

NO. D-1-GV-08-001478

THE STATE OF TEXAS,	§	IN THE DISTRICT COURT OF
	§	
Plaintiff,	§	
	§	
v.	§	
	§	
Guardian Fidelity Title Company, Ltd.,	§	TRAVIS COUNTY, TEXAS
Guardian Fidelity Title CLR, LLP,	§	
Guardian Fidelity Title NWR, LLP,	§	
Guardian Fidelity Title KTB, Ltd.,	§	
Guardian Fidelity Title SB Ltd., and	§	
Guardian Fidelity Title DFT, Ltd.	§	
	§	
Defendants.	§	419th JUDICIAL DISTRICT

**APPLICATION FOR APPROVAL OF FOURTH CLAIMS REPORT
AND DISTRIBUTION OF ESCROW FUNDS TO APPROVED ESCROW CLAIMANTS**

TO THE HONORABLE DISTRICT COURT:

CANTILO & BENNETT, L.L.P., solely in its capacity as the Special Deputy Receiver (“SDR”) of Guardian Fidelity Title Company, Ltd., *et al.*¹ (“Guardian”), files this Application for Approval of Fourth Claims Report and Distribution of Escrow Funds to Approved Escrow Claimants (the “Application”).

I. INTRODUCTION

1.1 The SDR presents for approval its fourth report on the determination of certain escrow account claims and general creditor claims pursuant to Texas Insurance Code Annotated section 443.258. The Fourth Report covers those proofs of claim (“POCs”) identified on the attached Exhibits 1 through 5 listing the claimant, the amount sought and/or approved, the POC

¹ Guardian Fidelity Title Company, Ltd., Guardian Fidelity Title CLR, LLP, Guardian Fidelity Title NWR, LLP, Guardian Fidelity Title KTB, Ltd., Guardian Fidelity Title SB Ltd., and Guardian Fidelity Title DFT, Ltd., each and collectively in liquidation.

number and, if applicable, the Guardian guaranty file (“GF”) number. This Application does not seek any relief relating to any claim not listed on Exhibit 1 through 5.

1.2 The SDR is authorized to file this Application pursuant to Texas Insurance Code Annotated section 443.151, which provides that the SDR is to conduct the business of the estate. The subject matter of this Application has been referred to the Special Master appointed in this proceeding in accordance with paragraph III of the Order of Reference to Master entered on August 22, 2008.

II. BACKGROUND

2.1 Guardian was placed in receivership in this proceeding on July 11, 2008. The Court entered an Agreed Order Appointing Liquidator and Permanent Injunction (“Receivership Order”) on July 11, 2008, appointing the Commissioner of Insurance for the State of Texas as Liquidator and Permanent Receiver (“Receiver”). The Receiver designated CANTILO & BENNETT, L.L.P. as SDR of Guardian through a Notice of Designation of Special Deputy Receiver filed on October 2, 2008, and made effective as of September 15, 2008.

2.2 Guardian, as defined herein, consists of six entities in receivership, all of which operated as title insurance agents, as that term is defined in Texas Insurance Code Annotated section 2501.003(13), with offices in Webster, Houston, Spring, Katy, Friendswood, and Sugar Land, Texas. Guardian acted as an agent for several solvent title insurance companies; Southern Title Insurance Company (“Southern”) wrote the predominant share of these policies. The relevant title insurance companies continue to process and pay claims on title insurance policies issued by Guardian. As title insurance agents, the Guardian entities were not required to, and did not, maintain reserves or reinsurance. Initial administration of the receivership estate was financed through an operating account, which has been depleted. Further administration of the estate has been financed by loans by

the Texas Department of Insurance from the Abandoned Property Fund in accordance with Texas Insurance Code Annotated section 443.304(c), and by funds paid to the estate pursuant to a Consent Order between Southern Title Insurance Company and the Texas Department of Insurance.

