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9 Attorneys for the Receiver

10 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

11 IN AND FOR THE COUNTY OF MARICOPA

12 STATE OF ARIZONA ex rel. LAUREN
13 KINGRY, Superintendent of the Arizona
14 Department of Financial Institutions,

15 Plaintiff,

16 v.

17 LANDMARC CAPITAL &
18 INVESTMENT COMPANY,

19 Defendant.

Cause No. CV2009-020595

PETITION NO. 81

PETITION FOR ORDER APPROVING
THE LEASE AND SALE OF REAL
PROPERTY LOCATED AT 9224 EAST
HIGHWAY 92, HEREFORD, ARIZONA

(Assigned to the Honorable Lisa Flores)

20 Lauren W. Kingry, as the court appointed Receiver, respectfully petitions the Court as
21 follows:

1. On June 24, 2009, this Court entered its *Order Appointing Receiver and Order to Show Cause*, which appointed the Superintendent of the Arizona Department of Financial Institutions as Receiver of Landmarc Capital & Investment Company (“Landmarc”). On July 10, 2009, this Court entered its *Order Appointing Permanent Receiver and Injunction*. On February 27, 2010, the Court entered its *Order placing Hayden Investments, LLC, Desert*

1 *Trails Holdings, LLC and Arizona Valuation Company, LLC in Receivership*. On May 12,
2 2010, the Court entered its *Amended Order Appointing Permanent Receiver and Injunction*
3 (collectively “Receivership Order”). The Receivership Order appointed Thomas Giallanza as
4 Deputy Receiver and authorized the Receiver to engage and employ Special Deputy
5 Receivers to carry on the day to day business of Landmarc.

6 2. In accordance with the Receivership Order, the Receiver located and took
7 possession of certain real property, located at 9224 East Highway 92, Hereford, Arizona
8 (“Property”). This Property is legally described in Exhibit “1” attached hereto and was
9 acquired in October 2008 by Landmarc Capital & Investment Company (“Landmarc”)
10 through foreclosure of Loan No. LC050509. The Property is currently titled in the name of
11 Arizona Valuations, LLC.

12 3. Following unsuccessful efforts to market and sell the Property, on August 2,
13 2011, this Court entered *Order Re: Petition No. 46*, which approved a Settlement Agreement
14 between the Receiver and Melvin Harter Ministries, Inc. (“MHMI”) and Melvin E. Harter
15 (“Harter”). Under the Settlement Agreement, MHMI was given the opportunity to acquire
16 the Property by paying \$450,000 on or before October 31, 2011. MHMI did not exercise its
17 right to acquire the Property.

18 4. On December 20, 2011, this Court entered *Order Re: Petition No. 58*, which
19 approved the Purchase Agreement for the sale of this property between the Receiver and
20 Snow Music Corp. for the amount of \$600,000. Snow Music Corp. did not follow
21 through with purchasing the property.

1 5. The Property is not occupied and is not encumbered by any indebtedness, other
2 than obligations for real estate taxes and assessments. The real estate taxes for the Property
3 are approximately \$43,000 per year. The Receiver does not have the funds to pay these taxes
4 and therefore the taxes are accruing and constitute a lien on the Property.

5 6. Because the Property contains structures that necessitate the expenditure of time
6 and funds to provide security and insurance, the continued holding of the Property is not
7 necessary or appropriate to protect the interests of any of the persons interested in this
8 receivership. Accordingly, the Receiver requests approval of the lease and sale as provided
9 herein.

10 7. On January 4, 2011, Jeffrey C. Patch of Tucson Real Estate Appraisal
11 submitted to the Receiver a Restricted Use Appraisal Report on the Property ("Report").
12 Jeffrey C. Patch has been issued Certificate Number 30263 by the State of Arizona as a
13 Certified General Real Estate Appraiser. The Receiver has agreed to pay this appraiser a fee
14 of \$5,000 for this appraisal and the appraiser has no known interest in any of the parties or in
15 the sale of the Property. The Report indicates that the Property consists of 62.31 acres with
16 ten buildings totaling 90,334 square feet. The Report indicates that the market value of the
17 land assuming no improvements is \$250,000 and that the improvements have a total
18 depreciated replacement cost of \$1,000,000. The Report goes on to note that "the reliability
19 of the Cost Approach is greatly reduced due to the excessive amount of physical curable,
20 physical incurable, functional obsolescence, and external obsolescence." The Report
21 indicates that the highest and best use of the Property would be for a religious or social

