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5 Attorneys for the Receiver

6 IN THE SUPERIOR COURT FOR THE STATE OF ARIZONA

7 IN AND FOR THE COUNTY OF MARICOPA

8 STATE OF ARIZONA ex rel. LAUREN)
9 KINGRY, Superintendent of the Arizona)
Department of Financial Institutions,)

10 Plaintiff,)

v.)

11 LANDMARC CAPITAL &)
INVESTMENT COMPANY,)

12 Defendant.)

Cause No. CV2009-020595

PETITION NO. 36

PETITION FOR ORDER APPROVING
SETTLEMENT WITH LITCHFIELD
FUNDING, LLC

(Assigned to Judge Sam Myers)

14 Lauren Kingry, as the court appointed Receiver, respectfully petitions the Court as
15 follows:

16 1. On June 24, 2009, this Court entered its *Order Appointing Receiver and Order*
17 *to Show Cause*, which appointed the Superintendent of the Arizona Department of Financial
18 Institutions as Receiver of Landmarc Capital & Investment Company (“Landmarc”). On July
19 10, 2009, this Court entered its *Order Appointing Permanent Receiver and Injunction*. On
20 February 27, 2010, the Court entered its *Order placing Hayden Investments, LLC Desert*
21 *Trails Holdings, LLC and Arizona Valuation Company, LLC in Receivership*. On May 12,

1 2010, the Court entered its *Amended Order Appointing Permanent Receiver and Injunction*
2 (collectively “Receivership Order”). The Receivership Order appointed Thomas Giallanza as
3 Deputy Receiver and authorized the Receiver to engage and employ Special Deputy
4 Receivers to carry on the day to day business of Landmarc.

5 2. Pursuant to the Receivership Order, the Receiver may institute, defend,
6 compromise or adjust actions or proceedings in State or Federal Courts, including initiating
7 actions or proceedings or impose constructive trusts, obtain possession or recover judgments
8 with respect to persons or entities who received assets or funds traceable to investors’
9 moneys.

10 3. Since his appointment, the Receiver has conducted an investigation into the
11 operations of Landmarc for the purpose of locating assets of Landmarc and developing facts
12 that would support the recovery of Landmarc’s assets. The Receiver’s investigation has
13 resulted in a settlement of the Receiver’s claims against Litchfield Funding, LLC
14 (“Litchfield”).

15 4. Litchfield was a Warehouse Credit Facility lender to Landmarc and provided
16 funds for various loans originated by Landmarc. As a result of the loans to Landmarc,
17 Litchfield claimed interest in certain loans and real estate owned assets (“REO”) currently
18 under the control of the Receiver. An investigation conducted by the Receiver determined
19 that Litchfield received certain preferential treatment from Landmarc which resulted in
20 Litchfield receiving a series of financial benefits from its investment in loans with Landmarc.

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1 5. Litchfield has represented to the Receiver that it had no knowledge of any
2 preferential treatment or resulting financial benefits provided to Litchfield by Landmarc and
3 the Receiver’s investigation has not uncovered any evidence that conclusively establishes that
4 Litchfield had any knowledge of the financial benefits provided to it by Landmarc.

5 6. In an effort to be treated like all other investors, Litchfield wishes to return to
6 the Receiver any funds representing any financial benefit it may have obtained from
7 Landmarc.

8 7. Accordingly, the Receiver and Litchfield have agreed to settle any claims that
9 Landmarc may have against Litchfield for \$360,000.00. (“Settlement Amount”) The
10 Settlement Amount represents loan charges incurred by Landmarc to preserve and protect the
11 loans and REO in which Litchfield holds an interest and the financial benefit Litchfield
12 obtained from Landmarc. To fund the settlement, the Receiver will retain \$291,731.00 from
13 unrestricted trust funds held by the Receiver relating to loans and REO beneficially owned by
14 Litchfield and Litchfield shall pay the remaining \$68,269.00 within ten (10) days of the
15 approval of this settlement by the Court. A copy of the Settlement Agreement is attached
16 hereto as Exhibit “A” for the Court’s review.