2.3 Guardian, as a title agent, maintained a number of escrow accounts (the “Escrow Accounts”). The SDR believes that the Escrow Accounts are intact and correspond to an audit conducted by the Texas Department of Insurance prior to receivership and Guardian’s financial records. The SDR has confirmed the existence of the funds in the Escrow Accounts and safeguarded the accounts by notifying the financial institutions of the liquidation and freezing all such assets. The Escrow Accounts are not general assets of the estate under Texas Insurance Code Annotated section 443.004(9)(a)(i).

2.4 On July 6, 2009, this Court entered its Order Granting the Special Deputy Receiver’s Application to Provide Notice of Liquidation, Set Claims Filing Deadline, Resolve Escrow Accounts and Establish a Claims Processing Procedure (the “POC Order”) establishing August 31, 2009, as the deadline to file all claims, including Escrow Account claims, and a deadline of September 30, 2009, for filing any late claims and for all contingent or unliquidated claims under Texas Insurance Code Annotated section 443.255(c) to become final.

2.5 The POC Order required parties claiming funds held in Guardian’s Escrow Accounts to file claims with the SDR. On the date that Guardian was placed into receivership, the SDR held approximately 650 escrow accounts, which ranged from \$.01 (one cent) to over \$1,000,000. Over 2000 notices were sent to potential claimants of Guardian’s Escrow Accounts. The Guardian estate lacked sufficient financial resources and business records to make an independent determination regarding the actual ownership of, or right to possess, the escrow funds in each and every account. Accordingly, the SDR was authorized to require claimants to the escrow funds to file a claim

establishing an entitlement to funds held in an escrow account and given further authority to process claims to the escrow account to efficiently conclude the administration of the receivership estate. The POC Order authorized the SDR to process escrow account claims pursuant to the provisions governing the processing of unsecured claims.

2.6 As of the date of this Application, the SDR has not identified any Escrow Account shortages. Guardian, a title insurance agent, was declared insolvent pursuant to Texas Insurance Code Annotated section 443.057(2). However, it has not been designated an impaired agent pursuant to Texas Title Insurance Guaranty Act section 2602.003(5)(B), and no covered claims have been identified pursuant to section 2602.252. TEX. INS. CODE § 2601, *et seq.*

2.7 A total of 164 POCs, including 114 claims explicitly seeking Escrow Account funds (“Escrow Account POCs”) were filed in the Guardian estate. All but five claims were postmarked prior to the claims filing deadline. Late filed Escrow Account POCs will be considered timely if no other claim has been received for the specific escrow account funds sought.

2.8 The Court approved the SDR’s First Report of Claims regarding the determination of thirty-seven (37) Escrow Account POCs on April 14, 2010. On July 20, 2010, the Court approved the SDR’s Second Report of Claims regarding the determination of fifty-eight (58) total POCs including escrow and non-escrow claims. On January 31, 2011, the Court approved the SDR’s Third Report of Claims regarding the determination or disposition of thirty-eight (38) claims. In addition, the Court independently considered and resolved three (3) POCs by order dated December 6, 2010, and three (3) POCs by order dated February 3, 2011.

2.9 This Application seeks relief as to all twenty-five (25) remaining POCs for which the SDR’s determination has not been approved, and which are identified in the attached exhibits. This Application does not seek relief relating to any other previously approved POC determination.

III. RELIEF SOUGHT

A. Approval of Fourth Claims Reports

3.1 Section 443.258 of the Code requires the SDR to file reports with the Court regarding claims that have been settled or determined under Texas Insurance Code Annotated section 443.253, and states as follows:

LIQUIDATOR'S RECOMMENDATIONS TO RECEIVERSHIP COURT.
The liquidator shall present to the receivership court, for approval, reports of claims settled or determined by the liquidator under section 443.253. The reports must be presented from time to time as determined by the liquidator and must include information identifying the claim and the amount and priority class of the claim.

Section 443.258 applies to claims processed under Texas Insurance Code Annotated section 443.253.

The POC Order authorized the SDR to process escrow accounts claims pursuant to the provisions governing the processing of unsecured claims, including 443.253.

