IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	**Chapter 11**
	)	
Conseco Finance Corp., et al.,[1]	)	
	)	**Case No. 02 B49675**
Debtors.	)	**Honorable Carol A. Doyle**
	)	**(Jointly Administered)**
	)	

STIPULATION AND AGREED ORDER BETWEEN THE CFC ESTATE AND MICHAEL J. AND MARY K. ZAPPONE RESOLVING STATE COURT LITIGATION

The Post Consumation Estate for the Finance Company Debtors (the "CFC Estate") and Michael J. and Mary K. Zappone (collectively, the "Zappones") hereby stipulate and agree as follows:

RECITALS

WHEREAS, On December 17, 2002, the Zappones filed a complaint against Conseco Financial Servicing, Conseco Finance Corp., and Conseco Bank, Inc. (collectively, "Conseco") in the Court of Common Pleas, Cuyahoga County, State of Ohio, in connection with the refinancing of the Zappone's mortgage, Case No. CV 02-489077 (the "State Court Action").

WHEREAS, on April 4, 2003, the Zappones amended their complaint naming Mill Creek Bank, Inc., ("Mill Creek") as an additional defendant in the State Court Action;

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[1] The CFC Estate is the liquidating trust that is the successor-in-interest to the Finance Company Debtors who comprise the following entities: (i) Conseco Finance Corp. and Conseco Finance Servicing Corp. (collectively, the "CFC Debtors"), (ii) Conseco Finance Corp. - Alabama, Conseco Finance Credit Corp., Conseco Finance Consumer Discount Company, Conseco Finance Canada Holding Company, Conseco Finance Canada Company, Conseco Finance Loan Company, Rice Park Properties Corporation, Landmark Manufactured Housing, Inc., Conseco Finance Net Interest Margin Finance Corp. I, Conseco Finance Net Interest Margin Finance Corp. II, Green Tree Finance Corp. - Two, Conseco Agency of Nevada, Inc., Conseco Agency of New York, Inc., Green Tree Floorplan Funding Corp., Conseco Agency, Inc., Conseco Agency of Alabama, Inc., Conseco Agency of Kentucky, Inc., and Crum-Reed General Agency, Inc. (collectively, the "CFC Subsidiary Debtors"), (iii) Green Tree Finance Corp. - Five and Conseco Finance Credit Card Funding Corp.

WHEREAS, on March 27, 2003, a default judgment was entered in the State Court Action against Conseco in the amount of $400,000.00;

WHEREAS, on May 28, 2003, Conseco moved for relief from judgment;

WHEREAS, on August 21, 2003, Conseco's motion for relief from judgment was denied and judgment was further entered against Mill Creek as successor in interest to Conseco Bank, Inc.;

WHEREAS, on September 11, 2003, a Notice of Joinder Due to Transfer of Interest from Conseco Bank, Inc., to Mill Creek was filed in the State Court Action, wherein Mill Creek was determined to be responsible for any and all judgments obtained against Conseco;

WHEREAS, on September 15, 2003, Conseco and Mill Creek appealed the default judgment to the Cuyahoga County Court of Appeals for the Eighth District of Ohio, Case No. 83455 ("the Eighth District Appeal");

WHEREAS, the CFC Estate and the Zappones wish to settle and discharge the claims that are the subject of the State Court Action and Eighth District Appeal without further legal proceedings or expense; and

WHEREAS, the CFC Estate and the Zappones have reached an amicable resolution memorialized herein; and it appearing that due and sufficient notice having been given; and after due deliberation and good cause appearing for the entry of this Stipulation; and based upon the foregoing recitals and in consideration of the mutual covenants set forth below, the parties agree as follows:

IT IS HEREBY STIPULATED AND AGREED, BY AND BETWEEN THE UNDERSIGNED PARTIES:

1. In consideration for the Debtors' payment of $125,000.00, the Zappones, on behalf of their heirs, executors, attorneys, administrators, successors and assigns, hereby

unconditionally fully release and forever discharge the CFC Estate, and its respective predecessors, successors and assignees, and each of its respective affiliates, subsidiaries (and each of the respective predecessors and assignees of such affiliates and subsidiaries), officers, directors, partners, members, employees, agents and attorneys, past and present, from any and all claims (including, as defined in section 101(5) of the United States Bankruptcy Code (the "Bankruptcy Code")), demands, liens, agreements, contracts, covenants, actions, suits, causes of action, obligations, controversies, debts, costs, expenses, damages, judgments, orders and liabilities of whatever kind or nature, in law or equity, by statute or otherwise, whether now known or unknown, vested or contingent, liquidated or unliquidated, suspected or unsuspected, and whether or not concealed or hidden, which have existed or may have ever existed, or which do or may exist, arising out of, or which could been raised in, the State Court Action or the Eighth District Appeal, other than claims based on a breach of this agreement.

2. The Debtors shall make the $125,000.00 payment to the Zappones within 10 business days of the entry of this Stipulation.

3. In consideration of this settlement and mutual release, the CFC Estate, on behalf of itself and its respective predecessors, successors and assignees, and each of its respective affiliates, subsidiaries, officers, directors, partners, members, employees, agents and attorneys, past and present, hereby unconditionally fully releases and forever discharges the Zappones and their heirs, executors, attorneys, administrators, successors and assigns from any and all claims, demands, liens, agreements, contracts, covenants, actions, suits, causes of action, obligations, controversies, debts, costs, expenses, damages, judgments, orders and liabilities of whatever kind or nature, in law or equity, by statute or otherwise, whether now known or unknown, vested or contingent, liquidated or unliquidated, suspected or unsuspected, and whether or not concealed

or hidden, which have existed or may have ever existed, or which do or may exist, arising out of, or which could have been raised in, the State Court Action or the Eighth District Appeal, other than claims based on a breach of this agreement.

4. This settlement agreement and mutual release shall include, but not be limited to, all rights, claims, demands, and damages of any kind, known or unknown now existing or arising in the future, resulting from, related to or raiseable in the Eighth District Appeal. The Eighth District Appeal shall be dismissed with prejudice, as part of the consideration set forth in paragraphs 1 and 2 of this Stipulation. The parties shall execute all documents necessary to effect the dismissal with prejudice of the Eighth District Appeal.

5. This Stipulation may be executed in counterparts and by facsimile, and all such counterparts shall constitute one Stipulation.

6. This Stipulation shall inure to the benefit of, and be binding upon, the parties hereto and their successors and assigns.

7. This Stipulation constitutes the entire agreement between the parties with respect to the subject matter hereof. No prior or contemporaneous agreement may be used to alter the terms of the Stipulation.

8. This Stipulation may be modified only in a writing signed by the party to be charged with such modification.

9. The signatories to this Stipulation represent and warrant that they have been duly authorized to execute this Stipulation.

10. This Stipulation is subject to the approval of the Bankruptcy Court. The parties agree to use reasonable commercial efforts to obtain the approval of the Bankruptcy Court as quickly as possible.

11. In the event the Bankruptcy Court declines to approve this Stipulation, neither this Stipulation nor any part thereof may be used by any party for any purpose, except to enforce this provision.

Chicago, Illinois

Dated: Dec. 16, 2003

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Dated: December 16, 2003

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SO ORDERED:

Carol A. Doyle

Carol A. Doyle
United States Bankruptcy Judge

Chicago, Illinois
Dated: Dec. 17, 2003