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CLERK, U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION AT SANTA ANA

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CLERK, U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION AT SANTA ANA

BY _____
UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION

Original

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Federal Trade Commission,
Plaintiff,
vs.
First Alliance Mortgage
Company, et al.,
Defendants.

) Case No. SA CV 00-964 DOC ✓
) (MLGx)
) and consolidated actions
)
) Case No. SA CV 01-971 DOC
) (MLGx)
) (consolidated with Case No.
) SA CV 01-1111 DOC
)
) Case No. SA CV 02-417 DOC
) Chapter 11 Case
)
) Case No. SA CV 02-430 DOC
)
) **{PROPOSED} FINAL JUDGMENT AND**
) **ORDER APPROVING CLASS ACTION**
) **SETTLEMENT AND DISMISSING**
) **CLAIMS AGAINST SETTLING**
) **DEFENDANTS**

In re First Alliance Mortgage
Company, a California Company,
et al.,
Related Debtors.

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

And Related Actions

ENTERED
SEP 11 2002
CLERK, U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SANTA ANA OFFICE
BY *mg* DEPUTY

**THIS CONSTITUTES NOTICE OF ENTRY
AS REQUIRED BY FRCP, RULE 77(d).**

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SEP 11 2002

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1 The motion of the Representative Plaintiffs for final
2 approval of the Stipulation of Settlement dated as of February
3 25, 2002 (the "Stipulation of Settlement"), and dismissal of
4 class claims came on regularly for hearing before this Court on
5 September 9, 2002. Appearances of counsel are set out in the
6 transcript of the hearing.

7 After full consideration of the evidence and points and
8 authorities submitted in support of and in opposition to the
9 motion, the oral arguments of counsel, and the pleadings, files,
10 records and proceedings and hearings in this action, IT IS HEREBY
11 ORDERED, ADJUDGED, AND DECREED AS FOLLOWS:

12 1. For the purpose of this Judgment and Order Approving
13 Class Action Settlement and Dismissing Claims Against Settling
14 Defendants ("Judgment"), and except as otherwise stated herein,
15 the Court adopts the definitions set forth in the Stipulation of
16 Settlement. A copy of the Stipulation of Settlement is attached
17 to this Judgment as Exhibit 1.

18 2. This Court has jurisdiction over the subject matter of
19 the Actions, the Settling Parties, and the Class Members.

20 3. The Court finds that the Related Debtors have:
21 (1) caused the form of notice approved by the Court (the
22 "Notice") to be mailed by first-class mail, postage prepaid, to
23 each person known or believed to be a Class Member; (2) taken
24 customary and reasonable steps to obtain new addresses and
25 forward the Notice to all persons with respect to whom the Notice
26 was returned as undeliverable; and (3) caused notice of the
27 settlement to be published once per week in two consecutive weeks
28 in USA Today. The Court further finds that the FTC posted the

1 Notice and the Stipulation of Settlement on its web site and that
2 various states that are parties to the settlement and AARP
3 provided notice of the settlement on their websites. The Court
4 finds that the foregoing procedures fully and accurately informed
5 all Class Members of all material elements of the Actions and the
6 proposed Stipulation of Settlement, constituted the best notice
7 practicable under the circumstances, constituted valid, due, and
8 sufficient notices to all Class Members, and complied fully with
9 the requirements of due process and Rule 23 of the Federal Rules
10 of Civil Procedure.

11 4. In its April 24, 2002 Order Granting Preliminary
12 Approval of Class Action Settlement, Approving Form and Manner of
13 Class Notice, and Scheduling Final Settlement Hearing (the
14 "Preliminary Approval Order"), this Court certified the
15 Representative Plaintiffs' claims against Defendants for class
16 action treatment, pursuant to Rule 23(b)(3) of the Federal Rules
17 of Civil Procedure, for purposes of the settlement, on behalf of
18 a class consisting of all Persons who entered into mortgage loan
19 agreements with the Related Debtors during the period from
20 January 1, 1992 through March 23, 2000; excluding Defendants,
21 their affiliates, any entity in which any of the Defendants has a
22 controlling interest, and the legal representatives, heirs,
23 successors or assigns of any of the foregoing excepted persons
24 and any person who validly and timely opted out of the class (the
25 "Settlement Class"). Based on the evidence and argument
26 presented in connection with the preliminary approval motion and
27 the present motion and the record of this matter, the Court
28

1 hereby reaffirms its findings and conclusions with respect to
2 certification of the Settlement Class.

3 5. Attached to this Judgment as Exhibit 2 is a list of all
4 putative Class Members who opted out of the Settlement Class and
5 who are therefore excluded from the Settlement Class and are not
6 bound by the terms of this Judgment.

7 6. In assessing the propriety of the compromise proposed
8 in the Stipulation of Settlement, the Court has carefully
9 considered and balanced a number of factors, including: the
10 strength of the plaintiffs' case; the risk, expense, complexity,
11 and likely duration of further litigation; the risk of
12 maintaining a class action status throughout the trial; the
13 amount offered in settlement; the extent of discovery completed
14 and the stage of the proceedings; the experience and views of
15 counsel; and the reaction of class members to the settlement.
16 See In re Mego Financial Corp. Securities Litigation, 213 F.3d
17 454, 458 (9th Cir. 2000); Hanlon v. Chrysler Corp., 150 F.3d 1011,
18 1019 (9th Cir. 1998).

19 7. Taking into consideration the factors set forth above,
20 this Court finds that the terms of the settlement as set forth in
21 the Stipulation of Settlement are fair, reasonable, and adequate
22 to the Settlement Class and accordingly approves the Stipulation
23 of Settlement.

24 8. The Court orders the Settling Parties to perform the
25 executory provisions of the Stipulation of Settlement in
26 accordance with its terms.

27
28

1 9. Except as provided in Paragraph 14, below, the Court
2 hereby dismisses the following Actions and all claims made
3 therein with prejudice:

4 a. Frank G. Aiello, et. al. v. First Alliance
5 Mortgage Company, et. al., United States Bankruptcy Court,
6 Central District of California, Adv. No. SA00-01456, now
7 consolidated into No. SA CV 00-964 DOC (Eex);

8 b. Jacqueline Bowser and Irene Huston v. First
9 Alliance Mortgage Co., et al., United States Bankruptcy Court,
10 Central District of California, Adv. No. SA00-01343, now
11 consolidated into No. SA CV 00-964 DOC (Eex);

12 c. Aiello v. First Alliance Corp., et al., United
13 States District Court, Central District of California,
14 consolidated into SA CV 00-964 DOC (Eex);

15 d. American Association of Retired Persons (AARP) v.
16 First Alliance Mortgage Company, et al. Case No. SA CV 02-268
17 AHS, now consolidated with SA CV 00-964 DOC;

18 e. Ida M. Forrest v. First Alliance Mortgage Co., et
19 al., Case No. CV 02-2362 DDP, now consolidated with SA CV 00-964
20 DOC; and

21 f. Frank and Nicolena Aiello, et al. v. BNY Western
22 Trust Company, et al., United States District Court, Central
23 District of California, Case No. SA CV02-52 DOC.

24 10. The Court orders the Plaintiffs, including members of
25 the Class, to file with this Court dismissals with prejudice of
26 all claims against the Related Debtors, the Individual
27 Defendants, the Mortgage Loan Trusts, the Trustees, MBIA, and FSA
28 in all actions and claims pending in this Court, brought by non-

1 governmental Plaintiffs, arising out of the business of the
2 Related Debtors, including, but not limited to, claims asserted
3 in the following:

- 4 a. Creditors Committee and Borrowers Committee v.
5 Brian Chisick, et al., Case No. SA CV 02-430 DOC; and
6 b. Bohnsack, et al. v. Lehman Brothers, Inc. et al.,
7 Case No. SA CV 02-1214 DOC.

8 11. As to Defendants Nebot and Bollong only, the Court
9 hereby dismisses without prejudice the complaint in intervention
10 in connection with Department of Legal Affairs, Office of the
11 Attorney General, State of Florida v. First Alliance Mortgage
12 Company, United States District Court for the Central District of
13 California in Case No. SA CV 00-964 DOC (Eex)).

14 12. The Related Debtors, the Individual Defendants, the
15 Mortgage Loan Trusts, the Trustees, MBIA, and FSA, and all claims
16 against any of them are dismissed with prejudice from the
17 actions styled Official Joint Borrowers Committee v. Lehman
18 Commercial Credit, Inc., et al., United States District Court,
19 Central District of California, Case No. SA CV 01-1111 DOC, now
20 consolidated into action SA CV 01-971 DOC, and Michael and
21 Barbara Austin, et al. v. Brian Chisick, et al., formerly styled
22 as Frank and Nicolena Aiello, et al. v. Brian Chisick, et al.,
23 United States District Court, Central District of California,
24 Case No. SA CV 01-971 DOC.

25 13. Except as provided in Paragraph 14, below, the
26 Plaintiffs, including without limitation any member of the
27 Settlement Class, are ordered to dismiss on the Effective Date

28

1 all other Actions pending before other Courts and all other cases
2 or proceedings against the Settling Defendants in which claims
3 covered by the releases herein are being asserted.

4 14. The dismissals referenced in paragraphs 9, 10, and 12,
5 above, do not apply to and shall not affect: (i) the joint proof
6 of claim referenced in Paragraph 2.6 of the Stipulation of
7 Settlement, which the Court orders to be treated in accordance
8 with that paragraph and in accordance with the confirmed
9 Liquidating Plan, or (ii) the actions and proofs of claim filed
10 by the FTC and the State Attorneys General, which are finally
11 resolved by entry of the following Consent Decrees: (a) the
12 Court's April 25, 2002 Order Preliminarily Approving Stipulated
13 Final Judgment, Permanent Injunction and Monetary Settlement
14 entered in the United States District Court, Central District of
15 California, consolidated Case No. SA CV 00-964 DOC; (b) the
16 Court's April 25, 2002 Permanent Injunction and Order by
17 Stipulation Between the Plaintiffs, the People of the States of
18 California, Florida, Illinois, the Commonwealth of Massachusetts
19 and the New York State Banking department, and the defendants,
20 Brian and Sarah Chisick entered in the United States District
21 Court, Central District of California Case No. SA CV 00-964;
22 and (c) the Court's April 25, 2002 Permanent Injunction and Order
23 By Stipulation between the Plaintiffs, the People of the State of
24 California, Arizona, Florida, and Illinois, the Commonwealth of
25 Massachusetts, and the New York State Banking Department, and the

1 Defendants, Jeffrey Smith, Patty Sullivan, and Salah Bastawy
2 entered in the United States District Court, Central District of
3 California Case No. SA CV 00-964.

4 15. The payment of fees and costs to Plaintiffs' Counsel,
5 as well as any awards to the Representative and Private Attorney
6 General Plaintiffs, will be addressed in a separate order.
7

8 16. Except as provided in paragraph 24 below, upon the
9 Effective Date, the Plaintiffs and their Related Persons
10 (excluding the Commonwealth of Massachusetts, as more fully set
11 forth at paragraph 4.3 of the Stipulation of Settlement)
12 conclusively are deemed to have, and each member of the
13 Settlement Class and their Related Persons conclusively are
14 deemed to have, and by operation of this Judgment shall have,
15 fully, finally, and forever relieved, released, and discharged
16 the Defendants, the family members of Brian and Sarah Chisick and
17 all entities controlled by them (now or in the past), the
18 Trustees, MBIA, FSA, and any other insurer of the Mortgage Loan
19 Trusts (or any of the securities issued by any of the Mortgage
20 Loan Trusts) and all of its, his, her, or their Related Persons
21 from the Specifically Released Claims.

