

GLOBAL SETTLEMENT AGREEMENT AND MUTUAL RELEASE

1. **PARTIES**: The parties to this Settlement Agreement (“Agreement”) are Plaintiff FEDERAL DEPOSIT INSURANCE CORPORATION as Receiver for Downey Savings & Loan Association, F.A. (“FDIC-R”), Defendant appraiser RESHAM SINGH (“Singh”), an individual; Defendant loan officer SAM DAVID (“David”), an individual; and Defendant broker ZENY P. LAMARSH (“Lamarsh”), an individual. The FDIC-R, Singh, David and Lamarsh are sometimes herein collectively referred to as the “Parties.”

2. **RECITALS**: This Agreement is made with reference to the following facts:

2.1 Certain claims arose between the Parties concerning five (5) residential loans that were made by Downey to borrowers Brisa Arenas (“Arenas”), Antonio De La Hoya (“De La Hoya”), Britten Kimbell & Chris Wells (“Kimbell/Wells”), Yacou Lazar (“Lazar”) and Rashel Saralan (“Saralan”) (jointly, the “Loans”).

2.2 The Loans were secured by trust deeds on real properties then owned by each borrower. Lamarsh Financial Inc. was the mortgage broker that submitted to Downey the five loan applications. Lamarsh is alleged to have been, at the time, the managing and qualifying broker through whose license Lamarsh Financial Inc. did business with Downey. David is alleged to have been the licensed Loan Officer working with Lamarsh Financial Inc. at the time, who is alleged to have submitted to Downey loan applications for Lazar and Saralan. Singh was the appraiser who prepared a report for the Saralan refinance loan.

2.3 The Loans were approved and funded by Downey and subsequently defaulted. Following foreclosure sales, each of the properties securing the Loans reverted to Downey, resulting in an alleged loss to the thrift of over \$1.4 million.

2.4 In November 2008, the FDIC-R was appointed the Receiver over all of Downey’s assets and liabilities. Among the assets the FDIC-R is charged with trying to recover upon is the loss relating to the Loans (“Claims”).

2.5 The Claims subsequently became the subject of a Complaint (“Complaint”) entitled *FDIC-R v. Lamarsh Financial, Inc., etc., et al.*, Case No. SACV10-00872 DOC (RNBx), filed by the FDIC-R in the United States District Court for the Central District of California, Southern Division (“Action”).

2.6 Singh, David and Lamarsh have each filed Answers in response to the FDIC-R’s Complaint. In the Action, Singh and David are represented by legal counsel and

Lamarsh is appearing in *pro se*.

2.7 At the Court's ordered mediation of the Action, the Parties conditionally agreed to a settlement of the FDIC-R's Claims, as hereafter set forth. The only condition to the Parties' settlement was the FDIC-R obtaining formal approval to enter into this settlement, which approval has now been obtained by the FDIC-R.

2.8 By this Agreement the Parties hereto intend to settle and dispose of, fully and completely, any and all claims, demands, causes of action, obligations, damages, and liabilities that arise out of or relate to the Action and the Claims alleged therein by the FDIC-R against Singh, David and Lamarsh.

2.9 The FDIC-R expressly reserves and retains its right to proceed to request entry of default judgment against any and all named defendants whom it served with process and who failed to timely appear in response thereto.

2.10 The Federal Deposit Insurance Corporation in its separate corporate capacity as the insurer of deposits and bank regulator, and all other federal agencies of the United States of America, are not parties to this Agreement and are not bound in any manner to its terms and conditions. The FDIC-R enters into this Agreement solely in its limited capacity as the appointed Receiver of Downey Savings & Loan Association, F.A., and no other receivership now existing, previously existing or hereafter appointed.

3. **NO ADMISSION RE MERITS OF CLAIMS:** The Parties agree that nothing in this Agreement, and no performance under this Agreement, shall be construed as an admission by any Party of the validity or invalidity of the Claims alleged in the Action; and, the Parties agree that this Agreement is entered into solely for the purpose of convenience and to compromise the disputed Claims the FDIC-R has alleged in the Action.