1 service use employing the existing improvement. Combining the value of the land as if
2 vacant, to the depreciated replacement cost of the improvements totals \$1,250,000 as the
3 opinion of value in use. The Report also notes that \$1,250,000 sets the upper limit of value
4 and that any serious offers in excess of \$250,000 should be seriously considered.¹

5 8. The Receiver engaged the services of Henry K. Zipf and Henry Zipf Realty Co.,
6 to market the Property. The Receiver has agreed to pay the amount of \$10,000 as a
7 commission assuming the "Lease with Option to Purchase Agreement", is approved by the
8 Court and the option is exercised and the Property is sold.

9 9. On February 27, 2014, the Receiver received a "Lease With Option to
10 Purchase" offer from The Youth Pad, Inc., an Oklahoma non-profit corporation, under terms
11 that were acceptable to the Receiver. The lease for the property is for twenty-four months
12 (24) beginning February 1, 2014 and expiring on the 29th day of February, 2016 subject to
13 Lessee's option to purchase as provided in Paragraph 22 of the "Lease With Option to
14 Purchase". In lieu of option money the Lessee agrees to make all necessary repairs to the
15 premises in an amount not less than \$50,000. It is expressly understood by the Lessee, that
16 should Lessee elect not to exercise or fail to timely exercise the option to purchase the
17 Premises, all sums expended by the Lessee for improvements to the premises and all rent
18 shall be forfeited. Rent due under the Lease shall be \$75,000.00 for the first year, the sum of
19 \$5,000.00 having been paid as of February 27, 2014, the balance of \$70,000.00 shall be
20 secured by a promissory note of even date and itself shall be paid no later than June 25, 2014.

21 ¹ Separately in the Report the appraiser states, without explanation or justification, that the "value in use" is \$2,250,000. This statement is directly contradicted by the narrative discussion in the Report.

1 The second year rent shall be \$50,000.00 payable on the 1st day of July, 2015. So long as
2 Lessee is not in default in the performance of any of Lessee's obligations under the Lease,
3 Lessee shall have the option to purchase the Property for \$250,000.00 on or before December
4 15, 2015. The *Lease with Option to Purchase Agreement* is attached hereto as Exhibit "2".

5 The *Lease with Option to Purchase Agreement* is conditioned upon approval by this Court.

6 10. The lessee/buyer expects to qualify as a tax exempt organization so as to obtain
7 an exemption for the Property from further real estate obligations as long as the lessee/buyer
8 is in possession of the Property and uses it for exempt purposes. If successful this will
9 eliminate the real estate tax obligation amount with the Property even in the event the
10 lessee/buyer does not successfully exercise its option.

11 11. The lease and sale contemplated under Exhibit "2" is conditioned upon, and
12 will not take place in the absence of, an order of this Court approving such lease and sale
13 after notice and a hearing.

14 12. In accordance with this Court's *Order Re: Petition Number 2*, the Receiver:

15 a. Has mailed a copy of this Petition, the proposed order, and the Notice of
16 Hearing, to all persons on the Master Service List and other interested persons as
17 indicated in the Proof of Mailing filed herewith;

18 b. Intends to publish notice of this sale in a newspaper of general
19 circulation within the county in which this action is pending; and

20 c. Intends to publish notice of this sale in a newspaper of general
21 circulation within the county in which the Property is located.

EXHIBIT "ONE"

PARCEL I: (Tax Parcel No. 104-68-013B)

A portion of the Northwest Quarter of Section 6, Township 24 South, Range 22 East of the Gila and Salt River Base and Meridian, Cochise County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 6;
Thence North 89° 52' 11" West, a distance of 709.09 feet;
Thence South 00° 37' 13" East, a distance of 378.88 feet;
Thence North 89° 22' 47" East, a distance of 558.22 feet;
Thence South 00° 02' 54" East, a distance of 191.42 feet;
thence North 89° 52' 26" East, a distance of 509.87 feet to the POINT OF BEGINNING;
Thence North 89° 52' 26" East, a distance of 530.00 feet;
Thence South 00° 07' 26" East, a distance of 230.00 feet;
Thence South 89° 52' 26" West, a distance of 530.00 feet;
thence North 00° 07' 26" West, a distance of 230.00 feet to the POINT OF BEGINNING.