17 8. Upon approval of the settlement and the receipt of the funds set forth above, the
18 Receiver will initiate the transfer to Litchfield of the loans as set forth in the attached
19 Settlement Agreement and pursuant to this Court’s previous orders.

20 9. The Receiver recommends the Court approve the Settlement Agreement
21 between the Receiver and Litchfield for the following reasons: First, the proposed settlement

1 results in a significant monetary recovery for the Receivership Estate without the expense of
2 litigation. Second, this proposed settlement will reimburse Landmarc for the monetary
3 benefits that Litchfield received from Landmarc. Third, this proposed settlement will permit
4 the transfer out of the Receivership of a significant number of “clean” loans and will enable
5 the Receiver to continue to release loans and other assets of the estate under the current
6 procedural orders entered by the Court.

7 WHEREFORE, the Receiver respectfully requests that the Court enter an order
8 approving the Settlement Agreement between the Receiver and Litchfield.

9 Respectfully submitted this 27th day of October, 2010.

10 GUTTILLA MURPHY ANDERSON

11 /s/Ryan W. Anderson
12 Ryan W. Anderson
13 Attorneys for the Plaintiff

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17 1157-001(100182)
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SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into by and between, Lauren Kingry, as Receiver of Landmarc Capital & Investment Company ("Receiver"), and Litchfield Funding, LLC (collectively "Litchfield")

Recitals

WHEREAS on June 24, 2009, the Receiver was appointed in Maricopa County Superior Court, cause no. CV2009-020595, styled *State of Arizona ex rel. Felecia A. Rotellini v. Landmarc Capital & Investment Company* which is pending before the Arizona Superior Court for Maricopa County ("Receivership Action" and "Receivership Court" respectively);

WHEREAS Litchfield was a Warehouse Credit Facility lender to Landmarc Capital & Investment Company ("Landmarc") and provided funding for various loans made by Landmarc resulting in claimed interests in certain loans and real estate owned assets ("REO") currently under the control of the Receiver;

WHEREAS the Receiver has completed an investigation into the Litchfield loans and REO to, among other things, establish the true and correct ownership of the loans and REO and determine what preferential treatment Litchfield, if any, may have received from Landmarc;

WHEREAS Litchfield has argued that it was not aware it was the recipient of any preferential treatment from Landmarc and the Receiver has not been unable to locate any definitive evidence that Litchfield had knowledge it was the recipient of any preferential treatment;

WHEREAS the Receiver has determined that Landmarc is insolvent and Litchfield desires to be treated as all other investors, and in that spirit return to the Receiver any funds paid to Litchfield that in any way resulted in Litchfield receiving any preferential treatment; and

WHEREAS without admitting the truth or validity of any claim or defense, the parties desire to settle all claims that the Receiver may be entitled to assert against Litchfield in connection with this matter.

Terms

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties to this Agreement hereby agree as follows:

1. Litchfield agrees to pay \$360,000 to the Receiver representing the financial benefit obtained from its WCF lending to Landmarc and the loan charges incurred by Landmarc in an effort to preserve and protect the loans and REO in which Litchfield claims an interest, which payment shall be offset by \$291,731 which is the amount of unrestricted trust funds in the possession of the Receiver relating to the clean

loans as reflected in the attached Exhibit 1. The net payment payable to the Receiver pursuant to this paragraph is referred to hereafter as the "Settlement Payment."

2. Litchfield shall make the Settlement Payment in the amount of \$68,269 to the Receiver within ten days of the Receivership Court's approval of this Agreement by delivering to counsel for the Receiver a certified check made payable to "Landmarc Capital & Investment Company".

3. Litchfield shall within ten days of the Receivership Court's approval of this Agreement provide to the Receiver a release of all of Litchfield's interest in its share of trust funds held by the Receiver for all of the Clean Loans/REO identified in Exhibit 1. The trust funds released to the Receiver shall be deemed to satisfy Litchfield's share of loan charges on all of the Clean and Unclean Loans/REO identified in Exhibit 1 and such trust funds shall be unrestricted funds of the Receivership Estate.