22 17. Except as provided in paragraph 24 below, upon the
23 Effective Date, the Defendants and their Related Persons
24 conclusively are deemed to have, and by operation of this judgment
25 shall have, fully, finally, and forever relieved, released, and
26 discharged the Plaintiffs and their Related Persons (excluding
27 the Commonwealth of Massachusetts), the members of the Official
28 Creditors' Committee, the professionals of the Official

1 Creditors' Committee, members of the Borrowers' Committee, and
2 the professionals of the Official Borrowers' Committee, and all
3 of its, his, her, or their Related Persons from any claims,
4 including Unknown Claims, arising out of or related in any manner
5 to the filing of claims or Actions against them so that no such
6 claims against these releasees arising out of or related to their
7 conduct in the Actions shall survive; provided, however, that
8 neither the Plaintiffs nor their Related Persons are released
9 from any of their respective obligations on loans originated by
10 Related Debtors.

11
12 18. Except as provided in paragraph 24 below, upon the
13 Effective Date, the Related Debtors conclusively are deemed to
14 have, and by operation of this Judgment shall have, fully,
15 finally, and forever relieved, released, and discharged Brian and
16 Sarah Chisick, the family members of Brian and Sarah Chisick and
17 all entities controlled by them (now or in the past), the
18 Trustees, the Individual Defendants, all of Related Debtors'
19 current and former officers, directors and employees, MBIA and
20 FSA and all of their Related Persons from the Generally Released
21 Claims, and Related Debtors conclusively are deemed to have
22 released any claims against Plaintiffs arising out of the Prior
23 Borrower Settlements.

24
25 19. Except as provided in paragraph 24 below, upon the
26 Effective Date, Brian and Sarah Chisick conclusively are deemed
27 to have, and by operation of this Judgment shall have, fully,
28

1 finally, and forever relieved, released, and discharged the
2 Related Debtors, the Individual Defendants and their respective
3 Related Persons from the Generally Released Claims; the
4 Individual Defendants (other than Brian and Sarah Chisick) are
5 conclusively deemed to have fully, finally, and forever relieved,
6 released, and discharged Brian and Sarah Chisick and their
7 respective Related Persons from the Generally Released Claims;
8 and Jeffrey Smith and Francisco Nebot are conclusively deemed to
9 have fully, finally, and forever relieved, released, and
10 discharged Related Debtors and their respective Related Persons
11 from the Generally Released Claims.
12

13
14 20. Except as provided in paragraph 24 below, upon the
15 Effective Date, MBIA and FSA conclusively are deemed to have,
16 and by operation of this Judgment shall have, fully, finally, and
17 forever relieved, released, and discharged the Related Debtors
18 and Plaintiffs and each of its, his, her, or their Related
19 Persons from any claims for malicious prosecution, abuse of
20 process, or similar torts arising out of or related to the filing
21 of claims against their insureds, so that no such claims against
22 these releasees arising out of or related to their conduct in the
23 Actions shall survive.
24

25
26 21. Except as provided in paragraph 24 below, upon the
27 Effective Date, Brian and Sarah Chisick and MBIA conclusively
28 are deemed to have, and by operation of this Judgment shall have,
released any and all claims each may have against the others

1 relating to the business of the Related Debtors; provided,
2 however, that nothing herein shall affect, alter or amend the
3 terms of the transaction documents relating to the MBIA insured
4 Mortgage Loan Trusts or otherwise affect the rights of the
5 Residual Certificateholder under the transaction documents.
6 Brian and Sarah Chisick also are conclusively deemed to have
7 released the indemnification claim asserted against the Trustees
8 and the Mortgage Loan Trusts as to monies paid pursuant to the
9 Stipulation of Settlement and fees and costs incurred in
10 litigating the Actions.

11 22. Upon the Effective Date, the Plaintiffs conclusively
12 are deemed to have, and each member of the Settlement Class shall
13 be deemed to have, and by operation of this Judgment shall have,
14 expressly waived and released claims for rescission or
15 reformation of any loan originated by the Related Debtors.

16 23. Except as provided in paragraph 24 below, and to give
17 effect to the doctrines of res judicata and claim preclusion,
18 each member of the Settlement Class, including without limitation
19 the Representative Plaintiffs, are barred and enjoined from
20 asserting or prosecuting in any forum, any claim or cause of
21 action which has been, can be, or hereafter could be asserted
22 against the Defendants arising from, relating to, or in
23 consequence of (a) any loan they obtained from any of the Related
24 Debtors or (b) any and all matters which have been or might have
25 been asserted by the Representative Plaintiffs and/or the
26 Settlement Class against any of the Defendants in any of the
27 Actions. In addition, except as otherwise provided herein,
28 following the Effective Date the Plaintiffs shall forever refrain

1 and forbear from commencing, instituting, and/or prosecuting any
2 lawsuit, action, and/or other proceeding and/or making any claim
3 against any Person receiving a release from Plaintiffs hereunder,
4 based upon or arising out of or related to any claim released by
5 this Judgment.

6 24. The releases and bars set forth in Paragraphs 16
7 through 23 above shall not be construed to apply to any of the
8 following:

9 A. Any claim by or against any Class Member who has
10 validly and timely excluded himself or herself from the
11 Settlement Class;

12 B. Any obligation under the Stipulation of Settlement,
13 any obligation under the Supplemental Agreement, or any
14 obligation under the Consent Decrees;

15 C. Any claim by any of the Plaintiffs against Lehman,
16 Prudential and First Union.

17 25. Nothing in this Judgment shall be deemed to affect the
18 rights of the Settling Parties to object to claims for payment
19 from the Related Debtors' Bankruptcy Estates.

20 26. Without in any way affecting the finality of this
21 Judgment, this Court reserves exclusive and continuing
22 jurisdiction over the Actions, the Released Claims, the
23 Plaintiffs and all of the other Settling Parties for the purposes
24 of (i) supervising the implementation, enforcement, construction,
25 and interpretation of the Stipulation of Settlement, the Notice,
26 the Releases, the Preliminary Approval Order, and this Judgment;
27 (ii) enforcing the compliance of any party with the terms of the
28 Stipulation of Settlement, the Releases, the Preliminary Approval

1 Order, and this Judgment; (iii) hearing and determining any
2 application by Plaintiffs' counsel for an award of attorneys'
3 fees, expenses, and costs pursuant to Paragraph 6 of the
4 Stipulation of Settlement; (iv) supervising the administration of
5 the settlement; (v) requiring the filing of dismissals in the
6 Actions and other cases not pending before this Court as
7 necessary to effectuate the settlement; and (vi) supervising
8 other steps as required to effectuate the settlement as provided
9 for in the Stipulation of Settlement.

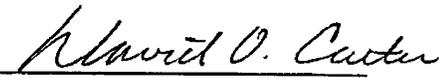
10 27. Neither this Judgment nor the Stipulation of
11 Settlement shall constitute an admission by the Defendants of any
12 liability or wrongdoing whatsoever, nor is this Judgment a
13 finding of the validity or invalidity of any claims in the
14 Actions or a finding of any wrongdoing by the Defendants.
15 Neither this Judgment nor the Stipulation of Settlement shall be
16 used or construed as an admission, concession, or presumption or
17 inference of any fault, liability, or wrongdoing by any Person.
18 No aspect of this settlement including without limitation this
19 Judgment, the Stipulation of Settlement, the fact of settlement,
20 the settlement proceedings, the settlement negotiations, and any
21 related document, shall be offered or received in evidence as an
22 admission, concession, or presumption or inference against any
23 party in any proceeding other than (i) in such proceedings as may
24 be necessary to consummate or enforce the Stipulation of
25 Settlement, ii) in any subsequent action against or by the
26 Released Persons, or any of them, to support a defense of res
27 judicata, collateral estoppel, release, or other theory of claim
28 preclusion, issue preclusion, or similar defense or (iii) in any

1 action against any Non-Settling Defendants arising from the
2 Related Debtors' business practices, to support an affirmative
3 defense of offset to the extent appropriate under the order
4 barring the assertion of contribution- and indemnity-type claims
5 by the Non-Settling Defendants.

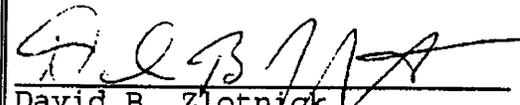
6 28. This Court determines that there is no just
7 reason for delay of the entry of this Judgment because inter
8 alia, (i) this Judgment fully disposes of the claims of the
9 Plaintiffs against the Settling Defendants, (ii) any factual or
10 legal issues raised on possible appeal from this Judgment would
11 likely be different from those remaining in the case by the
12 Plaintiffs against the Non-Settling Defendants, and
13 (iii) Plaintiffs and the Settling Defendants would be harshly and
14 unjustly prejudiced should this Judgment not be entered
15 forthwith.

16 Accordingly, the Court hereby directs entry of this Judgment
17 and Order Approving Class Action Settlement and Dismissing Claims
18 Against Settling Defendants pursuant to Rule 54(b) of the Federal
19 Rules of Civil Procedure.

20
21 Dated: September 9, 2002


Hon. David O. Carter
United States District Judge

22
23
24 Submitted by:

25 
26 David B. Zlotnick
27 Class Co-Lead Counsel

28

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6 Alliance Mortgage Company, et al.

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12 Attorneys for Plaintiff
13 Federal Trade Commission

14 [Additional counsel on attached page]

15 UNITED STATES DISTRICT COURT
16 FOR THE CENTRAL DISTRICT OF CALIFORNIA
17 SOUTHERN DIVISION

18 In re First Alliance Mortgage) Case No. SA CV 00-964 DOC (EEx)
19 Company, a California)
corporation; First Alliance)
20 Corporation, a Delaware)
corporation; First Alliance)
21 Mortgage Company, a Minnesota)
corporation; and First Alliance)
22 Portfolio Services, Inc., a)
Nevada Corporation,)

STIPULATION OF SETTLEMENT

23 Debtors.)
24 _____)
Federal Trade Commission,)
25)
26 Plaintiff,)
v.)
27 First Alliance Mortgage)
Company, et al.,)
28)
Defendants.)

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12 Attorneys for Plaintiff
13 Federal Trade Commission

14 [Additional counsel on attached page]

15 UNITED STATES DISTRICT COURT
16 FOR THE CENTRAL DISTRICT OF CALIFORNIA
17 SOUTHERN DIVISION

18 In re First Alliance Mortgage) Case No. SA CV 00-964 DOC (EEx)
19 Company, a California)
corporation; First Alliance)
20 Corporation, a Delaware)
corporation; First Alliance)
21 Mortgage Company, a Minnesota)
corporation; and First Alliance)
22 Portfolio Services, Inc., a)
Nevada Corporation,)

STIPULATION OF SETTLEMENT

23)
Debtors.)
24)
Federal Trade Commission,)
25)
Plaintiff,)
26 v.)
27 First Alliance Mortgage)
Company, et al.,)
28)
Defendants.)

1 _____)
 2 State of Arizona; State of)
 3 California; State of Florida;)
 4 State of Illinois; Commonwealth)
 5 of Massachusetts; and State of)
 6 New York,)
 7 Plaintiffs,)
 8 v.)
 9)
 10 First Alliance Mortgage)
 11 Company, et al.,)
 12 Defendants.)
 13)
 14 Frank and Nicolena Aiello,)
 15 et al.,)
 16 Plaintiffs,)
 17 v.)
 18)
 19 First Alliance Mortgage)
 20 Company, et al.,)
 21 Defendants.)
 22)
 23 Frank and Nicolena Aiello, et)
 24 al.,)
 25 Plaintiffs,)
 26 v.)
 27)
 28 Brian Chisick, et al.,)
 Defendants.)
)
 Frank and Nicolena Aiello, et)
 al.,)
 Plaintiffs,)
 v.)
)
 BNY Western Trust Co., et al.,)
 Defendants.)
)
 Official Joint Borrowers)
 Committee,)
 Plaintiff,)
 v.)
)
 Lehman Commercial Credit, Inc.,)
 et al.,)
 Defendants.)
 _____)

Case No. SA CV 01-971 DOC
 (formerly filed in the United
 States Bankruptcy Court,
 Central District of California,
 Adversary Case No. AD 01-01463
 LR)

Case No. SA CV 02-52 DOC

Case No. SA CV 01-1111 DOC

1 This Stipulation of Settlement dated as of February 25, 2002
2 (the "Stipulation"), is made and entered into by and among the
3 parties to this Stipulation, by and through their counsel of
4 record as necessary: (i) the Representative Plaintiffs (on behalf
5 of themselves and each of the Class Members); (ii) AARP; (iii)
6 Velda Durney; (iv) Ida M. Forrest; (v) Henry M. Hong; (vi) Carol
7 J. Hong; (vii) Mary Ryan; (viii) Lucretia Wilder; (ix) Fred L.
8 Passmore; (x) Julia G. Passmore; (xi) Geneva A. Spires; (xii)
9 George Jerolemon; (xiii) Michael Austin; (xiv) Barbara Austin;
10 (xv) the Official Joint Borrowers' Committee; (xvi) the FTC;
11 (xvii) the State Attorneys General; (xviii) the Related Debtors;
12 (xix) the Individual Defendants; (xx) the Mortgage Loan Trusts;
13 (xxi) the Trustees; (xxii) MBIA; and (xxiii) FSA.