4. **SETTLEMENT TERMS:** The Parties agree to the following settlement terms:

4.1 Singh. Singh shall pay, by draft payable on first presentation, the sum of Forty-Five Thousand No/100 Dollars (\$45,000.00) to the FDIC-R within thirty (30) days of the full execution of this Agreement. After said payment has been made and cleared, Singh shall be dismissed from the Action with prejudice.

4.2 David. Concurrent with the execution of this Agreement, David shall execute and provide to the FDIC-R a Stipulation for Entry of Judgment ("David Stipulation for Judgment") in the amount of \$20,000.00, which shall be paid \$5,000 on the 15th day of the next month following the full execution of this Agreement and, thereafter \$1,250 on the 15th day of the next twelve (12) months until the full amount of the David Stipulation for Judgment has been paid. The David Stipulation for Judgment shall be held by the FDIC-R and not filed with the Court unless or until a default in payment under its terms occurs. If a default in payment occurs that is not timely cured, then the FDIC-R may file the David Stipulation for Judgment with the

Court and request entry of judgment against David, less all payments previously made thereon. Upon full payment of the David Stipulation for Judgment, David shall be dismissed from the Action with prejudice.

4.3 Lamarsh. Concurrent with the execution of this Agreement, Lamarsh shall execute and provide to the FDIC-R a Stipulation for Entry of Judgment (“Lamarsh Stipulation for Judgment”) in the amount of \$100,000.00, which may be fully satisfied if Lamarsh pays the FDIC-R \$5,000 within four (4) months of the date she executes the Lamarsh Stipulation for Judgment; or, if Lamarsh pays the FDIC-R \$7,500 within six (6) months of the date she executes the Lamarsh Stipulation for Judgment. The Lamarsh Stipulation for Judgment shall be held by the FDIC-R and not filed with the court unless or until a default in payment under its terms occurs. If a default in payment occurs that is not timely cured, then the FDIC-R may file the Lamarsh Stipulation for Judgment with the Court and request entry of judgment against Lamarsh. Upon full payment of the Lamarsh Stipulation for Judgment, Lamarsh shall be dismissed from the Action with prejudice.

4.4 Non-dischargeable Judgment. In the event a Judgment is entered against either David or Lamarsh pursuant to their separate Stipulations for Judgment, then such Judgment shall be non-dischargeable in any proceeding (voluntary or involuntary) commenced under the U.S. Bankruptcy Code, pursuant to 11 U.S.C. § 523(a)(2)(A).

4.5 No Administrative Grievances. In executing this Agreement, each of the Parties warrants that he, she or it will not initiate nor cause to be initiated any action or proceeding pertaining to or concerning the Appraisal licenses of Singh and/or any of his agents or employees, which arises out of or relates, in whole or in part, to the claims, demands, causes of action, choses in action or matters relating to or arising out of the Action, and/or Loans.

5. MUTUAL RELEASES:

5.1 In consideration of the Settlement terms as set forth in Paragraph 4 above, and all other promises, covenants and consideration provided for herein, the Parties agree that, except as to such rights or claims as may be created by this Agreement, they hereby covenant not to sue each other ever again on the Claims and the Parties acknowledge full and complete satisfaction of, and hereby release, remise, and forever discharge each other, including their respective insurers, officers, directors, affiliated companies, agents, servants, representatives, spouse, heirs, successors or predecessors in interest, assignees, attorneys, employees and contractors from any and all the Claims, demands, counts, obligations, agreements, damages, liabilities, losses, costs and expenses of any kind, in law or in equity, whether known or unknown, that either Party now holds, or has ever held against the other, or may hold in the future, that arise out of or are in any way connected with, the Claims alleged in the Action.

5.2. This Agreement shall be binding on the Parties and on their respective officers, directors, affiliated companies (i.e., National Funding Corp. dba National Funding Group), agents, servants, representatives, spouses, heirs, successors or predecessors in interest, assignees, attorneys, employees and contractors and shall inure to the benefit of the Parties, and each of them.

