Debtor's creditors and parties-in-interest to provide such Equity Holders with continued
26 mailings of notices throughout the course of this Bankruptcy Case.

27 Debtor currently hosts a corporate website located at: www.desertcapital.com (the
28 "Website"), which website includes a page devoted entirely to "Investor Communications" that
has in the past provided its Equity Holders with updates and newsletters containing relevant
information as to the financial condition and developments of Debtor's business. Debtor intends
to maintain the Website to keep the Equity Holders apprised of significant events that occur
throughout the course of this Bankruptcy Case.

As such, the Motion seeks to appropriately balance the interests of Debtor's creditors and
parties-in-interest in this Bankruptcy Case with the reasonable and efficient administration of
Debtor's estate by only mailing the notice required by the Bankruptcy Rules to Debtor's Equity
Holders, unless an Equity Holder otherwise requests special notice.

Any opposition must be filed pursuant to Local Rule 9014(d)(1).

NOTICE IS FURTHER GIVEN that if you do not want the court to grant the relief
sought in the Motion, or if you want the court to consider your views on the Motion, then you
must file an opposition with the court, and serve a copy on the person making the Motion *no*
later than 14 days preceding the hearing date for the motion, unless an exception applies (see
Local Rule 9014(d)(3)). The opposition must state your position, set forth all relevant facts and
legal authority, and be supported by affidavits or declarations that conform to Local rule 9014(c).

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If you object to the relief requested, you *must* file a **WRITTEN** response to this Pleading with the court. You *must* also serve your written response on the person who sent you this notice.

If you do not file a written response with the court, or if you do not serve your written response on the person who sent you this notice, then:

- The court may *refuse to allow you to speak* at the scheduled hearing; and
- The court may *rule against you* without formally calling the matter at the hearing.

NOTICE IS FURTHER GIVEN that the hearing on said Motion will be held before a United States Bankruptcy Judge, in the Foley Federal Building, 300 Las Vegas Boulevard South, Bankruptcy Courtroom No. 1, Las Vegas, Nevada 89101, on July 20, 2011, at the hour of 2:00 p.m.

DATED: June 22, 2011.

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