14 All parties to this Stipulation are referred to collectively
15 in this Stipulation as the "Settling Parties."

16 The Stipulation, the Supplemental Agreement and the Consent
17 Decrees are intended by the Settling Parties to fully, finally
18 and forever resolve, discharge and settle the Released Claims (as
19 defined in ¶ 1.46 hereof), upon and subject to the terms and
20 conditions hereof.

21 I. THE LITIGATION AND RELATED PROCEEDINGS

22 On March 23, 2000, the Related Debtors filed their Chapter
23 11 petitions in the United States Bankruptcy Court for the
24 Central District of California, Southern Division, initiating
25 their Chapter 11 cases.

26 Beginning in approximately 1996 and continuing after the
27 date on which the Related Debtors filed their bankruptcy
28 petitions, the Related Debtors and certain of the Individual

1 Defendants were named as defendants in a number of lawsuits
2 brought by borrowers, private parties, and governmental agencies
3 alleging causes of action under state and federal law based on
4 the nature of the Related Debtors' business, sales, advertising,
5 and lending practices, including without limitation allegations
6 concerning the terms of the borrowers' loans, alleged
7 misrepresentations made in connection with those loans, and
8 alleged misconduct inducing borrowers to enter into the loans.

9 Each of the Plaintiffs except the Official Joint Borrowers'
10 Committee has filed a proof of claim in the Related Debtors'
11 bankruptcy cases, either on their own behalf, through
12 representative counsel, or both. Approximately 2000 individual
13 borrowers filed proofs of claim in the Related Debtors'
14 bankruptcy cases. In addition, each of the Representative
15 Plaintiffs has filed individual and class action proofs of claim
16 in the Related Debtors' bankruptcy cases on behalf of themselves
17 and similarly situated borrowers. AARP filed a non-class proof
18 of claim on behalf of the general public under sections 17200, et
19 seq., of the California Business and Professions Code (the
20 "UCL"), and the California Six filed individual and non-class
21 proofs of claim on behalf of the general public under the UCL.
22 Finally, each of the governmental entities has filed a proof of
23 claim.

24 On or about September 28, 2001, the Hon. David O. Carter,
25 United States District Court Judge, entered an order that, among
26 other things, certified a no-opt-out class action pursuant to
27 Rule 23(b)(1) of the Federal Rules of Civil Procedure in Frank G.

28

1 *Aiello v. First Alliance Mortgage Corporation*, identified fully
2 below.

3 In late 2001, certain of the Representative Plaintiffs and
4 the Borrowers' Committee commenced actions against Lehman seeking
5 damages based on state and federal law and seeking to equitably
6 subordinate Lehman's claims against the Related Debtors.

7 On or about February 8th, 2002, eight individual FAMCO
8 borrowers filed a class action complaint in the United States
9 District Court for the Central District of California, captioned
10 *Frances M. Bohnsack, et al. v. Lehman Brothers Incorporated, et*
11 *al.*, Case No. 02-CV-1214. The plaintiffs assert the right to
12 serve as named representatives of the putative class action --
13 they are all members of the presently certified no opt-out class,
14 and will all be Class Members hereunder if they do not timely and
15 validly opt out of the Class. The named defendants are Lehman,
16 Prudential, and First Union and certain of the Trustees (Bank of
17 New York, Chase Manhattan Bank, and Wells Fargo Bank). The
18 complaint seeks damages and certain equitable relief based on
19 federal and state law.

20 To the extent the above-described actions or proofs of claim
21 were filed in Bankruptcy Court, Judge Carter has withdrawn the
22 reference for those actions and proofs of claim. Each of the
23 above described actions is now pending in the District Court,
24 Central District of California, Southern Division, Judge Carter
25 presiding.

26 **II. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

27 The Defendants have denied and continue to deny each and all
28 of the claims and contentions alleged by the Plaintiffs in the

1 Actions. The Defendants expressly have denied and continue to
2 deny all charges of wrongdoing or liability against them arising
3 out of or related to any of the conduct, statements, acts or
4 omissions alleged, or that could have been alleged, in the
5 Actions. The Defendants also have denied and continue to deny,
6 *inter alia*, the allegations that the Plaintiffs (including
7 without limitation any of members of the Class) have suffered
8 damage or were harmed by the conduct alleged in the Actions.

9 Nonetheless, the Related Debtors and their counsel have
10 concluded that further conduct of litigation would be protracted
11 and expensive and would not be in the best interest of the
12 Estates, and that it is desirable that the Actions be fully and
13 finally settled between the Settling Parties in the manner and
14 upon the terms and conditions set forth in this Stipulation. The
15 other Defendants have also concluded that further conduct of
16 litigation would not be in their best interests and that it is
17 desirable to settle the Actions on the terms and conditions set
18 forth herein.

19 **III. CLAIMS OF THE PLAINTIFFS AND BENEFITS OF SETTLEMENT**

20 The Plaintiffs have contended and continue to contend that
21 the claims asserted in the Actions have merit and that the value
22 of their claims substantially exceeds the amounts in the Related
23 Debtors Estates and the amounts being provided in this
24 settlement. However, Plaintiffs and their counsel recognize and
25 acknowledge the expense and length of continued proceedings
26 necessary to prosecute the Actions against the Defendants through
27 trial and through appeals and are concerned that further
28 prosecution of these actions could deplete the Estates to the

1 detriment of the Plaintiffs. Plaintiffs and their counsel also
2 have taken into account the uncertain outcome and the risk of any
3 litigation, especially in complex actions such as the Actions,
4 the possibility that the Plaintiffs, including the Class, would
5 be unable to collect all or part of any judgment, as well as the
6 difficulties and delays inherent in such litigation. Counsel for
7 the Plaintiffs also are mindful of the burdens of proof under and
8 possible defenses to the violations asserted in the Actions.
9 Counsel for the Representative Plaintiffs believe that the
10 settlement set forth in this Stipulation confers substantial
11 benefits upon and is in the best interests of the Class.

12 **IV. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT**

13 NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and
14 among the Plaintiffs, on one hand, and the Defendants, on the
15 other, on their own behalf or by and through their respective
16 counsel or attorneys of record, that, subject to the approval of
17 the Court, the Actions as to the Settling Parties, and the
18 Released Claims shall be finally compromised, settled and
19 released, and, with the exception of the actions brought by the
20 FTC and the State Attorneys General (which shall be resolved by
21 entry of the Consent Decrees against certain of the Defendants),
22 the Actions shall be dismissed with prejudice, as to all Settling
23 Parties, upon and subject to the terms and conditions of this
24 Stipulation, as follows.

25 **1. Definitions**

26 As used in the Stipulation the following terms have the
27 meanings specified below:
28

1 1.1 "AARP" means AARP, formerly known as the American
2 Association of Retired Persons.

3 1.2 "Actions" means the following actions, cases eventually
4 consolidated into one of the following actions, or proofs of
5 claim filed by any claimant, including but not limited to any and
6 all complaints, counterclaims, cross-claims, third party
7 complaints or other claims for relief filed in the following
8 actions and any currently pending appeals taken from orders in
9 those actions, which are identified below by the jurisdiction in
10 which such action, case, or claim originally was filed:

11 (a) *American Association of Retired Persons (AARP) v.*
12 *First Alliance Mortgage Company*, Superior Court of the State of
13 California for the County of Santa Clara, Case No. CV 778453;

14 (b) *Velda Durney v. First Alliance Mortgage Company*,
15 Superior Court of the State of California for the County of Santa
16 Clara, Case No. CV 765935;

17 (c) *Ida M. Forrest v. First Alliance Mortgage Company*,
18 Superior Court of the State of California for the County of
19 Alameda, Case No. 799294-0 [Cross-Complaint];

20 (d) *Henry M. Hong and Carol J. Hong v. First Alliance*
21 *Mortgage Company*, Superior Court of the State of California for
22 the County of Alameda, Case No. 784938-3;

23 (e) *Mary Ryan v. First Alliance Mortgage Company*,
24 Superior Court of the State of California for the County of Santa
25 Clara, Case No. CV 759815;

26 (f) *Lucretia Wilder v. First Alliance Mortgage*
27 *Company*, Superior Court of the State of California for the County
28 of Santa Clara, Case No CV 760638;

1 (g) *Fred L. Passmore and Julia G. Passmore v. First*
2 *Alliance Mortgage Company*, Superior Court of the State of
3 California for the County of Alameda, Case No. 823272-8;

4 (h) *Geneva A. Spires v. First Alliance Mortgage*
5 *Company*, Superior Court of the State of California for the County
6 of Alameda, Case No. 807253-5;

7 (i) *Frank G. Aiello, et. al. v. First Alliance*
8 *Mortgage Company, et. al.*, United States Bankruptcy Court,
9 Central District of California, Adv. No. SA00-01456, now
10 consolidated into No. SA CV 00-964 DOC (Eex);

11 (j) *Jacqueline Bowser and Irene Huston v. First*
12 *Alliance Mortgage Co., et al.*, United States Bankruptcy Court,
13 Central District of California, Adv. No. SA00-01343, now
14 consolidated into No. SA CV 00-964 DOC (Eex);

15 (k) *Commonwealth of Massachusetts v. First Alliance*
16 *Mortgage Company*, Superior Court for Suffolk County of the
17 Commonwealth of Massachusetts, Civil Action No. 98-5534-A;

18 (l) *Federal Trade Commission v. First Alliance*
19 *Mortgage Company, et al.*, United States District Court for the
20 Central District of California, Case No. SA CV 00-964-DOC;

21 (m) *The People of the State of California v. First*
22 *Alliance Mortgage Company, et al.*, Superior Court of the State of
23 California for the County of Los Angeles, Case No. BC 252112 (now
24 consolidated, after dismissal in state court and refileing in the
25 United States District Court for the Central District of
26 California, into Case No. SA CV 00-964 DOC (Eex));

27 (n) *Department of Legal Affairs, Office of the*
28 *Attorney General, State of Florida v. First Alliance Mortgage*

1 Company, Circuit Court of the 17th Judicial Circuit, in and for
2 Broward County, Florida, Case No. 21000009116 (a complaint in
3 intervention has been filed in the United States District Court
4 for the Central District of California in Case No. SA CV 00-964
5 DOC (Eex));

6 (o) *People of the State of Illinois v. First Alliance*
7 *Mortgage Company*, Circuit Court of Cook County, Illinois, County
8 Department, Chancery Division, Case No. 98CH16598 (now
9 consolidated, after entry of a stay and refileing in the United
10 States District Court for the Central District of California,
11 into Case No. SA CV 00-964 DOC (Eex));

12 (p) Third Amended Proof of Claim filed by the State
13 Attorney General of Arizona against First Alliance Mortgage
14 Company, et al. in the United States Bankruptcy Court for the
15 Central District of California;

16 (q) Proof of Claim filed by the New York State Banking
17 Department against First Alliance Mortgage Company in the United
18 States Bankruptcy Court for the Central District of California;

19 (r) *Frank and Nicolena Aiello, et al. v. Brian*
20 *Chisick, et al.*, United States District Court, Central District
21 of California, Case No. SA CV 01-971 DOC (formerly filed in the
22 United States Bankruptcy Court, Central District of California,
23 Adversary Case No. AD 01-01463 LR);

24 (s) *Official Joint Borrowers Committee v. Lehman*
25 *Commercial Credit, Inc., et al.*, United States District Court,
26 Central District of California, Case No. SA CV 01-1111 DOC
27 (formerly filed in the United States Bankruptcy Court, Central
28 District of California, Adversary Case No. AD 1647 LR); and

1 (t) Frank and Nicolena Aiello, et al. v. BNY Western
2 Trust Company, et al., United States District Court, Central
3 District of California, Case No. SA CV02-52 DOC.