6. **ATTORNEYS' FEES:** In the event any action is brought to enforce or interpret this Agreement, the prevailing party shall be entitled to an award of reasonable attorneys' fees in addition to any other relief to which the prevailing party may be entitled.

7. **REPRESENTATIONS AND WARRANTIES:** The Parties represent, warrant, and agree as follows:

7.1 The FDIC-R is the lawfully appointed Receiver for Downey and has succeeded to and now holds each of the Claims that are the subject of the Action and this Agreement. The FDIC-R has the authority to enter into this compromise and settlement of the Claims as the Receiver of Downey.

7.2 Each of the Parties has received or had the opportunity to seek their own independent legal advice with respect to the advisability of executing this Agreement. The Parties acknowledge that they have executed this Agreement without fraud, duress, or undue influence. The Parties affirm that they have read this Agreement and understand the contents hereof.

7.3 No Party, nor any agent or attorney of any Party, has made any statement, representation, or promise to any other Party regarding any facts which the Party has then relied upon in entering into this Agreement, and the Parties here each affirm that they have not relied upon any statement, representation or promise by any other Party, or of any agent or attorney for another Party, in executing this Agreement, or in making the settlement provided for herein, except as is expressly represented or promised in this Agreement.

7.4 None of the Parties have heretofore assigned, transferred, or granted, or purported to assign, transfer, or grant, any of the Claims that are alleged in the Action.

7.5 Each Party agrees to execute any additional documents as reasonably convenient, necessary or desirable to carry out the provisions of this Agreement specifically including, without limitation, the separate Stipulations for Entry of Judgment described in paragraphs 4.2, 4.3 and 4.4 above.

8. **MISCELLANEOUS:**

8.1 This Agreement shall be deemed to have been executed and delivered within the State of California, and the rights and obligations of the Parties hereto shall be construed and enforced in accordance with, and governed by, the laws of the State of California.

8.2 This Agreement constitutes a single, integrated written contract expressing

the entire agreement of the Parties. This Agreement may only be modified in a writing signed by all the Parties. This Agreement shall be interpreted in accordance with the plain meaning of its terms and not strictly for or against any of the Parties to this Agreement.

8.3 The provisions of this Agreement are contractual and not mere recitals. The Agreement shall be considered severable, such that if any provision or part of the Agreement is ever held invalid under any law or ruling, that provision or part of the Agreement shall remain in force and effect to the extent allowed by law, and all other provisions or parts shall remain in full force and effect.

8.4 This Agreement may be executed in counterparts and shall be effective on the date first executed by any one of the Parties hereto if so executed in counterparts (the "effective date"). Any signature obtained by facsimile or e-mail shall be as valid as an original signature. An authenticated copy of this Agreement can be used for any purpose for which the original may be used.

(b)(6)

DATED: 6/28/2011



RESHAM SINGH, an individual

DATED: _____

SAM DAVID, an individual

DATED: _____

ZENY P. LAMARSH, an individual

DATED: _____

FEDERAL DEPOSIT INSURANCE CORPORATION, as Receiver for Downey Savings & Loan Assoc., F.A.

By: _____

Name: _____

Title: _____

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DATED: _____

RESHAM SINGH, an individual

(b)(6)

DATED: 6/29/11

SAM DAVID, an individual

DATED: _____

ZENY P. LAMARSH, an individual

DATED: _____

FEDERAL DEPOSIT INSURANCE
CORPORATION, as Receiver for Downey Savings
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DATED: _____
RESHAM SINGH, an individual

DATED: _____
SAM DAVID, an individual

(b)(6) _____
DATED: 6/29/2011
ZENNY P. LAMARSH, an individual
(b)(6)

(b)(6) _____
DATED: 6/29/2011
FEDERAL DEPOSIT INSURANCE CORPORATION, as Receiver for Downey Savings & Loan Assoc., F.A.
Name: David T. Surratt
Title: Senior Attorney

APPROVED AS TO FORM:

HERSHORIN & HENRY LLP

(b)(6)

By

(b)(6)

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Corporation as Receiver for Downey
Savings & Loan Association, F.A.

MANNING & MARDER
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