3.2 The SDR submits its Fourth Report of Claims reflecting the SDR's determination of the twenty-five (25) POCs identified in Exhibits 1 through 5, and requests that the Receivership Court approve the report. Exhibit 1 identifies approved escrow claims (the "Escrow Claims"), listing the claimant's name, amount approved, and the POC and GF numbers. Exhibit 2 identifies Escrow Claims which have been approved in part and denied as to the remainder due to a settlement or agreement between conflicting claimants, listing the claimant's name, amount approved, amount denied, and the POC and GF numbers. Exhibit 3 identifies Claims that have been denied. Exhibit 4 identifies claims that have been determined to not be Escrow Claims and have a priority of below Class 1, listing the claimant's name, amount sought, and the POC and GF numbers. Exhibit 5 identifies any Escrow Claims that have been withdrawn by the claimant.

3.3 Texas Insurance Code Annotated section 443.253(k) and the POC Order provide that the SDR “is not required to process claims for any class until it appears reasonably likely that property will be available for a distribution to that class.” Each of the claimants identified in the Third Report of Claims have been notified in writing of its determination of the amount and classification of their claims pursuant to Texas Insurance Code Annotated section 443.253, and all deadlines to appeal the SDR’s determination of these POCs have expired.

3.4 The relief sought in this Application includes all claims filed with the Receiver that have not previously been presented to the Court for approval.

B. Application to Distribute Funds to Approved Escrow Claimants - Exhibits 1 and 2

3.5 The SDR requests authority from the Receivership Court to distribute escrow funds to approved escrow account claimants who are identified on Exhibits 1 and 2 in the amounts reflected on the exhibits. Distribution is authorized pursuant to Texas Insurance Code Annotated sections 443.260 and 303. Distribution of the funds will reduce the costs to administer the estate.

IV. NO IMPAIRMENT AND NO WAIVER

4.1 Although Guardian is insolvent, no covered claims have been identified as of the date of this Application and Texas Title Insurance Guaranty Association (“TTIGA”) has not been triggered. The SDR does not want to inadvertently trigger any obligation of TTIGA by the relief sought in this Application. The SDR requests that the Court order that, in the event any action by the SDR and/or Receivership Court results in a shortage to an escrow account, the shortage shall not be considered a covered claim as that term is defined in the Texas Title Insurance Guaranty Act section 2602.252.

4.2 Nothing in this Application or any related proceeding or filing shall affect, in any way, the Receiver’s or the SDR’s immunities from suit and shall not give rise to any right to sue or

create any causes of action against the Receiver or the SDR. The relief sought herein shall not affect, in any way, the Receiver's or the SDR's immunities from suit and shall not give rise to any right to sue or create any causes of action against the Receiver or the SDR. The automatic stay and the provisions of the Receivership Order remain in effect unless expressly modified herein.

V. NOTICE

5.1 Pursuant to Texas Insurance Code Annotated section 443.007(d), this Application has been served on the entire service list for this proceeding and TTIGA in the manner shown on the Certificate of Service. The SDR has posted all notices, claims filing information, POC forms, and other relevant information relating to the POC process, including this Application, on the SDR's web site at *www.guardianfidelitysdr.com*. The SDR reserves the right to issue additional notice if, in its sole discretion with approval from the Receiver, it finds there is need for additional notice.

VI. OFFER OF PROOF AND VERIFICATION

6.1 This Application has been verified as required by the Texas Rules of Civil Procedure by the affidavit and certification pursuant to Texas Insurance Code Annotated section 443.017(b) by Michael P. Marcin, Partner in CANTILO & BENNETT, L.L.P., solely in its capacity as the Special Deputy Receiver.

VII. NOTICE OF ELECTRONIC SERVICE REQUIREMENT

7.1 Pursuant to the Order Granting SDR's Application to Use Electronic Service of Pleadings and Notices entered on November 24, 2008, all pleadings filed in response to this Application or in regards to this estate shall be served by e-mail on the undersigned counsel and all parties shown in the attached Certificate of Service.