4 1.3 "Administrative Expenses" means expenses, other than
5 Professional Fees, that are determined and allowed in the Related
6 Debtors' Estates under Section 503(b) of the Bankruptcy Code, 11
7 U.S.C. § 503(b), and paid pursuant to the confirmed Plan of
8 Liquidation and Section 1129 of the Bankruptcy Code, 11 U.S.C. §
9 1129.

10 1.4 "Bar Order" means, collectively, an order, after
11 hearing and notice to all Non-Settling Defendants in all actions
12 arising out of or related to the business of the Related Debtors,
13 and all parties who have submitted a proof of claim in the
14 Related Debtors' bankruptcy proceedings, and such other Persons
15 as to whom Defendants or the Court deem notice is necessary and
16 appropriate, in form and substance satisfactory to Coordinated
17 Plaintiffs and Defendants: (a) dismissing all pending claims
18 brought by Non-Settling Defendants against the Defendants, and
19 further providing, (b) that, for all Defendants the settlement is
20 in "good faith" within the meaning of Section 877.6 of the
21 California Code of Civil Procedure ("Section 877.6"); and (c)
22 that, pursuant to each of Section 877.6, 11 U.S.C. § 105, and
23 Federal Rule of Civil Procedure 16, all Persons receiving notice,
24 including without limitation the Non-Settling Defendants, are
25 barred from asserting any claims or demands against the
26 Defendants to recover losses or attorneys fees in litigation
27 arising out of or related to the business of Related Debtors,
28 whether such claims or demands are denominated as fraud claims,

1 indemnity claims, contribution claims, state or federal
2 Racketeering Influenced and Corrupt Organization (RICO) claims,
3 state common law claims, state statutory law claims, federal
4 statutory law claims, breach of representation and warranty
5 claims, or otherwise.

6 1.5 "California Six" means Velda Durney, Lucrecia Wilder,
7 Mary Ryan, Ida Mae Forrest, and Carol and Henry Hong.

8 1.6 "Chisick Shares" means shares in the Related Debtors
9 held directly or indirectly by or for the benefit of Brian and
10 Sarah Chisick and/or members of their family (in whatever form
11 they are held), including but not limited to shares held by
12 trusts in which Brian or Sarah Chisick are beneficiary or
13 trustee, or held directly or indirectly by any other heirs,
14 representatives or Related Persons.

15 1.7 "Class" means a class certified by the Court consisting
16 of all Persons who entered into mortgage loan agreements with the
17 Related Debtors during the period January 1, 1992 through
18 March 23, 2000.

19 1.8 "Class Period" means the period commencing on
20 January 1, 1992, through March 23, 2000.

21 1.9 "Class Member" or "Member of the Class" means a Person
22 who falls within the definition of the Class described in ¶ 1.7
23 hereof who does not validly and timely request exclusion from the
24 Class.

25 1.10 "Coordinated Plaintiffs" means AARP, the California
26 Six, Representative Plaintiffs, the Official Joint Borrowers'
27 Committee, the FTC, and the State Attorneys General.

28

1 1.11 "Confirmation Order" means the order of the United
2 States District Court confirming the Related Debtors' Liquidating
3 Plan pursuant to Section 1129 of the Bankruptcy Code,
4 11 U.S.C. § 1129.

5 1.12 "Consent Decrees" means the stipulated final judgments
6 to be entered into by the FTC and certain of the Defendants and
7 the State Attorneys General and certain of the Defendants.

8 1.13 "Defendants" means the Related Debtors, the Individual
9 Defendants, the Mortgage Loan Trusts, the Trustees, MBIA, FSA,
10 and Wells Fargo Bank, N.A.

11 1.14 "Effective Date" shall be the first business day after
12 the expiration of five (5) calendar days following the occurrence
13 of the last of the conditions set forth in ¶ 7.1 of this
14 Stipulation.

15 1.15 "Employee Claims" means any allowed priority claim by
16 any employee of Related Debtors, other than Brian and Sarah
17 Chisick, for payment of wages, salary, benefits, bonus, pension,
18 or other compensation, as determined and allowed pursuant to
19 Section 507(a)(3) and (a)(4) of the Bankruptcy Code, 11 U.S.C. §
20 507(a)(3) and (a)(4), and paid pursuant to the confirmed
21 Liquidating Plan and Section 1129 of the Bankruptcy Code, 11
22 U.S.C. § 1129.

23 1.16 "Estates" shall mean the Related Debtors' legal and
24 equitable interests in property as defined under Section
25 541(a)(1) of the Bankruptcy Code, 11 U.S.C. § 541(a)(1).

26 1.17 "FACO" means First Alliance Corporation, a Delaware
27 Corporation.

28

1 1.18 "FACO Shares" means outstanding shares of FACO,
2 excluding the Chisick Shares and shares held by or for the
3 benefit of other Individual Defendants, directly or indirectly,
4 and by or for the benefit of members of their families and their
5 Related Persons (in whatever form they are held).

6 1.19 "Final" means: the later of (i) the date of final
7 affirmance on an appeal of a judgment or order, the expiration of
8 the time for a petition for or a denial of a writ of certiorari
9 to review a judgment or order and, if certiorari is granted, the
10 date of final affirmance of a judgment or order following review
11 pursuant to that grant; or (ii) the date of final dismissal of
12 any appeal from a judgment or order or the final dismissal of any
13 proceeding on certiorari to review a judgment or order; or
14 (iii) if no appeal is filed, the expiration date of the time for
15 the filing or noticing of any appeal from a judgment or order.

16 1.20 "First Union" means First Union National Bank and its
17 parents, subsidiaries, affiliated, and related companies.

18 1.21 "FSA" means Financial Security Assurance, Inc., and its
19 parents, subsidiaries and affiliates.

20 1.22 "FTC" means the Federal Trade Commission.

21 1.23 "Generally Released Claims" means, collectively, any
22 and all lawsuits, actions, causes of action, debts, obligations,
23 promises, guarantees, agreements, contracts, rights of
24 contribution and/or indemnification, claims, liabilities and/or
25 demands, of whatever kind or nature, whether known or unknown,
26 fixed or contingent, liquidated or unliquidated, suspected or
27 unsuspected, at law or equity, under any theory of law or equity
28 including under the Bankruptcy Code or any theory of fraudulent

1 conveyance or preference, in an individual or representative
2 capacity, on behalf of itself, a class or the public, including
3 without limitation under a statutory, contract or tort theory,
4 for declaratory relief, for intentional, fraudulent, negligent or
5 other wrongdoing, for bad faith or unfair business practices or
6 any other similar or dissimilar tort, or for compensatory,
7 consequential, punitive or exemplary damages or any damages or
8 penalties whatsoever, for specific performance, injunctive or
9 declaratory relief, or any relief whatsoever, under the laws,
10 rules and/or regulations or otherwise of any jurisdiction, court,
11 body or tribunal or otherwise of any sort or kind whatsoever,
12 whether in the United States of America, whether federal or state
13 or otherwise, and/or any other foreign jurisdiction. Generally
14 Released Claims expressly include Unknown Claims of the kind or
15 nature set out in this Paragraph.

16 1.24 "Individual Defendants" means Brian Chisick; Sarah
17 Chisick; Patricia G. Sullivan; Jeffrey Smith; Salah Bastawy;
18 Francisco Nebot; Bruce Bollong; Todd Feldman; Jeffrey Phillips;
19 Scott Gardner; Diane Clark West; Vanita Cillo; David Sproul; Ted
20 Kegel; Howard Coleman; Chris Jensen; Tom Neate; Kelly Lee; Joe
21 O'Laughlin; Steven Graber; Don Terry; Mitchell C. Horwitz; Mark
22 Mason; Albert Lord; George Gibbs; and, Merrill Butler.

23 1.25 "Judgment" means a judgment in a form acceptable to the
24 Settling Parties certified to be final pursuant to Rule 54 of the
25 Federal Rules of Civil Procedure.

26 1.26 "Lehman" means Lehman Commercial Paper, Inc., Lehman
27 Brothers, Inc., and their parents, affiliates, and subsidiaries.

28

1 1.27 "Liquidating Plan" means the Chapter 11 liquidating
2 plan of reorganization to be filed by the Related Debtors
3 consistent with the terms of this Stipulation as confirmed by the
4 Court.

5 1.28 "Liquidating Trust Fund" means that fund to be created
6 by Related Debtors as part of their Liquidating Plan into which
7 Related Debtors shall place on the Effective Date (1) any
8 unliquidated assets that cannot be distributed in cash to the
9 Redress Fund, (2) any mortgage loans owned by the Debtors whether
10 or not subject to a secured claim in favor of Lehman, (3) an
11 amount of cash equal to the distribution payable under the
12 confirmed Liquidating Plan to the holders of claims not paid on
13 the Effective Date to the extent they are later allowed of (a)
14 Other Creditors; (b) Professional Fees; (c) Administrative
15 Expenses; (d) Employee Claims, (e) anticipated future
16 Administrative Expenses and Professional Fees, as approved by the
17 Court; and, (f) the reserve required by the Supplemental
18 Agreement, (4) the proceeds, if any, from the Reliance Company
19 Litigation, or the rights thereto, and if such litigation is not
20 concluded by a Final judgment or order, the right to continue to
21 prosecute such action, and (5) the proceeds, if any, from the \$1
22 million Chubb CGL policy, or the rights thereto. All actions
23 assigned to the Liquidating Trust Fund shall be pursued by the
24 fund as representative of the Estate pursuant to 11 U.S.C.
25 § 1123(b) (3).

26 1.29 "Liquidating Trustee" means such agents or trustees as
27 are approved by the Court to maintain and administer the
28

1 Liquidating Trust Fund pursuant to the terms of the Liquidating
2 Plan.

3 1.30 "Lloyd's Policy" means Policy No. 757/FD971617 issued
4 by Lloyds Underwriters at Interest subscribing to said policy to
5 First Alliance Corporation Directors and Officers and Company on
6 or about July 29, 1997, which, with extensions, covers the period
7 from July 29, 1997 to June 1, 2002.

8 1.31 "MBIA" means MBIA, Insurance Corporation, and its
9 parents, subsidiaries and affiliates.

10 1.32 "Mortgage Loan Trusts" means, collectively, First
11 Alliance Mortgage Loan Trust 1993-1; First Alliance Mortgage Loan
12 Trust 1993-2; First Alliance Mortgage Loan Trust 1994-1; First
13 Alliance Mortgage Loan Trust 1994-2; First Alliance Mortgage Loan
14 Trust 1994-3; First Alliance Mortgage Loan Trust 1994-4; First
15 Alliance Mortgage Loan Trust 1995-2; First Alliance Mortgage Loan
16 Trust 1996-1; First Alliance Mortgage Loan Trust 1996-2; First
17 Alliance Mortgage Loan Trust 1996-3; First Alliance Mortgage Loan
18 Trust 1996-4; First Alliance Mortgage Loan Trust 1997-1; First
19 Alliance Mortgage Loan Trust 1997-2; First Alliance Mortgage Loan
20 Trust 1997-3; First Alliance Mortgage Loan Trust 1997-4; First
21 Alliance Mortgage Loan Trust 1998-1A; First Alliance Mortgage
22 Loan Trust 1998-1F; First Alliance Mortgage Loan Trust 1998-2;
23 First Alliance Mortgage Loan Trust 1998-3; First Alliance
24 Mortgage Loan Trust 1998-4; First Alliance Mortgage Loan Trust
25 1999-1; First Alliance Mortgage Loan Trust 1999-2; First Alliance
26 Mortgage Loan Trust 1999-3; and First Alliance Mortgage Loan
27 Trust 1999-4; and the certificate and note holders thereof.

