

1 William N. Lobel (State Bar No. 93202)
2 Evan C. Borges (State Bar No. 2877)
3 Mike D. Neue (State Bar No. 11779)
4 IRELL & MANELLA LLP
5 840 Newport Center Drive, Suite 400
6 Newport Beach, California 92660-6224
7 Telephone: (949) 760-0991
8 Facsimile: (949) 760-5200

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CLERK U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION AT SANTA ANA
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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

FILED
SOUTHERN DIVISION
7-2-2002
JUL - 2 2002
CLERK U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION
BY [Signature]

10 In re Case No. SA CV 02-417 DOC ✓

11 FIRST ALLIANCE MORTGAGE COMPANY, Chapter 11 Cases
12 a California corporation, et al.

Related Debtors. [REDACTED] ORDER:

14 Affects All Related Debtors.

15 FIRST ALLIANCE MORTGAGE COMPANY,
16 a California corporation
17 Case No. SA 00-12370 JB
 Affected by this Pleading

18 FIRST ALLIANCE CORPORATION,
19 a Delaware corporation
20 Case No. SA 00-12371 JB
 Affected by this Pleading

21 FIRST ALLIANCE MORTGAGE COMPANY,
22 a Minnesota corporation
23 Case No. SA 00-12372 JB
 Affected by this Pleading

24 FIRST ALLIANCE PORTFOLIO
25 SERVICES, INC., a Nevada
26 corporation
27 Case No. SA 00-12373 JB
 Affected by this Pleading

(1) APPROVING DISCLOSURE STATEMENT; (2) APPROVING SOLICITATION AND NOTICE PROCEDURES; (3) APPROVING FORMS OF BALLOTS; (4) ESTABLISHING PROCEDURES FOR TABULATING VOTES; (5) ESTABLISHING CONFIRMATION PROCEDURES AND DEADLINES; (6) ESTABLISHING CERTAIN BAR DATES; AND (7) PRESERVING CLAIMS AND DEFENSES

Date: June 11, 2002
Time: 8:30 a.m.
Place: Courtroom 9D
411 W. Fourth Street
Santa Ana, California

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1 The "Motion for Order: (1) Approving Disclosure Statement;
2 (2) Approving Solicitation and Notice Procedures; (3) Approving
3 Forms of Ballots; (4) Establishing Procedures for Tabulating
4 Votes; (5) Establishing Confirmation Procedures and Deadlines;
5 (6) Establishing Certain Bar Dates; and (7) Preserving Claims and
6 Defenses" (the "Motion") filed by First Alliance Mortgage
7 Company, a California corporation ("FAMCO"), First Alliance
8 Corporation, a Delaware corporation ("FACO"), First Alliance
9 Mortgage Company, a Minnesota corporation ("FAMCO-MN"), and First
10 Alliance Portfolio Services, a Nevada corporation ("FAPS"),
11 debtors and debtors-in-possession in the above captioned chapter
12 11 cases (collectively, the "Debtors"), was considered by the
13 Court at a hearing that commenced on June 11, 2002 at 8:30 a.m.,
14 after notice and an opportunity for hearing was provided in
15 accordance with the Bankruptcy Court's "Order Re: Emergency
16 Motion to Limit Notice of Certain Matters Requiring Notice to
17 Creditors and Parties-in-Interest Pursuant to Rule 2002 of the
18 Federal Rules of Bankruptcy Procedure" entered on April 5, 2000.
19 Appearances at the hearing are reflected on the record of the
20 hearing. The Motion sought approval of: (a) the Debtors'
21 "Disclosure Statement Re: Debtors' First Amended Joint and
22 Consolidated Plan of Liquidation Dated May 6, 2002" (the
23 "Disclosure Statement") which has been modified as of June 11,
24 2002 and which is attached hereto as Exhibit "A"; (b) the
25 "Summary Disclosure Statement and Plan For First Alliance
26 Borrowers and Notice of Confirmation Hearing and Deadlines" (the
27 "Summary") which has been modified as of June 11, 2002 and which
28 is attached hereto as Exhibit "B"; and (c) the form of notice as

1 set forth in the "Notice of (1) Hearing on Confirmation of
2 Debtors' First Amended Joint and Consolidated Plan of Liquidation
3 dated May 6, 2000, (2) Confirmation Deadlines and Procedures, and
4 (3) Bar Date for Administrative Expenses and Final Fee
5 Applications" (the "Notice") which has been modified as of June
6 11, 2002 and which is attached hereto as Exhibit "C." The
7 Disclosure Statement, Summary and Notice relate to the "Debtors'
8 First Amended Joint and Consolidated Plan of Liquidation Dated
9 May 6, 2002" (the "Plan") which has been modified as of June 11,
10 2002 and which is attached hereto as Exhibit "D".