PARCEL II: (Tax parcel 104-68-013D)

A portion of the Northwest Quarter of Section 6, Township 24 South, Range 22 East and a portion of the Northeast Quarter of Section 1, Township 24 South, Range 21 East of the Gila and Salt River Base and Meridian, Cochise County, Arizona, more particularly described as follows:

COMMENCING at the Northeast corner of said Section 1;
Thence North 89° 52' 11" West, a distance of 709.09 feet;
Thence South 00° 37' 13" East, a distance of 378.88 feet to the POINT OF BEGINNING;
Thence North 89° 22' 47" East, a distance of 558.22 feet;
Thence South 00° 02' 54" East, a distance of 191.42 feet;
Thence North 89° 52' 26" East, a distance of 509.87 feet;
Thence South 00° 07' 26" East, a distance of 230.00 feet;
Thence North 89° 52' 26" East, a distance of 50.00 feet;
Thence South 00° 07' 34" East, a distance of 71.64 feet;
Thence South 44° 55' 58" West, a distance of 215.20 feet;
Thence North 90° 00' 00" West, a distance of 261.28 feet;
Thence North 00° 07' 13" West, a distance of 70.81 feet;
Thence South 89° 51' 56" West, a distance of 699.29 feet;
Thence North 00° 37' 13" West, a distance of 568.99 feet to the POINT OF BEGINNING.

PARCEL III: (Tax Parcel No. 104-68-013F)

A portion of the Northwest Quarter of Section 6, Township 24 South, Range 22 East of the Gila and Salt River Base and Meridian, Cochise County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 6;
Thence North 89° 52' 11" West, a distance of 709.09 feet;
Thence South 00° 37' 13" East, a distance of 947.87 feet;
Thence North 89° 51' 56" East, a distance of 699.29 feet;
Thence South 00° 07' 13" East, a distance of 70.81 feet to the POINT OF BEGINNING;
Thence South 90° 00' 00" East, a distance of 261.28 feet;
Thence North 44° 55' 58" East, a distance of 215.20 feet;
Thence North 00° 07' 34" West, a distance of 71.64 feet;
Thence North 89° 52' 26" East, a distance of 270.00 feet;
Thence South 00° 07' 34" East, a distance of 170.00 feet;
Thence South 69° 05' 46" West, a distance of 302.25 feet;
Thence South 44° 37' 08" West, a distance of 384.62 feet;
Thence South 89° 52' 45" West, a distance of 130.29 feet;
Thence North 00° 07' 13" West, a distance of 327.31 feet to the POINT OF BEGINNING.

PARCEL IV: (Tax Parcel No. 104-68-013H)

A portion of the Northwest Quarter of Section 6, Township 24 South, Range 22 East of the Gila and Salt River Base and Meridian, Cochise County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 6;
Thence North 89° 52' 11" West, a distance of 709.09 feet;
Thence South 00° 37' 13" East, a distance of 378.88 feet;
Thence North 89° 22' 47" East, a distance of 558.22 feet;
Thence South 00° 02' 54" East, a distance of 191.42 feet;
Thence North 89° 52' 26" East, a distance of 1,039.87 feet;
Thence South 00° 07' 26" East, a distance of 230.00 feet to the POINT OF BEGINNING;
Thence South 00° 07' 26" East, a distance of 1,188.83 feet;
Thence South 89° 53' 41" West, a distance of 405.27 feet;
Thence North 01° 55' 51" East, 958.25 feet;
Thence North 69° 05' 46" East, a distance of 172.11 feet;
Thence North 00° 07' 34" West, a distance of 170.00 feet;
Thence North 89° 52' 26" East, a distance of 210.00 feet to the POINT OF BEGINNING.