28

1 1.33 "Non-Settling Defendants" means (a) Lehman and any of
2 its parents, subsidiaries, related, or affiliated companies;
3 (b) Prudential and any of its parents, subsidiaries, related, or
4 affiliated companies; (c) First Union and any of its parents,
5 subsidiaries, related, or affiliated companies; and (d) other
6 potential defendants not released pursuant to this Stipulation
7 and not yet parties to litigation arising out of or related to
8 the business of Related Debtors.

9 1.34 "Notice" means the notice described in 3.1 hereof, in a
10 form acceptable to the Settling Parties.

11 1.35 "Official Joint Borrowers' Committee" means that
12 official committee as appointed by the U.S. Trustee in or around
13 July 30, 2000.

14 1.36 "Other Creditors" means the holders of general
15 unsecured claims, other than the Plaintiffs, persons who validly
16 and timely opt out of the Class and Brian and Sarah Chisick.

17 1.37 "Person" means an individual, corporation, limited
18 liability corporation, professional corporation, limited
19 liability partnership, partnership, limited partnership,
20 association, joint stock company, estate, legal representative,
21 trust, unincorporated association, government or any political
22 subdivision or agency thereof, and any business or legal entity
23 and their spouses, heirs, predecessors, successors,
24 representatives, or assignees.

25 1.38 "Plaintiffs" means the Class Members, the Official
26 Joint Borrowers' Committee, the FTC, the State Attorneys General,
27 AARP, Barbara Austin, Michael Austin, Velda Durney, Ida M.
28 Forrest, Henry M. Hong, Carol J. Hong, Mary Ryan, Lucretia

1 Wilder, George Jerolemon, Fred L. Passmore, Julia G. Passmore,
2 Geneva A. Spires, Frank G. Aiello, Nicolena Aiello, Paul
3 Carabetta, Lenore Carabetta, Vito Cicci, Stella Cicci, Veronica
4 Maines, Thaddeus Zychlinski, Marissa Zychlinski, Jacqueline
5 Bowser and Irene Huston.

6 1.39 "Prior Borrower Settlements" means borrowers who
7 settled a claim or lawsuit with Related Debtors and were paid by
8 the Related Debtors within the ninety days prior to the filing of
9 the bankruptcy by Related Debtors.

10 1.40 "Professional Fees" means fees, expenses, and costs to
11 be paid to professionals employed by the Related Debtors, the
12 Official Creditors' Committee, or the Official Joint Borrowers
13 Committee, which are determined and allowed in the Related
14 Debtors' Estates pursuant to Sections 330, 331, 503 and 507 of
15 the Bankruptcy Code, 11 U.S.C. §§ 330, 331, 503 and 507, and paid
16 pursuant to the confirmed Liquidating Plan and Section 1129 of
17 the Bankruptcy Code, 11 U.S.C. § 1129.

18 1.41 "Prudential" means Prudential Securities, Inc., and its
19 parents, affiliates, and subsidiaries.

20 1.42 "Redress Fund" means a fund to be established and
21 administered by the FTC for the benefit of the Members of the
22 Class and other Plaintiffs, as more fully described herein.

23 1.43 "Redress Fund Administrator" means the FTC, or such
24 agents or trustees that the FTC pursuant to the Consent Decree,
25 in its sole discretion, will appoint, to establish, maintain, and
26 administer the Redress Fund.

27 1.44 "Related Debtors" means First Alliance Mortgage
28 Company, a California corporation; First Alliance Corporation, a

1 Delaware corporation; First Alliance Mortgage Company, a
2 Minnesota corporation; and First Alliance Portfolio Services,
3 Inc., a Nevada corporation as debtors and debtors-in-possession.

4 1.45 "Related Persons" means, with respect to any individual
5 or entity to whom it refers, each of its, his, her, or their,
6 past or present directors, officers, managers, employees,
7 partners, members, principals, agents, controlling shareholders,
8 venture capital investors, attorneys, accountants or auditors,
9 financial advisors, associates, personal or legal
10 representatives, predecessors, successors, parents, subsidiaries,
11 divisions, joint ventures, assigns, spouses, heirs, related or
12 affiliated entities, any entity in which a person or entity has a
13 controlling interest, any members of their immediate families, or
14 any trust of which any individual is the settlor or which is for
15 the benefit of any individual and/or member(s) of his or her
16 family.

17 1.46 "Released Claims" means, collectively, all claims
18 released pursuant to any Paragraph of this Stipulation. The
19 releases and discharges referred to herein are not bankruptcy
20 discharges.

21 1.47 "Reliance Company Litigation" means the action between
22 the Related Debtors and Reliance Insurance Company in
23 Liquidation, as successor-in-interest by merger to Reliance
24 Insurance Company of Illinois, currently pending in the United
25 States District Court for the Central District of California as
26 Case No. CV 00-3282 GAF, and any proceeding related thereto,
27 including without limitation any liquidation proceeding for
28 Reliance.

1 1.48 "Representative Plaintiffs" means Frank G. Aiello,
2 Nicolena Aiello, Barbara Austin, Michael Austin, Paul Carabetta,
3 Lenore Carabetta, Vito Cicci, Stella Cicci, George Jerolemon,
4 Veronica Maines, Thaddeus Zychlinski, Marissa Zychlinski,
5 Jacqueline Bowser and Irene Huston, as individuals and on behalf
6 of Class Members.

7 1.49 "Residuals" means the securities representing the
8 residual interests held by and property of the Estate in the
9 various Mortgage Loan Trusts that were formed for the purpose of
10 securitizing pools of real estate mortgages for sale to the
11 investing public.

12 1.50 "Residual Proceeds" means all proceeds received by the
13 Estate from the Residuals for the period between January 1, 2002
14 and the Effective Date, and the interest earned thereon, such
15 proceeds to be accounted for separately by Related Debtors.

16 1.51 "Residual Certificateholder" means a holder of Class R
17 Certificates in the Mortgage Loan Trusts. "Class R Certificates"
18 means any of those certificates representing certain residual
19 rights to distributions from the Mortgage Loan Trusts, designated
20 as a "Class R Certificate" on the face thereof.

21 1.52 "Securitization Documents" means any and all documents
22 executed in connection with the issuance of asset backed notes by
23 the Mortgage Loan Trusts and the Trustees, including but not
24 limited to, purchase and sale agreements, trust agreements,
25 indenture of trust agreements, insurance agreements, indemnity
26 agreements, and servicing agreements.

27 1.53 "Settling Parties" means, collectively, each of the
28 parties to this Stipulation.

1 1.54 "Specifically Released Claims" means, collectively, any
2 and all lawsuits, actions, causes of action, debts, obligations,
3 promises, guarantees, agreements, contracts, rights of
4 contribution and/or indemnification, claims, liabilities and/or
5 demands, of whatever kind or nature, whether known or unknown,
6 fixed or contingent, liquidated or unliquidated, suspected or
7 unsuspected, at law or equity, under any theory of law or equity
8 including under the Bankruptcy Code or any theory of fraudulent
9 conveyance or preference, in an individual or representative
10 capacity, on behalf of itself, a class or the public, including
11 without limitation under a statutory, contract or tort theory,
12 for declaratory relief, for intentional, fraudulent, negligent or
13 other wrongdoing, for bad faith or unfair business practices or
14 any other similar or dissimilar tort, or for compensatory,
15 consequential, punitive or exemplary damages or any damages or
16 penalties whatsoever, for specific performance, injunctive or
17 declaratory relief, or any relief whatsoever, under the laws,
18 rules and/or regulations or otherwise of any jurisdiction, court,
19 body or tribunal or otherwise of any sort or kind whatsoever,
20 whether in the United States of America, whether federal or state
21 or otherwise, and/or any other foreign jurisdiction, based on,
22 arising out of, related to or the subject of: (a) the Actions;
23 (b) facts, transactions, events, occurrences, acts, disclosures,
24 statements, omissions, or failures to act which were or could
25 have been alleged with respect to such conduct in the Actions;
26 (c) any and all claims arising out of or relating to or in
27 connection with the settlement or resolution of the Actions;
28 (d) mortgage loans issued by the Related Debtors during the Class

1 Period and the Actions; and (e) the sale and securitization of
2 such loans to the Mortgage Loan Trusts and the Trustees.
3 Specifically Released Claims expressly include Unknown Claims of
4 the kind or nature set out in this Paragraph.

5 1.55 "State Attorneys General" means the attorneys general
6 from the States of Arizona, California, Florida, Illinois, and
7 Massachusetts, and the New York State Banking Department.

8 1.56 "Supplemental Agreement" means the agreement relating
9 to potential termination of this Stipulation that will be filed
10 under seal with the District Court.

11 1.57 "Term Sheet" means the February 15, 2002 letter
12 agreement provisionally agreed upon by the FTC subject to
13 Commission approval and accepted on behalf of the Coordinated
14 Plaintiffs, and certain of the Defendants.

15 1.58 "Trustees" means, collectively, in their individual
16 capacities, in their respective capacities as trustees of the
17 Mortgage Loan Trusts and in any other capacity under the
18 Securitization Documents, JP Morgan Chase Bank as successor in
19 interest to the Chase Manhattan Bank (hereinafter "Chase
20 Manhattan Bank"), Trustee of First Alliance Mortgage Loan Trust
21 1993-1; Chase Manhattan Bank, Trustee of First Alliance Mortgage
22 Loan Trust 1993-2; Chase Manhattan Bank, Trustee of First
23 Alliance Mortgage Loan Trust 1994-1; Chase Manhattan Bank,
24 Trustee of First Alliance Mortgage Loan Trust 1994-2; Chase
25 Manhattan Bank, Trustee of First Alliance Mortgage Loan Trust
26 1994-3; Chase Manhattan Bank, Trustee of First Alliance Mortgage
27 Loan Trust 1994-4; Chase Manhattan Bank, Trustee of First
28 Alliance Mortgage Loan Trust 1995-2; Chase Manhattan Bank,

1 Trustee of First Alliance Mortgage Loan Trust 1996-1; Chase
2 Manhattan Bank, Trustee of First Alliance Mortgage Loan Trust
3 1996-2; Bank of New York, Trustee of First Alliance Mortgage Loan
4 Trust 1996-3; Chase Manhattan Bank, Trustee of First Alliance
5 Mortgage Loan Trust 1996-4; Chase Manhattan Bank, Trustee of
6 First Alliance Mortgage Loan Trust 1997-1; Chase Manhattan Bank,
7 Trustee of First Alliance Mortgage Loan Trust 1997-2; Chase
8 Manhattan Bank, Trustee of First Alliance Mortgage Loan Trust
9 1997-3; Bank of New York, Trustee of First Alliance Mortgage Loan
10 Trust 1997-4; Chase Manhattan Bank, Trustee of First Alliance
11 Mortgage Loan Trust 1998-1A; Chase Manhattan Bank, Trustee of
12 First Alliance Mortgage Loan Trust 1998-1F; Chase Manhattan Bank,
13 Trustee of First Alliance Mortgage Loan Trust 1998-2; Wells Fargo
14 Bank Minnesota, N.A. (formerly Norwest Bank Minnesota, N.A.),
15 Trustee of First Alliance Mortgage Loan Trust 1998-3; Wells Fargo
16 Bank Minnesota, N.A. (formerly Norwest Bank Minnesota, N.A.),
17 Trustee of First Alliance Mortgage Loan Trust 1998-4; Wells Fargo
18 Bank Minnesota, N.A. (formerly Norwest Bank Minnesota, N.A.),
19 Trustee of First Alliance Mortgage Loan Trust 1999-1; Wells Fargo
20 Bank Minnesota, N.A. (formerly Norwest Bank Minnesota, N.A.),
21 Trustee of First Alliance Mortgage Loan Trust 1999-2; Wells Fargo
22 Bank Minnesota, N.A. (formerly Norwest Bank Minnesota, N.A.),
23 Trustee of First Alliance Mortgage Loan Trust 1999-3; and Chase
24 Manhattan Bank, Trustee of First Alliance Mortgage Loan Trust
25 1999-4, any owner trustees of the Mortgage Loan Trusts and the
26 parents, subsidiaries and affiliates of these entities.