4. Upon Litchfield's compliance with paragraphs 1 through 3 above, the Receiver shall transfer to Litchfield or a new servicing agent designated by Litchfield the Barraza (#05120075), Larrea (#07030968), Saenz (#07061124), Gossett (#07071145), Soldier (#07071166) Jackson (#07081783) and Shukla (#07081789) loans pursuant to Order Re Petition No. 4.

5. Upon Litchfield's compliance with paragraphs 1 through 3 above and the agreement of the other interested parties, the Receiver shall initiate the transfer to a new servicing agent acceptable to Litchfield the Tatraska (#07051063) loan pursuant to Order Re Petition No. 4.

6. Upon Litchfield's compliance with paragraphs 1 through 3 above, the Receiver shall convey or release to Litchfield or its designee all right title and interest of the Receiver and Landmarc in the REO resulting from the foreclosure of the Idaho (#06010150), Vazquez (#07030969), Peart (#07041007), Valenzuela (#07041011), Gomez (#07041026), Rangle-Gethner (#07051045), Echeverria (#07051059), Esparza (#07051080), Perez (#07061105), and Suchowian (#07071174) loans pursuant to Order No. 9.

7. Upon Litchfield's compliance with paragraphs 1 through 3 above, the Receiver shall liquidate the Watkins loan (#07051070) and transfer to Litchfield 94.78% of the net liquidation proceeds from that loan.

8. Litchfield shall release any interest it has in the promissory note or net sale proceeds held by the Receiver in connection with the Slavin loan (#07051082).

9. Litchfield's interest in the REO resulting from the following loans and the appropriate disposition of such interests shall be determined by the Receivership Court as part of the claims process: Boone (#07051040), Gandara (#07051079), Quintana (#07071143), Frazier (#07081204), and Thompson (#07081783).

10. Litchfield will file a Proof of Claim in the form attached hereto as Exhibit 2 and agrees to the valuations of its interests as set forth in Schedule 2 to Exhibit 2.

11. Litchfield agrees to cooperate with Receiver's ongoing investigations into Landmarc.

12. In addition to the trust funds being held by the Receiver regarding the loans identified in paragraph 9 above, the parties understand that the amount of trust funds may change between the date of this agreement and the date the loans or property are transferred to Litchfield or to a new servicing agent and the parties agree that the Receiver shall provide Litchfield with a final accounting of each property at the time it is transferred and the parties shall at that time make adjusting payments as necessary to account for changes in the trust funds or to account for the release to Litchfield of trust funds being held by the Receiver regarding the loans identified in paragraph 9 above.

13. The Receiver shall file a petition in the Receivership Action seeking the approval of this Agreement and the provisions contained therein are conditioned upon the approval of the Agreement by the Court in the Receivership Action and the Agreement shall not become effective until and unless so approved.

14. The Receiver hereby, on his own behalf and on behalf of his attorneys, employees, partners, agents, predecessors, successors, assigns, assignors, and legal representatives, releases and forever discharges Litchfield and their attorneys, employees, agents, predecessors, successors, assigns, assignors, executors, administrators, and legal representatives from any and all claims of any kind or nature arising out of the Receivership Action, including without limitation any claims that were made or could have been made in the Receivership Action.

15. Litchfield hereby, on its own behalf and on behalf of their attorneys, employees, partners, agents, predecessors, successors, assigns, assignors, and legal representatives, releases and forever discharges the Receiver, Landmarc and their attorneys, employees, agents, predecessors, successors, assigns, assignors, executors, administrators, and legal representatives from any and all claims of any kind or nature arising out of the Receivership Action, including without limitation any claims that were made or could have been made in the Receivership Action, except that Litchfield shall be entitled to such interests as may be awarded to it by the Court pursuant to Order No. 27 to the loans and the REO arising from the loans identified in paragraph 9 above and shall be entitled to a general creditor claim in an amount determined by the Court pursuant to Order No. 27.