PARCEL V: (Tax Parcel No. 104-68-013G)

A portion of the Northwest Quarter of Section 6, Township 24 South, Range 22 East of the Gila and Salt River Base and Meridian, Cochise County, Arizona, more particularly described as follows:

COMMENCING at the Northwest corner of said Section 6;
Thence North 89° 52' 11" West, a distance of 709.09 feet;
Thence South 00° 37' 13" East, a distance of 1,345.84 feet;
Thence North 89° 52' 45" East, a distance of 695.82 feet to the POINT OF BEGINNING;
Thence North 89° 52' 45" East, a distance of 130.29 feet;
Thence North 44° 37' 08" East, a distance of 384.62 feet;
Thence North 69° 05' 46" East, a distance of 130.14 feet;
Thence South 01° 55' 51" West, a distance of 958.25 feet;
Thence South 89° 53' 42" West, a distance of 488.39 feet;

LEASE WITH OPTION TO PURCHASE

THIS LEASE WITH OPTION TO PURCHASE (the "Lease"), is entered into as of the 27th day of January, 2014, by and between Arizona Valuation Company, LLC, in Receivership by and through its Court appointed Deputy Receiver ("Lessor") and THE YOUTH PAD, INC., an Oklahoma Company, with the following address: 500 Court Street, Muskogee, OK 74401 ("Lessee").

Recitals

Whereas on or about May 9, 2005, Landmarc Capital & Investment Company ("Landmarc") loaned \$900,000.00 to Melvin Harter Ministries, Inc. ("MHMI"), an Ohio corporation ("Loan No. LC050509"), which loan was evidenced by a Promissory Note in the principal amount of \$900,000.00 and was secured by a deed of trust on certain real property located at 9224 East Highway 92, Hereford, Arizona, and legally described as set forth in Exhibit "A" ("Premises");

Whereas Landmarc subsequently sold participation interests in Loan No. LC050509 to the David L. Wolfswinkel Trust, Desert Trails Insurance Co., the Penny Wolfswinkel Jenkins Trust, Edward J. Humphreys, and the Harvey B. Friedman & Francine A. Friedman Family Trust (collectively referred to hereafter as the "Beneficial Owners");

Whereas Landmarc foreclosed Loan No. LC050509 and the Trustee issued a *Trustee's Deed Upon Sale* vesting title to the Premises in Landmarc, which was recorded with the Cochise County Recorder on October 14, 2008 as Document No. 08-27283;

Whereas on June 24, 2009, the Arizona Superior Court for Maricopa County entered its *Order Appointing Receiver*, which appointed the Superintendent of the Arizona Department of Financial Institutions as Receiver of Landmarc in Cause No. CV2009-020595 ("Receivership Court"), and on February 27, 2010 entered its *Order placing Hayden Investments, LLC Desert Trails Holdings, LLC and Arizona Valuation Company, LLC in Receivership and Order Placing Hayden Insurance, LTD and Desert Trails Insurance Co In Receivership* (Landmarc, Hayden Investments, LLC, Desert Trails Holdings, LLC, Arizona Valuation Company, LLC, Hayden Insurance, Ltd., and Desert Trails Insurance Co. are referred to hereafter collectively as the "Receivership Entities");

Whereas the Lessor, by and through its Receiver, and the Lessee, desires to enter into an agreement to lease the Premises to the Lessee with an option to purchase same under the terms set forth below.

Terms

In consideration of the terms and conditions of this Lease, Lessor hereby leases to Lessee and Lessee hereby leases from Lessor, the real property and improvements located at 9224 East Highway 92, Hereford, Arizona and more fully described in Exhibit "A" to this Lease (the "Premises").

1. **TERM:** The term of this Lease shall be for a period of twenty-four months (24) months and shall commence at 12:00 midnight on the first day of February 2014, and shall

expire at 11:59 p.m. on the 29th day of February , 2016, subject to Lessee's option to purchase as provided in Paragraph 22 below.

2. **OPTION MONEY:** That in lieu of option money the Lessee agrees to make all necessary repairs to the premises in an amount not less than \$50,000.00 as and for consideration of the option to purchase the Premises. Said repairs to include but are not limited to: new flooring (as needed), interior/exterior painting (as needed), water service, new appliances, landscaping, electrical, plumbing, septic service; and other necessary repairs or replacements as may be needed to augment such listed repairs. It is expressly understood by the Lessee, that should Lessee elect not to exercise or fail to timely exercise the option to purchase the Premises, that all sums expended by the Lessee for improvements to the subject premises and all rent shall be forfeited.