27 1.59 "Unknown Claims" means any Released Claims which any
28 releasing party does not know or suspect to exist in his, her or

1 its favor at the time of the release of the released persons
2 which, if known by him, her or it, might have affected his, her
3 or its settlement with and release of the released persons, or
4 might have affected his, her, or its decision not to object to
5 this settlement. With respect to any and all Specifically and
6 Generally Released Claims, all parties providing releases
7 stipulate and agree that, upon the Effective Date, they shall
8 expressly, and each of the Class Members shall be deemed to have,
9 and by operation of the order approving this Stipulation and the
10 Consent Decrees shall have, expressly waived the provisions,
11 rights and benefits of California Civil Code § 1542, which
12 provides:

13 A general release does not extend to claims which
14 the creditor does not know or suspect to exist in his
15 favor at the time of executing the release, which if
 known by him must have materially affected his
 settlement with the debtor.

16 All parties providing releases of Unknown Claims shall expressly,
17 and each of the Class Members shall be deemed to have, and by
18 operation of this Stipulation and the Consent Decrees shall have,
19 expressly waived any and all provisions, rights and benefits
20 conferred by any law of any state or territory of the United
21 States, or principle of common law, which is similar, comparable
22 or equivalent to California Civil Code § 1542. All parties
23 providing releases of Unknown Claims (including without
24 limitation any individual Class Member) may hereafter discover
25 facts in addition to or different from those which he, she or it
26 now knows or believes to be true with respect to the subject
27 matter of the Specifically or Generally Released Claims, but each
28 shall expressly, and each Class Member, upon the Effective Date,

1 shall be deemed to have, and by operation of this Stipulation
2 shall have, fully, finally, and forever settled and released any
3 and all Specifically and Generally Released Claims, known or
4 unknown, suspected or unsuspected, contingent or non-contingent,
5 whether or not concealed or hidden, which now exist, or
6 heretofore have existed upon any theory of law or equity now
7 existing or coming into existence in the future, including
8 without limitation conduct which is negligent, intentional, with
9 or without malice, or a breach of any duty, law or rule, without
10 regard to the subsequent discovery or existence of such different
11 or additional facts. All parties providing releases of Unknown
12 Claims expressly acknowledge, and the Class Members shall be
13 deemed by operation of the Stipulation to have acknowledged, that
14 the foregoing waiver was separately bargained for and a key
15 element of the settlement of which this release is a part.

16 **2. The Settlement**

17 **a. Payments by Brian and Sarah Chisick and Consent Decrees**

18 2.1 Upon the Effective Date, Brian and Sarah Chisick
19 collectively shall (i) contribute the amount of \$20,000,000.00
20 (adjusted in the manner set forth in the Supplemental Agreement)
21 to the capital of Related Debtors, and (ii) agree to the
22 cancellation of any Chisick Shares. Said contribution is an
23 addition to the assets of the Estates as of February 25, 2002.

24 (a) Following February 15, 2002, and until the
25 Effective Date, Brian and Sarah Chisick will not transfer, or
26 cause to be transferred, any Chisick Shares.

27
28

1 (b) Brian and Sarah Chisick represent that they have
2 transferred no Chisick Shares to persons whose holdings would not
3 constitute Chisick Shares since March 23, 2000.

4 (c) To secure the payment in ¶ 2.1 above, three days
5 before the hearing on confirmation of the Liquidating Plan, Brian
6 and Sarah Chisick will obtain and deliver to the FTC an
7 irrevocable letter of credit issued by a financial institution
8 payable to the Liquidating Trustee. Both the financial
9 institution that issues the letter of credit and the form of the
10 letter of credit must be acceptable to the FTC, which acceptance
11 will not be unreasonably withheld.

12 2.2 Upon the Effective Date, Brian Chisick will purchase
13 the Residuals, including the Residual Proceeds, by paying in cash
14 to the Related Debtors (i) the amount of \$25,100,000.00, plus
15 (ii) interest in an amount equal to the total amount that would
16 be received on a \$25.1 million deposit for a period from January
17 1, 2002 to the Effective Date, based on an annual (365-day) rate
18 of simple interest of three percent (3%), or, if Mr. Chisick puts
19 this \$25.1 million plus the interest thereon at three percent
20 (3%) from January 1, 2002 into a separate account by April 1,
21 2002 and it remains in a separate account until the Effective
22 Date, then the interest obligation from the date of the deposit
23 shall be the amount earned on the funds so deposited.

24 2.3 (a) Upon the Effective Date, MBIA will release all of
25 its right, title and interest in and to the remaining balance of
26 the escrow account established for the benefit of MBIA pursuant
27 to the July 14, 2000 Consent Agreement ("Consent Agreement")
28 between certain of the Related Debtors, the Trustees, and MBIA.

1 Upon the final resolution, by settlement, final judgment or
2 otherwise, of any and all claims brought against the Mortgage
3 Loan Trusts insured by MBIA ("the MBIA-Insured Trusts") or the
4 Trustees by any Person who falls within the definition of the
5 Class described in Paragraph 1.7 of this Stipulation who has
6 validly and timely requested exclusion from the Class, or by any
7 Person seeking contribution or indemnity on account of such
8 claims, the Trustees will transfer to the Liquidating Trust Fund
9 all of their right, title and interest in and to the remaining
10 balance of the escrow accounts established for the benefit of the
11 Trustees under the Consent Agreement except that with respect to
12 the release of the escrow funds held by Chase Manhattan Bank they
13 shall have appropriate consents from the Residual
14 Certificateholders. Until such time as MBIA or the Trustees
15 release their right, title and interest in their respective
16 escrow accounts pursuant to the terms of this Stipulation,
17 nothing in this Stipulation shall affect, alter or amend any
18 right of MBIA or the Trustees under the Consent Agreement to make
19 withdrawals from the escrow accounts in accordance with the terms
20 of the Consent Agreement.

21 (b) In the event that any claim, action or proceeding
22 is brought against the Mortgage Loan Trusts or Trustees by any
23 Person who falls within the definition of the Class described in
24 Paragraph 1.7 of this Stipulation who has validly and timely
25 requested exclusion from the Class, the Trustees and the Mortgage
26 Loan Trusts shall have the right to require the Residual
27 Certificateholders to defend such claim, action or proceeding;
28 provided, however, that the Residual Certificateholders may not

1 without the prior written consent of the relevant Trustee and its
2 insurer settle any such action, claim or proceeding if such
3 settlement would result in any payment from the assets of the
4 Mortgage Loan Trusts or Trustees.

5 2.4 Brian Chisick, Sarah Chisick, and the Related Debtors
6 will agree to Consent Decrees barring future violations of the
7 law, which Consent Decrees shall become operative on the
8 Effective Date. The form and content of such decrees will be
9 negotiated in good faith, but it is generally agreed that the
10 consent decree will be in a form similar to the types of decrees
11 used to resolve FTC and State actions, without any admission of
12 wrongdoing.

13 2.5 Upon the Effective Date, Brian and Sarah Chisick shall,
14 pursuant to the Consent Decrees, be enjoined from engaging in any
15 residential loan origination business for ten years.

16 **b. The Allowance of the Coordinated Plaintiffs' Claim.**

17 2.6 For purposes of this Stipulation and distribution under
18 the confirmed Liquidating Plan, the claims of the Plaintiffs will
19 be treated as a joint claim and allowed, pursuant to 11 U.S.C. §
20 502, as a general, unsecured claim against the Related Debtors in
21 the amount of Two Hundred Seventeen Million Dollars
22 (\$217,000,000); provided that this amount shall not be binding in
23 proceedings by Plaintiffs against Non-Settling Defendants, and
24 provided further that the amount shall not be binding in the
25 event that the Effective Date of this Stipulation fails to occur.

26 **c. Distributions on the Effective Date**

27 2.7 (a) Upon the Effective Date and pursuant to the
28 confirmed Liquidating Plan, the Related Debtors shall transfer

1 and distribute the Estates as follows: (i) pay all allowed claims
2 payable on that date pursuant to the terms of the Liquidating
3 Plan, (ii) transfer to the Liquidating Trust Fund all
4 unliquidated assets of the Estates, including the mortgage loans
5 owned by Related Debtors, and cash in the amounts provided for
6 under ¶ 1.28, and (iii) transfer all remaining cash of the
7 Estates to the Redress Fund, including the additional amounts
8 paid to Related Debtors by Brian and Sarah Chisick pursuant to
9 paragraph 2.1.

10 (b) Assuming the Court hearing the interpleader action
11 filed by Lloyd's approves such payment, the insureds under the
12 Lloyd's Policy will on the Effective Date pay to the Redress Fund
13 \$3,000,000, the money to come from the Lloyd's Policy and not the
14 insureds themselves; and

15 (c) Upon the Effective Date, the sum of \$1,000,000
16 shall be paid by MBIA and FSA (\$960,000 and \$40,000 respectively)
17 to the Redress Fund on behalf of the Mortgage Loan Trusts.

18 **d. The Liquidating Trust Fund**

19 2.8 Pursuant to the confirmed Liquidating Plan, Related
20 Debtors shall establish the Liquidating Trust Fund to be
21 administered after the Effective Date by the Liquidating Trustee.

22 (a) The Liquidating Trustee shall liquidate the assets
23 in the Liquidating Trust Fund and make payments from the
24 Liquidating Trust Fund to any holder of the allowed claims set
25 forth in Paragraph 1.28 hereof and to the Redress Fund, pursuant
26 to the Liquidating Plan.

27 (b) No Person shall have any claim against the Related
28 Debtors or the Liquidating Trustee or their counsel based on

1 distributions of the Liquidating Trust Fund made in accordance
2 with this Stipulation and the confirmed Liquidating Plan.

3 (c) It is acknowledged by the Settling Parties that
4 the total amount of allowed claims paid from the Liquidating
5 Trust Fund may be less than the amount of the Liquidating Trust
6 Fund as a consequence of a determination of the distribution to
7 such allowed claims that is less than the amount reserved under
8 Paragraph 1.28 hereof or an agreement by such creditors as to the
9 amount of their claims and the payment therefor. The amount
10 remaining in the Liquidating Trust Fund after payment of the
11 allowed claims for which the fund was established, shall revert
12 to and become part of the Redress Fund.

13 **e. Subsequent Transfers**

14 2.9 The Redress Fund shall also be entitled to receive the
15 following:

16 (a) Any proceeds remaining from the Lloyd's Policy,
17 after the resolution of all other claims against that policy,
18 including the past and future claims of the insureds for the
19 reimbursement of expenses (including those related to any
20 prospective Lehman, Prudential, or First Union contribution or
21 indemnity claims). The Related Debtors shall provide the
22 Coordinated Plaintiffs with an accounting for the amounts paid
23 hereunder, including the amount of attorney fees paid to
24 Individual Defendants' counsel; and

25 (b) The amounts remaining in the Liquidating Trust
26 Fund as defined in ¶1.28 following the satisfaction of the
27 obligations to be paid from that fund.

28

1 2.10 The Plaintiffs agree not to object to any allocation of
2 the proceeds of the Lloyd's Policy described above to settle
3 third party claims or pay attorneys' fees. The Settling Parties
4 hereby stipulate and agree that the stay of the Lloyd's Policy
5 should be immediately terminated by the Court.