16. The parties hereto acknowledge that this Agreement is being made by each party of its own free choice, without any inducement offered in any way other than the express agreements contained in this Agreement. The parties' further state that in entering into this Agreement, each party has had the opportunity to consult with an attorney of that party's own choice regarding the benefits and detriments of entering into this Agreement.

17. This Agreement contains the full and complete agreement of the parties hereto, and all prior negotiations and agreements pertaining to the subject matter hereof are merged into this Agreement. No amendment, waiver, or discharge in any provision of all or any part of the Agreement shall be valid unless such amendment, waiver or discharge is in writing and duly executed by all parties to this Agreement, or their authorized agents.

18. This Agreement may not be amended or modified except in writing, signed by the parties to be bound thereby, or signed by their respective attorneys of

record in the Litigation, which writing has been approved by the Court in the Receivership Action.

19. The parties hereto warrant and represent that none of them has sold, assigned, granted, or otherwise transferred to anyone not a party hereto, any right, privilege, or cause of action, or any part thereof, arising out of or otherwise connected with the subject matter or terms of this Agreement.

20. This Agreement is binding upon and inures to the benefit of the parties hereto and their respective heirs, personal representatives, successors, and assigns.

21. This Agreement is entered into in the State of Arizona, and shall be governed by, construed, interpreted, and enforced in accordance with the laws of the State of Arizona. Any dispute concerning the interpretation of this Agreement shall be submitted to and decided exclusively in the Receivership Action.

22. The person signing this Agreement on behalf of any party to this Agreement, hereby warrants and represents that the person is authorized to sign this Agreement and make the promises and grant the releases contained herein on behalf of the respective entity and that such person has the power to bind the respective entity.

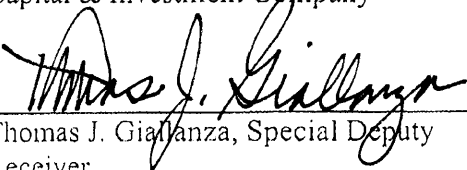
23. This Agreement may be executed in counterparts by one or more of the undersigned, and all such counterparts so executed shall together be deemed to constitute one final Agreement, as if one document had been signed by all parties hereto. Each such counterpart shall be deemed to be an original, binding the parties subscribed thereto, and multiple signature pages affixed to a single copy of the Agreement shall be deemed to be a fully executed original Agreement.

24. In the event of any future litigation between the parties to this Agreement in which the enforcement of this Agreement is sought, the prevailing party or parties with respect to issues relating to the Agreement shall be entitled to recover their reasonable attorneys' fees and costs from the other party or parties.

25. All parties to this Agreement have read this Agreement and fully understand and comprehend its meaning and binding effect.