PRAYER

WHEREFORE, PREMISES CONSIDERED, CANTILO & BENNETT, L.L.P., solely in its capacity as the Special Deputy Receiver of Guardian Fidelity Title Company, Ltd., Guardian Fidelity Title Company CLR, LLP, Guardian Fidelity Title Company NWR, LLP, Guardian Fidelity Title Company KTB, Ltd., Guardian Fidelity Title Company SB, Ltd., and Guardian Fidelity Title Company DFT, Ltd. respectfully requests that this Court:

1. Grant this Application;
2. Approve the SDR's Fourth Report of Claims as identified on Exhibits 1 through 5;
3. Authorize the SDR to distribute the funds held in escrow to each escrow claimant whose claim is approved by the Receivership Court;
4. Authorize the SDR to hold payments to approved Escrow Claims and interplead such payments, in the event, in the SDR's sole and absolute discretion, that there are conflicting claims to any approved payment;
5. Discharge and release the Receiver, the SDR, and the receivership estate from any and all liability regarding the distributed Escrow Accounts and the approved paid Escrow Account claims following distribution;
6. In the event that any action by the SDR and/or Receivership Court results in a shortage to an escrow account, the shortage shall not be considered a covered claim as that term is defined in Texas Title Insurance Guaranty Act section 2602.252;
7. Rule that approval of this Application constitutes a final judgment fully resolving all issues relating to the Application, provided that this Court shall retain jurisdiction to issue further orders pursuant to Texas Insurance Code Annotated section 443, and further ruling that the Court's Order shall not affect, in any way, the Receiver's or the

SDR's immunities from suit and shall not give rise to any right to sue or create any causes of action against the Receiver or the SDR;

8. Rule that the automatic stay and the provisions of the Receivership Order remain in effect unless expressly modified herein and further rule that the Order does not amend, modify, or in any manner change or affect the terms and provisions of the POC Order except as expressly set out herein; and
9. Grant the SDR such other and further relief to which it may be justly entitled.

Respectfully submitted,

By: Christopher Fuller
Christopher Fuller
Texas Bar No. 07515500
4612 Ridge Oak Drive
Austin, Texas 78731
(512) 470-9544
(512) 374-0957 Fax
cfuller@fullerlaw.org
Attorney for CANTILO & BENNETT, L.L.P.,
Solely in its Capacity as the Special Deputy Receiver
of Guardian Fidelity Title Company, Ltd., *et al.*

CERTIFICATE OF SERVICE

I certify that on March 2, 2011, a true and correct copy of this Application for Approval of Fourth Claims Report and Distribution of Escrow Funds to Approved Escrow Claimants was served pursuant to the Order of Reference, the Court's order on e-service, the Texas Rules of Civil Procedure, and Texas Insurance Code Annotated section 443.007(d) on the following by electronic mail, except as specifically noted.

Christopher Fuller
Christopher Fuller

Tom Collins, Special Master
c/o Ms. Jean Sustaita
P.O. Box 149104
Mail Code 305-1D
Austin, Texas 78701
Jean.Sustaita@tdi.state.tx.us

Burnie Burner
Texas Title Insurance Guaranty Association
Mitchell, Williams, Selig, Gates & Woodyard, PLLC
P.O. Box 2212
106 E. Sixth Street, Suite 300
Austin, Texas 78768-2212
bburner@mws gw.com

Bruce McCandless III
Texas Title Insurance Guaranty Association
Mitchell, Williams, Selig, Gates & Woodyard, PLLC
P.O. Box 2212
106 E. Sixth Street, Suite 300
Austin, Texas 78768-2212
bmccandless@mws gw.com

Robert A. Kouts
Attorney for Southern Title Insurance Co.
Scheinthal & Kouts, LLP
4635 Southwest Freeway, Suite 720
Houston Texas 77027
(713) 871-8040
(713) 871-8642 Fax
rkouts@sk-llp.com

Brian D. Womac
Attorney for Keppel Houston Group, LLC
Womac & Associates
Two Memorial City Plaza
820 Gessner, Suite 1540
Houston, Texas 77024
(713) 751-9200
(713) 751-0808 Fax