6 **f. Administration of the Redress Fund**

7 2.11 The Redress Fund shall be established and administered
8 by the FTC for the benefit of the Class and other Plaintiffs.
9 The FTC, with the input of the Coordinated Plaintiffs, shall
10 submit to the Court for review and approval a plan for the
11 disbursement of funds to the Members of the Class and other
12 Plaintiffs. Settling Defendants shall have no right to contest
13 the substance or manner of distribution of the Redress Fund nor
14 any responsibility in connection therewith.

15 **g. FACO Shares**

16 2.12 Under the terms of the Liquidating Plan, the Related
17 Debtors will cancel all FACO Shares. Following the Effective
18 Date, the Redress Fund Administrator shall pay those Persons who
19 held FACO shares on the Effective Date the lesser of \$1.50 per
20 share or the basis of such shares prior to cancellation, provided
21 that the total amount of such payments does not exceed
22 \$3,250,000.00. The basis of any Person in a share of FACO stock
23 purchased on or after February 25, 2002 shall be conclusively
24 presumed to be 9 cents. To the extent that the total amount of
25 such payments would exceed \$3.25 million, the Redress Fund
26 Administrator shall reduce the payment to each former FACO
27 shareholder on an equal proportionate basis (that is, so that
28 each former FACO shareholder will receive an equal percentage of

1 the amount that they otherwise would receive under the formula
2 above) until the total payments do not exceed \$3.25 million. If
3 the amount of payments to shareholders as calculated above is
4 less than \$3.25 million, then the remainder shall revert to the
5 Redress Fund. No payment will be made on account of the Chisick
6 Shares or FACO Shares held by other Individual Defendants or
7 their Related Persons.

8 **h. Dismissals and Releases**

9 2.13 The Actions shall be dismissed as to the Defendants
10 with prejudice, with the exception of (i) the joint proof of
11 claim referenced in ¶ 2.6 which shall be treated in accordance
12 with that paragraph and the confirmed Liquidating Plan, (ii) the
13 actions filed by the State Attorney Generals and the FTC which
14 are to be resolved by the entry of Consent Decrees as to certain
15 Defendants and (iii) Plaintiffs' claims against Jeffrey Smith
16 unless he makes the election set forth in the final sentence of
17 ¶ 4.12. Notwithstanding (ii) above, the Florida actions against
18 Francisco Nebot and Bruce Bollong shall be dismissed without
19 prejudice. To the extent a dismissal is required in an Action
20 pending before the District Court, the dismissals shall be
21 entered as part of the District Court's orders implementing this
22 Stipulation. To the extent a dismissal is required in any of the
23 Actions not pending before the District Court, that action shall
24 immediately be stayed, so long as the Individual Defendants in
25 such action agree to waive all rules relating to the prompt
26 prosecution of that action and the Court approves the stay; those
27 Actions shall then be dismissed with prejudice on the Effective
28 Date..

1 **i. Payment of Coordinated Plaintiffs' Counsel Fees and**
2 **Provisions re Taxes**

3 2.14 Any attorneys fees awarded by the Court to counsel for
4 Coordinated Plaintiffs and/or the National Association of
5 Attorneys General will be paid out of the Redress Fund, save and
6 except those fees and costs that are payable for services
7 rendered by the Official Joint Borrowers Committee as an
8 Administrative Expense of the Estates or the Liquidating Trust
9 Fund. The Defendants will have no right to object to the fee
10 procedure established by the Coordinated Plaintiffs and approved
11 by the Court, or fees to be paid under that procedure, to the
12 extent those fees are paid from the Redress Fund.

13 2.15 Settling Parties and the Redress Fund Administrator
14 agree to treat the Redress Fund as being at all times a
15 "qualified settlement fund" within the meaning of Treas. Reg.
16 § 1.468B-1. The Settling Parties agree that the exact tax
17 structure of the Redress Fund will be set forth in the
18 Liquidating Plan.

19 **3. Notice Order and Settlement Hearing**

20 3.1 Promptly after execution of the Stipulation, the
21 Coordinated Plaintiffs shall submit any additional documents
22 necessary to obtain preliminary approval of the settlement by the
23 District Court and shall apply for entry of an order (the "Notice
24 Order"), the form and content of which will be negotiated by the
25 parties in good faith, requesting, *inter alia*, approval of the
26 method of dissemination of a settlement notice (the "Notice").
27 The Related Debtors shall disseminate the Notice to all Class
28 Members. The Notice shall be in a form agreed upon by the

1 Settling Parties and approved by the Court. The cost of such
2 Notice shall be borne by the Related Debtors.

3 3.2 The Coordinated Plaintiffs shall request that after the
4 Notice is given, the Court hold a hearing under Rule 23(e) of the
5 Federal Rules of Civil Procedure (the "Settlement Hearing") and
6 approve the settlement as set forth herein.

7 **4. Releases**

8 4.1 All Persons granting releases under this ¶ 4 shall have
9 expressly waived the provisions, rights and benefits of
10 California Civil Code § 1542, which provides:

11 **A general release does not extend to claims which
12 the creditor does not know or suspect to exist in his
13 favor at the time of executing the release, which if
14 known by him must have materially affected his
15 settlement with the debtor.**

16 4.2 Except as set forth in ¶¶ 4.11 and 4.12, upon the
17 Effective Date, the Plaintiffs and their Related Persons shall
18 have, and each of the Class Members and their Related Persons
19 shall be deemed to have, and by operation of the Judgment shall
20 have, fully, finally, and forever relieved, released, and
21 discharged the Defendants, the family members of Brian and Sarah
22 Chisick and all entities controlled by them (now or in the past),
23 the Trustees, MBIA, FSA, and any other insurer of the Mortgage
24 Loan Trusts (or any of the securities issued by any of the
25 Mortgage Loan Trusts) and all of its, his, her, or their Related
26 Persons from the Specifically Released Claims.

27 4.3 Except as set forth in ¶ 4.11, upon the Effective Date,
28 the Defendants and their Related Persons shall have fully,
finally, and forever relieved, released, and discharged the
Plaintiffs and their Related Persons (excluding the Commonwealth

1 of Massachusetts; it being understood that the Individual
2 Defendants have no present intention of bringing any such claim
3 against the Commonwealth of Massachusetts), the members of the
4 Official Creditors' Committee, the professionals of the Official
5 Creditors' Committee, members of the Borrowers' Committee, and
6 the professionals of the Official Borrowers' Committee, and all
7 of its, his, her, or their Related Persons from any claims,
8 including Unknown Claims, arising out of or related in any manner
9 to the filing of claims or Actions against them so that no such
10 claims against these releasees arising out of or related to their
11 conduct in the Actions shall survive. The releases provided by
12 this paragraph are not intended to, and shall not, release any of
13 the Plaintiffs or their Related Persons from any of their
14 respective obligations on loans originated by Related Debtors.

15 4.4 Except as set forth in ¶ 4.11, upon the Effective Date,
16 the Related Debtors shall have fully, finally, and forever
17 relieved, released, and discharged Brian and Sarah Chisick, the
18 family members of Brian and Sarah Chisick and all entities
19 controlled by them (now or in the past), the Trustees, the
20 Individual Defendants, all of Related Debtors' current and former
21 officers, directors and employees, MBIA and FSA and all of their
22 Related Persons from the Generally Released Claims. Related
23 Debtors shall also release any claims against Plaintiffs arising
24 out of the Prior Borrower Settlements.

25 4.5 Except as set forth in ¶ 4.11, upon the Effective Date,
26 Brian and Sarah Chisick shall have fully, finally, and forever
27 relieved, released, and discharged the Related Debtors, the
28 Individual Defendants and their respective Related Persons from

1 the Generally Released Claims; and the other Individual
2 Defendants shall have fully, finally, and forever relieved,
3 released, and discharged Brian and Sarah Chisick and their
4 respective Related Persons from the Generally Released Claims.

5 4.6 Except as set forth in ¶ 4.11, upon the Effective Date,
6 MBIA and FSA shall have fully, finally, and forever relieved,
7 released, and discharged the Related Debtors and Plaintiffs and
8 each of its, his, her, or their Related Persons from any claims
9 for malicious prosecution, abuse of process, or similar torts
10 arising out of or related to the filing of claims against their
11 insureds, so that no such claims against these releasees arising
12 out of or related to their conduct in the Actions shall survive.

13 4.7 Except as set forth in ¶ 4.11, upon the Effective Date,
14 Brian and Sarah Chisick and MBIA shall have released any and all
15 claims each may have against the others relating to the business
16 of the Related Debtors; provided, however, that it is the intent
17 of Brian and Sarah Chisick and MBIA that nothing herein shall
18 affect, alter or amend the terms of the transaction documents
19 relating to the MBIA insured Mortgage Loan Trusts, or otherwise
20 affect the rights of the Residual Certificateholder under the
21 transaction documents; Brian and Sarah Chisick shall also have
22 released the indemnification claim asserted against the Trustees
23 and the Mortgage Loan Trusts as to monies paid pursuant to this
24 Settlement and fees and costs incurred in litigating the Actions.

25 4.8 Except as otherwise provided herein, including without
26 limitation in ¶¶ 4.10, 4.11 and 4.12 below, following the
27 Effective Date the Plaintiffs will forever refrain and forbear
28 from commencing, instituting, and/or prosecuting any lawsuit,

1 action, and/or other proceeding and/or making any claim against
2 any Person receiving a release from Plaintiffs hereunder, based
3 upon or arising out of or related to any Released Claim.

4 4.9 Upon the Effective Date, the Plaintiffs shall have, and
5 each of the Class Members shall be deemed to have, expressly
6 waived and released claims for rescission or reformation of any
7 loan originated by the Related Debtors.

8 4.10 In addition to the foregoing releases, the State
9 Attorneys General: (i) commit that the State Attorneys General
10 will not seek administrative sanctions arising out of or related
11 to the Specifically Released Claims; (ii) represent, for the
12 States of California, New York, Illinois, Massachusetts, Florida
13 and Arizona, that the State Attorneys General do not have any
14 pending criminal investigations against any of the Defendants
15 arising out of or related to the Specifically Released Claims,
16 and that they are not aware of any such investigation; and (iii)
17 agree not to seek any injunctive relief against Francisco Nebot
18 or Bruce Bollong.

19 (a) The State Attorneys General for California,
20 Illinois, Florida, and the New York State Banking Department
21 further represent that they will not attempt to initiate any
22 criminal investigations against any of the Defendants arising out
23 of or related to the Specifically Released Claims.

24 (b) The State Attorneys General for Arizona and
25 Massachusetts represent that they have no current intention to
26 initiate any criminal investigation against any of the Defendants
27 arising out of or related to the Specifically Released Claims.
28 In the event any State Attorney General of Arizona initiates a

1 criminal investigation against any of the Defendants arising out
2 of or related to the Specifically Released Claims, the release of
3 that State described in ¶ 4.3 herein given by the Defendant who
4 is the subject of such investigation shall be void and of no
5 further force and effect and such Defendant shall be entitled to
6 an offset against any monetary sanction imposed against that
7 Defendant in an amount equal to the amount of that Defendant's
8 monetary contribution to the Redress Fund.

9 4.11 Notwithstanding any contrary provision herein, this
10 Stipulation does not and cannot be construed (a) to release
11 Lehman, Prudential, or First Union; (b) to release any Class
12 Member who validly and timely requests exclusion from the Class;
13 or (c) to release any Settling Party from any obligation under
14 this Stipulation, the Supplemental Agreement or the Consent
15 Decrees.

16 4.12 Notwithstanding any contrary provision herein, the
17 State Attorneys General do not release Patricia Sullivan and
18 Salah Bastawy, and none of the Plaintiffs releases Jeffrey Smith,
19 from any claim or demand unless and until he or she has agreed to
20 be bound by this Stipulation, including without limitation a
21 consent decree identical to that applicable to Brian Chisick
22 under ¶ 2.4 (or on such other lesser inclusive terms as
23 acceptable to the States), the allocation of the Lloyd's Policy
24 reflected in ¶ 4.15 below and the releases contained in ¶ 4.3
25 hereof. In the event, Mr. Smith elects to be bound by this
26 Stipulation, but not to accept a consent decree, and agrees to
27 give the same release as Francisco Nebot is giving in ¶ 4.13
28

1 below, then he shall be released by all Plaintiffs other than the
2 State Attorneys General.