11 Unless otherwise specified below, capitalized terms in this
12 Order have the meanings ascribed to them in the Motion or the
13 Plan, as the case may be.

14 After consideration of the Motion, the Declarations filed in
15 support thereof, the Disclosure Statement, the Summary, the
16 objections and oppositions to the Motion, the records and files
17 in these chapter 11 cases, and the arguments of counsel, and
18 having determined that notice of this core proceeding was
19 appropriate under the circumstances, and good cause appearing, it
20 is hereby

21 **ORDERED THAT:**

- 22 1. The Motion is granted.
- 23 2. The Disclosure Statement is approved as containing
24 adequate information in accordance with section 1125 of the
25 Bankruptcy Code.
- 26 3. The Summary is approved as containing adequate
27 information in accordance with section 1125 of the Bankruptcy
28

1 Code as to the members of Class 4 (as defined in Art. III.C.4. of
2 the Plan).

3 4. The procedures set forth in the Motion for transmitting
4 the solicitation packages and providing notice of the
5 confirmation hearing are approved. The solicitation package
6 shall consist of the Disclosure Statement, the Plan, ballots and
7 related solicitation materials and the Notice, except that as to
8 the members of Class 4 (as defined in Art. III.C.4. of the Plan),
9 the solicitation package shall include the Summary, ballots and
10 related solicitation materials (collectively, the "Solicitation
11 Packages").

12 5. The procedures set forth in the Motion for the
13 solicitation and tabulation of votes on the Plan are approved.
14 The Debtors' counsel is designated as the entity that will
15 tabulate the ballots and prepare and file the Ballot Summary.

16 6. The ballots and related instructions attached hereto as
17 Exhibit "E" are approved and shall be used for voting to accept
18 or reject the Plan.

19 7. The form of confirmation hearing notice contained in
20 the Summary is approved as to the members of Class 4 (as defined
21 in Art. III.C.4. of the Plan). The form of confirmation hearing
22 notice to be mailed to all other creditors, equity interest
23 holders, and other parties in interest in the Notice is approved.
24 These forms of confirmation hearing notice are collectively
25 defined as the "Confirmation Hearing Notices."

26 8. The Debtors shall cause the Solicitation Packages and
27 Confirmation Hearing Notices to be mailed to all Creditors
28 entitled to vote on the Plan on or before July 18, 2002.

1 9. The hearing on the confirmation of the Plan shall take
2 place before the Court on September 10, 2002, at 8:30 a.m., or as
3 soon thereafter as counsel may be heard. The hearing may be
4 adjourned or continued from time to time thereafter by
5 announcement at the hearing, without any further written notice.

6 10. The last day and time for ballots to be received by the
7 Debtors' counsel is August 13, 2002 at 4:00 p.m., Pacific
8 Daylight Time.

9 11. August 13, 2002 at 4:00 p.m., Pacific Daylight Time, is
10 the last day and time to file with the Court any objections to
11 confirmation of the Plan, copies of which must also be
12 concurrently served on: (1) Debtors' counsel (Irell & Manella
13 LLP, Attn: William N. Lobel, Esq., 840 Newport Center Drive,
14 Suite 400, Newport Beach, CA 92660), (2) the Official Committee
15 of Unsecured Creditors (Klee, Tuchin, Bogdanoff & Stern LLP,
16 Attn: David Stern, Esq., 1880 Century Park East, Suite 200, Los
17 Angeles, CA 90067), (3) the Official Joint Borrowers' Committee
18 (Pachulski Stang Ziehl Young & Jones PC, Attn: Larry W. Gabriel,
19 Esq., 10100 Santa Monica Blvd., Suite 1100, Los Angeles, CA
20 90067), (4) the FTC (Attn: Anne M. McCormick, Esq., 600
21 Pennsylvania Ave. N.W., Mail Drop S-4429, Washington, D.C.
22 20580), and (5) the United States Trustee (Attn: Arthur Marquis,
23 Esq., 411 West Fourth Street, Suite 9041, Santa Ana, CA 92701-
24 8000).

25 12. The following procedures shall apply to any objection
26 to confirmation of the Plan:

27 a. An objection to confirmation of the Plan must be
28 in writing and accompanied by a memorandum of points and

1 authorities and specify in detail: (i) the name and address of
2 the entity filing the objections; (ii) the grounds of such
3 objection; (iii) the evidentiary support for the objection in
4 the form of affidavits under oath or declarations submitted
5 under penalty of perjury; and (iv) the amount of the objector's
6 claims or such other grounds that give the objector standing to
7 assert any objection to the Plan;

8 b. Any objection not timely filed and served shall
9 be deemed to be waived and to be a consent to the Court's entry
10 of an order confirming the Plan;

11 c. Any evidence that is not timely filed and served
12 as provided above will be stricken from the record and will not
13 be considered in determining contested matters at the
14 confirmation hearing; and

15 d. All declarants or affiants must appear and be
16 available, without need for subpoena, for cross-examination at
17 the confirmation hearing (except for declarants making
18 declarations of service and the ballot tabulation, unless such
19 testimony is put in issue). The testimony of any declarant or
20 affiant who is not present himself or herself for cross-
21 examination at the confirmation hearing will be stricken from
22 the record and will not be considered in determining contested
23 matters at the confirmation hearing, unless such party's
24 appearance has been excused by an order of the Court.