Joshua Godbey
Assistant Attorney General
Financial Litigation Division
P.O. Box 12548
Austin, Texas 78711-2548
(512) 477-2348 Fax
joshua.godbey@oag.state.tx.us

William T. Green
11 Greenway Plaza, Suite 2820
Houston, Texas 77046
(713) 961-0883 Fax
uncbill@msn.com

Mark D. Humphrey, Houston Area President
Prosperity Bank
100 Medical Center Blvd.
Webster, Texas 77598
(281) 338-1885 Fax

Ron Opper
Opper & Gambrell, PLLC
8582 Katy Freeway, Suite 200
Houston, Texas 77024
(713) 468-6111
(713) 468-6101 Fax

Gerald S. Siegmyer
Siegmyer, Oshman & Bissinger, LLP
2777 Allen Parkway, Tenth Floor
Houston, Texas 77019
(713) 524-4102 Fax
gsiegmyer@bizlawhouston.com

William H. Rearick
Vice President/Lending Officer
Moody National Bank of Friendswood
408 West Parkwood
Friendswood, Texas 77546
(281) 992-7776 x.6690
wrearick@moodybank.com

David M. Scott
Zimmerman, Axelrad, Meyer, Stern & Wise, PC
3040 Post Oak Boulevard, Suite 1300
Houston, Texas 77056-6560
(713) 552-1234
(713) 963-0859 Fax
dscott@zimmerlaw.com

Michael J. Smith
Chernosky, Smith, Ressler & Smith, PLLC
4646 Wild Indigo, Suite 110
Houston, Texas 77027
(713) 800-8608
(713) 800-8609 Fax
msmith@csrslaw.com

Ryan Colburn, President
Regions Bank Houston
5005 Woodway, Suite 350
Houston, Texas 77056
ryan.colburn@regions.com

Kenneth Green
Snow Fogel Spence, LLP
2929 Allen Parkway, Suite 4100
Houston, Texas 77019
(713) 335-4830
(713) 335-4930 Fax
kennethgreen@snowfogel.com

Peter A. Nolan
Winstead PC
401 Congress Avenue, Suite 2100
Austin, Texas 78701
(512) 370-2800
(512) 370-2850 Fax
pnolan@winstead.com

Gary Zausmer
Winstead PC
401 Congress Avenue, Suite 2100
Austin, Texas 78701
(512) 370-2800
(512) 370-2850 Fax
gzausmer@winstead.com

Texas Workforce Commission
Regulatory Enforcement Division
101 East 15th Street
Austin, Texas 78778-0001

Internal Revenue Service
Special Procedures Branch
P.O. Box 250
300 East 8th Street, Suite 352, Mail Stop 5022A
Austin, Texas 78701

Angel Garrett
Texas Department of Insurance
Financial/Rehabilitation & Liquidation Oversight Division
333 Guadalupe, Mail Code 305-1D
Austin, Texas 78701
Angel.Garrett@tdi.state.tx.us

Rachel Giani
Texas Department of Insurance
Financial/Rehabilitation & Liquidation Oversight Division
333 Guadalupe Mail, Code 305-1D
Austin, Texas 78701
Rachel.Giani@tdi.state.tx.us

Leanne Layne
Texas Department of Insurance
Financial/Rehabilitation & Liquidation Oversight Division
333 Guadalupe, Mail Code 305-1D
Austin, Texas 78701
Leanne.Layne@tdi.state.tx.us

John Walker
Texas Department of Insurance
Financial/Rehabilitation & Liquidation Oversight Division
333 Guadalupe, Mail Code 305-1D
Austin, Texas 78701
John.Walker@tdi.state.tx.us

Jemie Russell
Texas Department of Insurance
Financial/Rehabilitation & Liquidation Oversight Division
333 Guadalupe, Mail Code 305-1D
Austin, Texas 78701
Jemie.Russell@tdi.state.tx.us