3. **RENT:** The rent due under this Lease shall be \$75,000.00 for the first year, the sum of \$5,000 having been paid as of February 27, 2014, the balance of \$70,000 shall be secured by a promissory note of even date and itself shall be paid no later than June 25, 2014 and the second year the rent due shall be \$50,000.00 payable on the 1st day of July, 2015. There shall be a \$15.00 late charge per day for any rent paid after the date due. Any check for rent or other sums due Lessor hereunder that is returned as unpaid or uncollectible shall be subject to a late charge of \$35.00 payable by Lessee to Lessor. All such late charges, and any other sums due Lessor under this Lease, shall be deemed additional rent and shall be collectible as such in any legal action commenced by Lessor regarding such sums. Notwithstanding the foregoing, late or partial payment of any sums due under this Lease, or acceptance thereof by Lessor, shall not be deemed a waiver of any of Lessor's rights hereunder. Lessee, unless and until otherwise notified by Lessor, shall make all rental payments directly to Lessor at the address provided by the Lessor.

4. **PERMITTED USES:** The Premises are to be used solely for religious, educational or community service uses including but not limited to residential housing for handicapped and seniors, relief for the indigent and afflicted, and health care. Lessee shall not use any portion of the Premises for purposes other than those specified hereinabove, and no use shall be made or permitted to be made upon the Premises that will increase the existing rate of insurance upon the Premises or cause cancellation of any insurance policies covering the Premises.

5. **ASSIGNMENT AND SUBLETTING:** This agreement may be assigned only with the written consent of the Lessor, which consent shall not be unreasonably withheld.

6. **ORDINANCES AND STATUTES:** Lessee, at Lessee's sole cost and expense, shall comply with all statutes, ordinances, rules, regulations and requirements of all municipal, state and federal authorities now in force, or which may hereafter be in force, pertaining to the Premises, including without limitation, building codes and zoning ordinances.

7. **MAINTENANCE, REPAIRS AND ALTERATIONS:** Except as hereinafter provided, Lessee shall be solely responsible for all repairs and improvements required to comply with minimum habitability standards. And, thereafter, the Lessee shall be solely responsible for maintaining the premises in tenantable condition including the roof and structure of the Premises, as well as the plumbing, electrical systems and the heating and air-conditioning systems at the Premises; Lessee shall be responsible for the cost of repairs to any portion of the Premises caused by Lessee's negligence or act or the negligence or act of any of Lessee's guests. Lessee

shall be responsible, at Lessee's sole cost and expense, for maintaining in good, sanitary and clean order and repair the remainder of the Premises, including without limitation, the interior of the Premises and all furniture, drapes, blinds and carpeting therein and the lawn, shrubbery and plants that comprise the exterior of the Premises. Lessee shall promptly dispose of, and keep the Premises free from, rubbish, garbage and waste and shall use all portions of the Premises, including without limitation, all electrical, plumbing, heating, ventilating, air-conditioning, and other appliances, fixtures and facilities at the Premises, in a safe, clean and reasonable manner. Moreover, Lessee shall not commit any waste or nuisance upon the Premises or deface, destroy, damage or remove any portion of the Premises.

8. ENTRY AND INSPECTION: Lessee shall permit Lessor or Lessor's agents to enter upon the Premises at reasonable times and upon at least twenty-four (24) hours' prior written notice to Lessee for the purpose of inspecting and or repairing the same, except that in the case of emergency, no prior notice shall be required. In addition, Lessee will permit Lessor, or Lessor's agents, at any time within sixty (60) days prior to the expiration of this Lease, to place upon the Premises "To Let" or "For Lease" or "For Sale" or similar signs and Lessee will permit persons desiring to lease or purchase access the Premise to inspect the Premises thereafter.

9. INDEMNIFICATION OF LESSOR: Lessor shall not be liable for any damage or injury to Lessee, or any other person, or to any property, occurring on the Premises or any part thereof, and Lessee agrees to hold Lessor harmless from any claims or damages in connection therewith, unless such claims or damages are caused by the negligence or willful wrongful act of Lessor.

10. PHYSICAL POSSESSION: If Lessor is unable to deliver possession of the Premises at the commencement of the term hereof, Lessor shall not be liable for any damage caused thereby, but Lessee shall not be liable for any rent until possession is delivered. Lessee may terminate this Lease, and promptly receive from Lessor the any amounts paid by Lessee hereunder, if possession is not delivered within sixty (60) days of the commencement of the term hereof.