25 13. The Debtors will file any memorandum of points and
26 authorities or other papers in support of confirmation of the
27 Plan, including any response to any timely filed and served
28 objection to confirmation of the Plan, on or before September 3,

1 2002 at 4:00 p.m., Pacific Daylight Time, and shall serve a copy
2 on each objecting party. The Debtors' counsel shall file with
3 the District Court and serve on the attorneys for the Official
4 Committee of Unsecured Creditors, the Official Joint Borrowers'
5 Committee, the FTC, and any objecting party a ballot Summary on
6 or before September 3, 2002 at 4:00 p.m., Pacific Daylight Time.

7 14. All applications for interim compensation of
8 Professionals for services rendered and for reimbursement of
9 expenses incurred on or before the Confirmation Date, and all
10 other requests for payment of an Administrative Claim incurred
11 before the Confirmation Date under sections 507(a)(1) or 503(b)
12 of the Code (except only for Claims under 28 U.S.C. § 1930) shall
13 be filed no later than sixty (60) days after the Confirmation
14 Date. All applications for interim compensation of Professionals
15 for services rendered and for reimbursement of expenses incurred
16 on or before the Confirmation Date, and all other requests for
17 payment of an Administrative Claim incurred before the
18 Confirmation Date under sections 507(a)(1) or 503(b) of the Code,
19 shall include a request for payment of any amounts withheld under
20 the interim payment procedures previously approved by the
21 Bankruptcy Court. Hearings on all applications for interim
22 compensation will be set for a date that is approximately 90-120
23 days after the Confirmation Date.

24 15. Interim compensation of Professionals for services
25 rendered after the Confirmation Date and prior to the Effective
26 Date shall be sought and paid in accordance with the interim fee
27 procedures established by an order of the Bankruptcy Court.

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1 16. All professionals or other entities requesting
2 compensation or reimbursement of expenses, pursuant to Bankruptcy
3 Code §§ 327, 328, 330, 331, 503(b), or 1103, for services
4 performed before the Effective Date of the Plan, including any
5 compensation or reimbursement of expenses requested by any Entity
6 for making a substantial contribution in any of the Debtors'
7 Cases, are required to file with the Court and deliver to the
8 attorneys for the Liquidating Trust (as defined in the Plan) an
9 application for final allowance of compensation and reimbursement
10 of expenses no later than 60 days after the Effective Date.
11 Hearings on all such applications shall be set for a date that is
12 approximately 90-120 days after the Effective Date, and the
13 attorneys for the Liquidating Trust shall give notice of the
14 hearing in accordance with the Bankruptcy Rules.

15 17. Objections to the applications must be filed and served
16 on the attorneys for the Liquidating Trust and the professional
17 to whom the objections are addressed in accordance with the
18 Bankruptcy Rules.

19 18. All requests for payment of any other Administrative
20 Claim, if not previously delivered to any of the Debtors, shall
21 be filed with the Court and delivered to the attorneys for the
22 Liquidating Trust on or before 60 days after the Effective Date,
23 or they shall be forever barred from asserting such claim against
24 the Estates or the Liquidating Trust, or any of their respective
25 properties.

26 19. The letters from the FTC, the Official Committee of
27 Unsecured Creditors and the Official Borrowers Committee
28 recommending acceptance of the Plan are approved in substantially

1 the form attached hereto as Exhibits "F," "G," and "H,"
2 respectively, and shall be included in the Solicitation Packages.

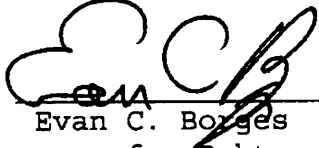
3 20. The failure of the Debtors' Schedules, Disclosure
4 Statement, Summary or Plan to describe or disclose any Disputed
5 Claims, various state and federal law rights, objections, claims,
6 defenses, or causes of action, shall not preclude or estop the
7 Debtors or their successors (including the Liquidating Trust)
8 from asserting such Disputed Claims, various state and federal
9 law rights, objections, claims, defenses, or causes of action
10 against creditors or others after confirmation of the Plan.

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DATED: July 2, 2002

David O. Carter
THE HONORABLE DAVID O. CARTER
UNITED STATES DISTRICT COURT JUDGE

PRESENTED BY:
IRELL & MANELLA LLP

By: 
Evan C. Borges
Attorneys for Debtors and
Debtors-in-Possession