Michael P. Marcin, Esq.
CANTILLO & BENNETT, L.L.P.
Special Deputy Receiver
11401 Century Oaks Terrace, Suite 300
Austin, Texas 78758
mpmarcin@cb-firm.com

EXHIBITS 1 – 5: FOURTH CLAIMS REPORT

EXHIBIT 1 - APPROVED ESCROW CLAIMS

CLAIMANT NAME	AMOUNT APPROVED	POC #/GF NUMBER
1. Natasha Weary	\$500.00	GUARD0076/2007117732
2. Elite Investments Trust, Smitherman, Trustee	\$1,013.96	GUARD0088/E032007097238
3. Rodney Ham	\$1,000.00	GUARD0132/2008051345
4. Midtown Park Development, Ltd.	\$5,000.00	GUARD0162/2006011252RR

EXHIBITS 1 – 5: FOURTH CLAIMS REPORT

**EXHIBIT 2 - POCS APPROVED IN PART AS ESCROW CLAIMS
AND DENIED AS TO THE REMAINDER**

CLAIMANT NAME	DISPOSITION	POC #/GF NUMBER
1. Residential Construction Associates, Ltd.	Approved: \$100.00 Denied: \$400.00	GUARD0016/2008041168
2. JORYCO, LLC	Approved: \$500.00 Denied: \$500.00	GUARD0046/2007076334R
3. JORYCO, LLC	Approved: \$500.00 Denied: \$500.00	GUARD0047/2007076332R
4. JORYCO, LLC	Approved: \$500.00 Denied: \$500.00	GUARD0048/2007076336R
5. JORYCO, LLC	Approved: \$500.00 Denied: \$500.00	GUARD0049/2007076326R
6. JORYCO, LLC	Approved: \$500.00 Denied: \$500.00	GUARD0050/2007076328R
7. Terry Collins	Approved: \$500.00 Denied: \$500.00	GUARD0063/2007076336R
8. Terry Collins	Approved: \$500.00 Denied: \$500.00	GUARD0064/2007076328R
9. Terry Collins	Approved: \$500.00 Denied: \$500.00	GUARD0065/2007076332R
10. Terry Collins	Approved: \$500.00 Denied: \$500.00	GUARD0066/2007076334R
11. Terry Collins	Approved: \$500.00 Denied: \$500.00	GUARD0068/2007076326R
12. Larry Corona and Marsha Corona	Approved: \$100.00 Denied: \$400.00	GUARD0087/2008041168

EXHIBITS 1 – 5: FOURTH CLAIMS REPORT

EXHIBIT 3 – CLAIMS DENIED IN TOTAL

CLAIMANT NAME	AMOUNT DENIED	POC #/GF NUMBER
1. Michael and Ann Seitz	\$2,200.00	GUARD0036/2006124301RRR
2. Peter Joseph and Celia Jo Kelleher	\$154.37	GUARD0055/2007055923R
3. Stanwyn, Inc.	\$1,000.00	GUARD0086/2008051345

EXHIBITS 1 – 5: FOURTH CLAIMS REPORT

**EXHIBIT 4 - DENIED AS ESCROW OR LIEN CLAIM AND
DETERMINED TO BE BELOW CLASS 1 PRIORITY**

CLAIMANT NAME	AMOUNT DENIED	POC #/GF NUMBER
1. Commonwealth Land Title Ins. Co.	\$5,978.00	GUARD0130
2. RDM Real Estate & Construction, Inc.	\$25,000.00	GUARD0134/2007107487R
3. Billy and Tiffany Briscoe	\$500.00	GUARD0161/EO32007128052

EXHIBITS 1 – 5: FOURTH CLAIMS REPORT

EXHIBIT 5 - CLAIMS WITHDRAWN

CLAIMANT NAME	AMOUNT WITHDRAWN	POC #/GF NUMBER
1. Texas Title Insurance Guaranty Association	\$75,000.00	GUARD0103/F022007086894INT