11. INSURANCE: Lessee, at Lessee's expense, shall procure, provide and maintain public liability insurance for the Premises, as well as casualty and hazard insurance for Lessee's personal property located on the Premises.. Lessee shall provide Lessor with a copy of all insurance policies Lessee is required to maintain hereunder within forty-five (45) days after the date hereof All such policies shall show Lessor as additional insured and shall provide for ten-day prior written notice to Lessor in the event of cancellation or material change of coverage. Lessor shall provide and maintain casualty insurance insuring the Premises against fire or other casualty loss.

12. UTILITIES and TAXES: Lessee shall be responsible for the payment of all utilities, including water, gas, electricity, heat, telephone, cable television and all other services delivered to the Premises, including without limitation, garbage and trash collection fees. Additionally, Lessee shall be solely responsible for payment of all local, state and county taxes assessed against the subject premises.

13. IMPROVEMENTS: Any and all alterations and improvements made to the Premises (other than personal property owned by Lessee) shall belong to the Lessor (provided Lessee does not purchase the Premises as provided in Paragraph 22 hereof).

Lessee may, upon termination hereof without Lessee purchasing the Premises, remove all Lessee's personal property at the Premises but shall repair or pay for all repairs for any damages to the Premises occasioned by such removal.

14. DESTRUCTION OF PREMISES: In the event the Premises are damaged or destroyed during the term hereof, from any cause, this Lease shall terminate at the option of either party; provided, however, that Lessee shall be responsible for the cost of any damage or destruction to the Premises caused by Lessee.

15. REMEDIES OF LESSOR ON DEFAULT: In the event of any breach of this Lease by Lessee (including without limitation, abandonment of the Premises), and provided such breach is not cured within seven (7) days after Lessee's receipt of Lessor's written notice thereof, Lessor may, at his option, terminate the Lease and recover from Lessee: (a) the worth at the time of award of the unpaid rent which was earned at the time of termination; (b) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of the award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; and/or (c) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that Lessee proves could be reasonable avoided. Lessor may, in the alternative, continue this Lease in effect, as long as Lessor does not terminate Lessee's right to possession, and Lessor may enforce all his rights and remedies under this Lease, including the right to recover the rent as it becomes due under the Lease.

16. ATTORNEYS FEES: In the event that either party is required to employ an attorney to enforce the terms and conditions of this Lease, the prevailing party in any action shall receive from the other party its reasonable attorneys' fee and costs.

17. WAIVER: The failure of either party to enforce any term hereof shall not be deemed to be a waiver of the right to enforce such term, unless such party agrees in writing to such waiver.

18. NOTICES: Any notice which either party may or is required to give hereunder, shall be given by hand-delivering such notice or, in the alternative, mailing such notice by certified mail, return receipt requested, postage prepaid:

To Lessee as follows:

THE YOUTH PAD INC.
Attn.: Luis Bettencourt
500 Court Street
Muskogee, OK 74401

Fax: 918.682.1111

To Lessor as follows:

Landmarc Capital and Investment Company,
in Receivership – Attn.: Thomas J. Giallanza
c/o Arizona Department of Financial Institutions
2910 N. 44th Street, Suite 310
Phoenix, AZ 85018

Fax: 602-381-1225

with a copy to:

Patrick M. Murphy, Esq.
Guttilla Murphy Anderson
City North
5415 E. High St., Suite 200
Phoenix, AZ 85054

Fax (480) 304-8301

or at such other place(s) as may be designated by the parties from time to time. Any such notice shall be deemed to have been made and given when actually received, if such notice is hand-delivered, and forty-eight (48) hours after depositing same in the United States mail, if such notice is mailed.

19. HOLDING OVER: Any holding over after the expiration of this Lease, with the consent of Lessor, shall be construed as a month-to-month tenancy and may be terminated at any time upon thirty-day prior written notice by either party to the other party.