Lauren Kingry, Receiver of Landmarc
Capital & Investment Company

Dated: 10/20/10


Thomas J. Gialanza, Special Deputy
Receiver

Litchfield Funding, LLC

Dated: 10/18/2010

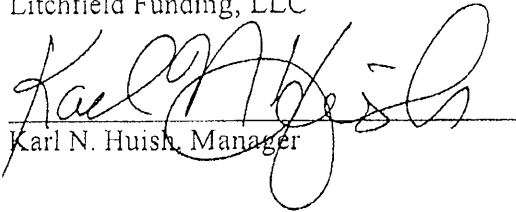

Karl N. Huish, Manager

Exhibit 1
Settlement Agreement with Litchfield Funding

LCI Loan No.	Borrower	Current Status	LCI %	Claimed %	Claimed Value Amt	UCC	Fee	ABI	Approved %	Total Impound Funds/ Deposits	All Other Trust Funds	Claimant's Estimated Current Share
Clean Loans/REO												
05120075	Barraza	Current	100.0%	100.0%	180,000	None	0.0%	100.0%	100.0%	613.59	5,768.23	5.54
06010150	Idaho	REO	100.0%	100.0%	168,600	None	100.0%	65.13%	100.0%	0.00	0.00	4,967.71
07030968	Larrea	Current	100.0%	100.0%	143,542	None	0.0%	100.0%	100.0%	515.01	318.49	2,988.44
07030969	Vazquez	REO	100.0%	100.0%	42,030	None	100.0%	0.0%	100.0%	0.00	1,297.62	14,360.53
07041007	Pearl	REO	100.0%	100.0%	195,000	None	99.0%	0.0%	100.0%	0.00	0.00	26,936.46
07041011	Valenzuela	REO	100.0%	100.0%	38,340	None	100.0%	0.0%	100.0%	0.00	2,304.98	33,482.06
07041026	Gomez	REO	100.0%	100.0%	119,520	None	100.0%	0.0%	100.0%	0.00	431.26	19,139.34
07051045	Rangel-Gethner	REO	100.0%	100.0%	113,670	None	100.0%	0.0%	100.0%	0.00	1,202.06	9,598.67
07051059	Echeverria	REO	100.0%	100.0%	44,820	None	100.0%	0.0%	100.0%	0.00	1,653.30	20,501.07
07051063	Tatraska	Current	30.699%	30.70%	250,000	None	0.0%	32.43%	32.43%	0.00	21,693.94	2,774.33
07051070	Watkins	Default	94.778%	94.78%	87,859	None	0.0%	100.0%	94.78%	689.26	14,682.15	594.31
07051080	Esparza	REO	100.0%	100.0%	102,780	None	100.0%	0.0%	100.0%	0.00	11,598.08	12,080.58
07051082	Slavin	Cash	71.048%	71.05%	200,383	None	0.0%	0.0%	71.05%	0.00	192,741.02	10,208.13
07061105	Perez	REO	100.0%	100.0%	45,090	None	100.0%	0.0%	100.0%	0.00	2,666.77	9,892.85
07061124	Saenz Ornelas	Default	100.0%	100.0%	22,042	None	0.0%	100.0%	100.0%	0.00	780.66	108.58
07071145	Gossett	Current	100.0%	100.0%	107,636	None	0.0%	100.0%	100.0%	864.75	2,220.51	145.06
07071166	Soldier	Default	100.0%	100.0%	41,640	None	0.0%	100.0%	100.0%	413.11	4,493.28	405.74
07071174	Suchowian	REO	100.0%	100.0%	109,890	None	100.0%	0.0%	100.0%	0.00	18,256.41	20,153.13
07081783	Jackson	Current	100.0%	100.0%	123,114	None	0.0%	100.0%	100.0%	1,587.38	9,374.75	1,526.80
07081789	Shukla	Default	100.0%	100.0%	21,000	None	0.0%	100.0%	100.0%	272.68	247.92	22.96
Unclean Loans/REO (security interest to be determined by Receivership Court)												
07051040	Boone	REO	100.0%	100.0%	88,650	None	0.0%	100.0%	100.0%	250.00	3,987.33	20,223.32
07051079	Gandara	REO	100.0%	100.0%	47,700	None	0.0%	0.0%	100.0%	0.00	4,516.96	6,988.63
07071143	Quintana	FCLS	100.0%	100.0%	171,000	None	0.0%	0.0%	100.0%	511.22	8,696.30	2,680.86
07081208	Thompson	REO	50.0%	50.0%	99,000	None	0.0%	50.0%	50.0%	0.00	300.00	7,500.25
07081204	Frazier	REO	18.11%	18.11%	86,385	None	0.0%	0.0%	18.11%	0.00	1,130.13	1,120.16
											\$291,731	\$189,892
											3,987.33	20,223.32
											4,516.96	6,988.63
											8,696.30	2,680.86
											300.00	7,500.25
											1,130.13	1,120.16
											\$18,631	\$38,493

Settlement Amount \$360,000
Amount Held for Litchfield for Clean Loans (\$291,731)
Balance Due from Litchfield \$68,269