**SPECIAL DEPUTY RECEIVER'S CERTIFICATION PURSUANT TO TEXAS
INSURANCE CODE ANNOTATED SECTION 443.017(b)
AFFIDAVIT OF MICHAEL P. MARCIN**

State of Texas

County of Travis

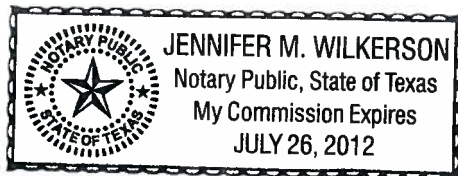
BEFORE ME, the undersigned authority appeared Michael P. Marcin, who after being by me duly sworn, stated the following under oath:

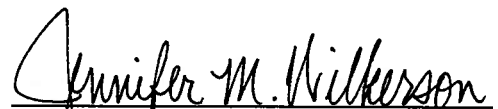
1. My name is Michael P. Marcin. I am competent to make this affidavit. The statements of fact set forth herein are true and correct, and are within my personal knowledge.
2. I am a partner in CANTILO & BENNETT, L.L.P., Special Deputy Receiver of Guardian Fidelity Title Company, Ltd., et al.¹ (the "SDR" and "Guardian" respectively). I am duly authorized to make this Certification and Affidavit on behalf of the SDR.
3. I have read the statements contained in the attached Pleading and they are true and correct based on my personal knowledge, my review of estate records, and my consultation with my staff and sub-contractors.
4. Further affiant sayeth not.

By:


Michael P. Marcin

SUBSCRIBED AND SWORN TO BEFORE ME on December 17, 2010, by Michael P. Marcin, on behalf of CANTILO & BENNETT, L.L.P., Special Deputy Receiver of Guardian Title, LLC et al. in receivership.




Notary Public

¹ Guardian Fidelity Title Company, Ltd., Guardian Fidelity Title CLR, LLP, Guardian Fidelity Title NWR, LLP, Guardian Fidelity Title KTB, Ltd., Guardian Fidelity Title SB Ltd., and Guardian Fidelity Title DFT, Ltd., each and collectively in liquidation.

**SPECIAL DEPUTY RECEIVER'S CERTIFICATION PURSUANT TO TEXAS
INSURANCE CODE ANNOTATED SECTION 443.017(b)
AFFIDAVIT OF MICHAEL P. MARCIN**

State of Texas

County of Travis

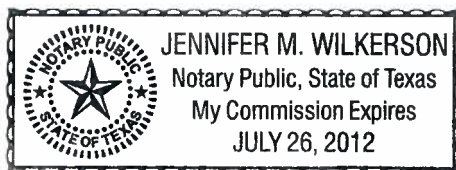
BEFORE ME, the undersigned authority appeared Michael P. Marcin, who after being by me duly sworn, stated the following under oath:

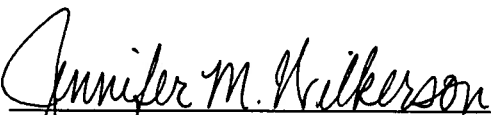
1. My name is Michael P. Marcin. I am competent to make this affidavit. The statements of fact set forth herein are true and correct, and are within my personal knowledge.
2. I am a partner in CANTILO & BENNETT, L.L.P., Special Deputy Receiver of Guardian Fidelity Title Company, Ltd., et al.¹ (the "SDR" and "Guardian" respectively). I am duly authorized to make this Certification and Affidavit on behalf of the SDR.
3. I certify that the exhibits, books, accounts, records, papers, correspondence, and/or other records and documents attached hereto were produced pursuant to Texas Insurance Code Section 443.017(b), are true and correct copies of records created by or filed with the Special Deputy Receiver's office in connection with the receivership of this delinquent insurer, and are held by the Special Deputy Receiver in its official capacity.
4. I further state that I have read the statements contained in the attached Pleading and that they are true and correct based on my personal knowledge, my review of estate records, and my consultation with my staff and sub-contractors.
5. Further affiant sayeth not.