20. TIME: Time is of the essence of this Lease and each and every provision hereof.

21. ~~HOMEOWNER'S ASSOCIATION:~~ ~~Lessee agrees that in the event the Premises is located within the boundaries of a homeowners association that Lessee shall abide with all Covenants, Conditions and Restrictions of any such Homeowners association, along with the Articles and Bylaws by which the Homeowner's Association is governed (collectively, the "Association Documents"). Lessee hereby agrees to abide by the terms and provisions of the Association Documents during the term of the Lease, including without limitation, payment of all Homeowner's Association fees and dues, which Lessee shall pay prior to delinquency as and when same are due.~~

22. OPTION TO PURCHASE: So long as Lessee is not in default in the performance of any of Lessee's obligations under this Lease, Lessee shall have the option to purchase the Premises under the following terms:

a. Purchase Price. If the option to purchase is exercised on or before December 15, 2015, the purchase price of the Premises shall be **Two hundred and Fifty Thousand and NO/100 Dollars, (\$250,000.00).**

b. Fixtures. All improvements, fixtures, attached floor coverings, draperies including hardware, shades, blinds, window and door screens, storm sash, combination doors, awnings, outdoor plants potted or otherwise, trees and items permanently attached to the Premises shall be included in the sale of the Premises.

c. Personal Property. Lessor does not warrant the title or the condition of any personal property that may be located on the Premises.

d. Encumbrances. In addition to any encumbrances referred to above, Lessee shall take title to the Premise subject to: (1) real estate taxes not yet due, and (2) covenants, conditions, restrictions, reservations, rights, rights of way and easements of record.

e. Examination of Title. Lessee shall have thirty (30) days from the date of Lessee's exercise of this option to examine the title to the Premises and to report in writing to Lessor any valid objections thereto. Any exceptions to the title, which would be disclosed by examination of the records, shall be deemed to have been accepted unless reported in writing to Lessor within said thirty (30) day period. If Lessee objects to any exceptions to the title, Lessor shall determine whether it is feasible to remove such exceptions within sixty (60) days thereafter. If such exceptions are not removed within said sixty (60) day period, all rights and obligations under this Paragraph 22 shall eliminate and end, unless Lessee elects to purchase the Premises subject to such exceptions by notifying Lessor thereof within five (5) days after the expiration of said sixty (60) day period, in which event closing of Lessee's purchase of the Premises shall proceed as hereinafter provided.

f. Closing Costs. Lessor agrees to pay all usual and customary fees paid by a seller not to exceed \$3,000.00 in any event. All other Escrow fees, title fees, inspection fees, and all other closing costs arising out of Lessee's purchase of the Premises, shall be paid by Lessee.

g. Close of Escrow. Within sixty (60) days from Lessee's exercise of the option, or upon removal of any exceptions to the title by Lessor, or waiver of such removal by Lessee, as provided above, whichever is later, both parties shall deposit with an authorized escrow holder, to be selected by the Lessor, all funds and instruments necessary to complete the sale in accordance with the terms and conditions hereof and closing shall occur within five (5) business days after the deposit of such funds and documents.

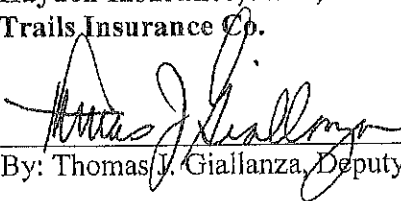
h. Option Period. Lessee's option may be exercised at any time during the period of time beginning with the date of this Lease and ending on the later of December 15, 2015 or that date that is sixty (60) days prior to the natural expiration of the term of this Lease (the "Option Period"). If Lessee does not exercise the option during the Option Period, Lessor shall be released from all obligations under this Paragraph 22 and all of Lessee's rights under this Paragraph 22, legal or equitable, shall cease and Paragraph 22 shall be of no further force and effect.

i. Exercise of Option. Lessee's option shall be exercised by Lessee notifying Lessor in writing thereof prior to the expiration of the Option Period.

23. **RECEIVERSHIP COURT APPROVAL:** This Lease, including the option to purchase contained therein, is conditioned upon the approval of the Beneficial Owners and the Receivership Court and shall not become binding until such time as the Receivership Court has entered a final order approving same.


IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease as of the date set forth above.

Lauren Kingry, as Receiver of Landmarc Capital & Investment Company; Hayden Investments, LLC; Desert Trails Holdings, LLC; Arizona Valuation Company, LLC; Hayden Insurance, LTD; and Desert Trails Insurance Co.


By: Thomas J. Giallanza, Deputy Receiver

Date 2/27/14

THE YOUTH PAD INC.
500 Court Street
Muskogee, OK 74401


By: Luis Bettencourt, President

Date 02/27/2014

1157-021 (169886)


VICE