By:


Michael P. Marcin

SUBSCRIBED AND SWORN TO BEFORE ME on December 17, 2010, by Michael P. Marcin, on behalf of CANTILO & BENNETT, L.L.P., Special Deputy Receiver of Guardian Title, LLC et al. in receivership.




Notary Public

¹ Guardian Fidelity Title Company, Ltd., Guardian Fidelity Title CLR, LLP, Guardian Fidelity Title NWR, LLP, Guardian Fidelity Title KTB, Ltd., Guardian Fidelity Title SB Ltd., and Guardian Fidelity Title DFT, Ltd., each and collectively in liquidation.

4. The Special Master has issued a recommendation that the Application should be granted pursuant to Rule 171 of the Texas Rules of Civil Procedure;

5. The Court has jurisdiction over the Application, and the parties affected hereunder; and

6. The Application should be GRANTED in all respects.

IT IS ORDERED, ADJUDGED, AND DECREED that the Application is GRANTED.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Court, as follows:

1. Approves the SDR's Fourth Report of Claims as identified in Exhibits 1 - 5;

2. Authorizes the SDR to distribute the funds held in escrow to each claimant whose claim is approved by the Receivership Court;

3. Authorizes the SDR to hold payments to approved Escrow Claims and interplead such payments, in the event, in the SDR's sole and absolute discretion, that there are conflicting claims to any approved payment;

4. Discharges and releases the Receiver, the SDR, and the receivership estate from any and all liability regarding the distributed Escrow Accounts;

5. In the event that any action by the SDR and/or Receivership Court results in a shortage to an escrow account, the shortage shall not be considered a covered claim as that term is defined in Texas Insurance Code Annotated section 2602.252;

6. This Order constitutes a final judgment fully resolving all issues relating to the Application, provided that this Court shall retain jurisdiction to issue further orders pursuant to Texas Insurance Code Annotated Chapter 443. This Order shall not affect, in any way, the Receiver's or the SDR's immunities from suit and shall not give rise to any right to sue or create any causes of action against the Receiver or the SDR. The automatic stay and the provisions of

the Receivership Order remain in affect unless expressly modified herein. This Order does not amend, modify, or in any manner change or affect the terms and provisions of the Agreed Order Appointing Liquidator and Permanent Injunction and the POC Order except as expressly set out herein.

Signed on _____.

By: _____
JUDGE PRESIDING

APPLICANT'S AMENDED NOTICE OF SUBMISSION

Pursuant to the terms of the Order of Reference to Master entered by the District Court in this cause, the SDR's *Application for Approval of Fourth Claims Report and Distribution of Escrow Funds to Approved Escrow Claimants* (the "Application") is hereby set for written submission before the Special Master, Tom Collins, on **March 14, 2011**.

The Special Master has asked that the following rules be provided you:

1. Any objection must be filed with the Travis County District Clerk at least three (3) calendar days before the submission date.
2. A copy of any objection shall be served **by email** by such date on:
 - (a) The Special Master's Docket Clerk, Ms. Jean Sustaita at Jean.Sustaita@tdi.state.tx.us;
 - (b) The undersigned counsel, Christopher Fuller at cfuller@fullerlaw.org;
 - and
 - (c) All interested parties, including those listed on the Applicant's Certificate of Service.
3. The written objection must specifically list all reasons for objection with supporting references to and discussion of statutory and case authorities. Reasons not stated in writing will not be considered orally.
4. If a matter is set for submission, an objecting party shall expeditiously coordinate with Applicant's counsel and the master's docket clerk [(512) 463-6450] to obtain an oral hearing, unless the master determines that an oral hearing is not necessary. The objecting party shall serve a Notice of Oral Hearing on applicant's counsel and all interested parties, including those listed on the Applicant's Certificate of Service.
5. Failure to file timely a written objection before the Special Master constitutes a waiver of the right to object to the Special Master's recommendation to the District Court.
6. Any Acknowledgment of Notice and Waiver to be filed by the Guaranty Association or other interested party should be filed at least three (3) calendar days before the submission or hearing date.

/s/ Christopher Fuller
Christopher Fuller