3 4.13 Except as set forth in ¶ 4.11, upon the Effective Date,
4 Francisco Nebot shall have fully, finally, and forever relieved,
5 released, and discharged the Related Debtors from the Generally
6 Released Claims.

7 4.14 Each of the Related Debtors, Brian Chisick, any other
8 party hereto which is or may become a holder of a Residuals,
9 acknowledges and agrees that the release by the Trustees of their
10 rights, title and interests in the escrow accounts established in
11 accordance with the terms of the Consent Agreement shall not be
12 or be construed to be or constitute a breach of trust or a breach
13 of fiduciary duty by the Trustees and each of the foregoing
14 parties hereby fully, finally and forever releases the Trustees
15 from any and all claims arising in connection with the execution
16 and delivery by the Trustees of this Stipulation.

17 4.15 Plaintiffs agree that they shall have no interest in
18 the proceeds of the Lloyd's Policy except as provided in ¶¶ 2.7
19 and 2.9 hereof (the initial \$3 million payment and the residual,
20 if any, of that policy); the Related Debtors and the Individual
21 Defendants consent to the use of proceeds of the Lloyd's Policy
22 to the extent provided in the Supplemental Agreement to address
23 claims brought by persons who validly and timely opts out of the
24 Class, to the use of up to \$2.5 million of those proceeds to
25 reimburse Individual Defendants for attorneys fees incurred in
26 defending the Actions, and to the use of the remainder of the
27 Lloyd's Policy to defend, settle and pay any judgment in *Leon*
28 *Rasachack, et al., On Behalf of Themselves and All Others*

1 *Similarly Situated vs. First Alliance Corporation, et al.*, Case
2 No. 796083, Superior Court of the State of California, County of
3 Orange.

4 **5. Administration of Redress Fund**

5 5.1 The Defendants shall have no responsibility for,
6 interest in, or liability whatsoever with respect to the Redress
7 Fund, including investment or distribution of the assets in the
8 Redress Fund, the determination, administration, or calculation
9 of claims from the Redress Fund, the payment or withholding of
10 taxes, or any losses incurred in connection therewith.

11 **6. Coordinated Plaintiffs' Counsel's Attorneys' Fees and**
12 **Reimbursement of Expenses**

13 6.1 Counsel for the Coordinated Plaintiffs (excluding
14 counsel for the Official Joint Borrowers Committee) and the
15 National Association of Attorneys General may submit an
16 application or applications (the "Fee and Expense Application")
17 for distributions to them from the Redress Fund for: (a) an award
18 of attorneys' fees; plus (b) reimbursement of expenses incurred
19 in connection with prosecuting the Actions. Defendants and their
20 counsel shall not challenge the amount, method for payment, or
21 distribution of such fees.

22 6.2 The procedure for and the allowance or disallowance by
23 the Court of any applications by any of the counsel to the
24 Plaintiffs and/or the National Association of Attorneys General
25 for attorneys' fees and expenses to be paid out of the Redress
26 Fund are not part of the settlement set forth in the Stipulation,
27 and any order or proceedings relating to such fees, or any appeal
28 from any order relating thereto or reversal or modification

1 thereof, shall not operate to terminate or cancel the
2 Stipulation, or affect or delay the finality of the judgment
3 approving the Stipulation and the settlement of the Actions set
4 forth herein.

5 6.3 Defendants and their Related Persons shall have no
6 responsibility for, no liability, and no ability to object
7 whatsoever with respect to, any payment to Plaintiffs' counsel
8 and/or the National Association of Attorneys General from the
9 Redress Fund.

10 6.4 Defendants and their Related Persons shall have no
11 responsibility for, no liability, and no ability to object
12 whatsoever with respect to the allocation among Plaintiffs'
13 counsel, and/or the National Association of Attorneys General,
14 and/or any other Person who may assert some claim thereto, of any
15 fee or expenses that the Court may make in connection with the
16 Actions.

17 **7. Conditions of Settlement, Effect of Disapproval,**
18 **Cancellation or Termination**

19 7.1 The Effective Date of the Stipulation shall be
20 conditioned on the occurrence of all of the following events, and
21 shall occur the first business day after the expiration of five
22 (5) calendar days after the occurrence of the last of these
23 events:

24 (a) An Order has been entered authorizing the Related
25 Debtors to enter into and consummate this Stipulation and such
26 order either has become Final, or no part of such order has been
27 stayed pending appeal;

28

1 (b) An agreement of the Settling Parties to the form
2 and content of all documents identified in this Stipulation that
3 are necessary to carry out this Stipulation;

4 (c) A Final Order has been entered certifying as
5 against all Defendants pursuant to Rule 23(b)(3) of the Federal
6 Rules of Civil Procedure an opt out class of all borrowers who
7 obtained loans from or through Related Debtors from January 1,
8 1992 through the present;

9 (d) A Final Order, after a hearing and notice to
10 members of the Class, Non-Settling Defendants, and all other
11 Persons whom the District Court determines are entitled to
12 notice, approving pursuant to Federal Rule of Civil Procedure
13 23(e) the settlement by the Class certified pursuant to Rule
14 23(b)(3);

15 (e) The Confirmation Order has been entered by the
16 District Court, and either the order has become Final, or no part
17 of the Confirmation Order has been stayed pending appeal;

18 (f) The Bar Order has been entered by the District
19 Court, and either the Bar Order has become Final, or no part of
20 the Bar Order has been stayed pending appeal;

21 (g) The District Court has entered the Consent
22 Decrees, which orders have become Final;

23 (h) Unless this provision is waived by the Related
24 Debtors and Brian Chisick, the District Court has entered an
25 order, as applied for by the Defendants, which shall remain in
26 place pending the conclusion of the opt out period of the class
27 action settlement, providing, to the greatest extent permitted by
28 the law, that no Person or attorney shall initiate contact with,

1 or solicit in any manner, any borrower of the Related Debtors
2 with respect to this settlement or any term of the proposed
3 settlement;

4 (i) The time within which Related Debtors, Brian
5 Chisick, or MBIA may exercise the option to terminate the
6 Stipulation pursuant to ¶ 7.6 hereof has expired without the
7 option being exercised; and

8 (j) In a form acceptable to the Settling Parties, the
9 District Court has entered Judgments or final orders in the
10 Actions, to the extent they are pending before it, (i)
11 dismissing the Actions with prejudice to the extent required by
12 ¶ 2.13, (ii) containing the Bar Order, (iii) entering the Consent
13 Decrees described in ¶¶ 2.4 and 2.5, (iv) certifying the judgment
14 to be final under Federal Rules of Civil Procedure Rule 54(b),
15 and (v) either that judgment has become Final, or no part of it
16 has been stayed pending appeal.

17 7.2 Upon the occurrence of all of the events referenced in
18 ¶ 7.1 above, any and all remaining interest or right of
19 Defendants in or to the Liquidating Trust Fund and the Redress
20 Fund, if any, shall be absolutely and forever extinguished.

21 7.3 If all of the conditions specified in ¶ 7.1 are not met
22 then the Stipulation shall be canceled and terminated subject to
23 ¶ 7.7 unless Coordinated Plaintiffs and Defendants mutually agree
24 in writing to proceed with the Stipulation.

25 7.4 The parties acknowledge that upon entry of the Bar
26 Order the District Court will give the Non-Settling Defendants
27 the benefit of any offset against any future judgments against
28 them to which they are legally entitled. The Settling Parties

1 agree that the determination of the issue of how the offset is to
2 be calculated, including the calculation of the offset if any
3 applicable to equitable subordination, will not affect the
4 finality of this Stipulation so long as the District Court has
5 entered a Bar Order. Any dispute regarding the offset shall be
6 submitted to the District Court for determination.

7 7.5 In the event that the Bar Order described in ¶ 7:1(f)
8 above, or any part or aspect of that order, is reversed on
9 appeal, this Stipulation shall remain in force and effect, but
10 Plaintiffs agree that any defendant, including without limitation
11 the Non-Settling Defendants, being sued by any of the Plaintiffs,
12 including by Members of the Class, shall be entitled to an
13 affirmative defense in that action, without the assertion of a
14 cross complaint, reducing the amount of its liability to
15 Plaintiffs, or any of them, (including a reduction in the amount
16 by which its claim is equitably subordinated) by the amount of
17 that liability for which that Non-Settling Defendant proves that
18 the Defendants, or any of them, are liable to it under any theory
19 permitted by law. This clause is intended to benefit the Non-
20 Settling Defendants. Plaintiffs, including Members of the Class,
21 agree not to enter into any settlement with any Non-Settling
22 Defendant entitled to assert the defense referred to in this
23 paragraph without obtaining a release by such Non-Settling
24 Defendant of all claims against the Defendants in substantially
25 the form of the release by the Plaintiffs in favor of the
26 Defendants.

27 7.6 Each of the Related Debtors, Brian Chisick, or MBIA
28 shall have the option to terminate the settlement as set forth in

1 the Supplemental Agreement. The Supplemental Agreement is
2 incorporated into this Stipulation as though set forth in full
3 herein and will be filed under seal with the Court.

4 7.7 In the event that the Stipulation is not approved by
5 the Court or the settlement set forth in the Stipulation is
6 terminated or fails to become effective in accordance with its
7 terms, the Settling Parties shall be restored to their respective
8 positions in the Actions as of February 25, 2002. In such event,
9 the terms and provisions of the Stipulation, any class
10 certification order issued pursuant to this Stipulation, any
11 representations and warranties made herein, and any definitions
12 in Section 1 necessary to interpret or effectuate the foregoing
13 Paragraphs, shall have no further force and effect with respect
14 to the Settling Parties and shall not be used in the Actions or
15 in any other proceeding for any purpose, and any judgment or
16 order entered by the Court in accordance with the terms of the
17 Stipulation shall be treated as vacated, *nunc pro tunc*. No order
18 of the Court or modification or reversal on appeal of any order
19 of the Court concerning the distributions from the Redress Fund
20 or the amount of any attorneys' fees, expenses and interest
21 awarded by the Court to the Coordinated Plaintiffs or any of
22 their counsel shall constitute grounds for cancellation or
23 termination of the Stipulation.

24 **8. Miscellaneous Provisions**

25 8.1 The Settling Parties (a) acknowledge that it is their
26 intent to consummate this agreement; and (b) agree to cooperate
27 to the extent reasonably necessary to effectuate and implement
28 all terms and conditions of the Stipulation and to exercise their

1 best efforts to accomplish the foregoing terms and conditions of
2 the Stipulation.

3 8.2 The Settling Parties agree that the amount paid to the
4 Redress Fund and the other terms of the settlement were
5 negotiated in good faith by the Settling Parties, and reflect a
6 settlement that was reached voluntarily after consultation with
7 competent legal counsel. The Settling Parties reserve their
8 right to rebut, in a manner that such party may determine to be
9 appropriate, any contention made in any public forum that the
10 Actions were brought or defended in bad faith or without a
11 reasonable basis.

12 8.3 Neither the Stipulation nor the settlement, nor any act
13 performed or document executed pursuant to or in furtherance of
14 the Stipulation or the settlement: (a) is or may be deemed to be
15 or may be used as an admission of, or evidence of, the validity
16 of any Released Claim, or of any wrongdoing or liability of the
17 Defendants and released Persons; or (b) is or may be deemed to be
18 or may be used as an admission of, or evidence of, any fault or
19 omission of any of the Defendants and released Persons in any
20 civil, criminal, or administrative proceeding in any court,
21 administrative agency, or other tribunal. Defendants and
22 released Persons may file the Stipulation and/or the judgment
23 approving the Stipulation in any action that may be brought
24 against them in order to support a defense or counterclaim based
25 on principles of *res judicata*, collateral estoppel, release, good
26 faith settlement, judgment bar or reduction or any other theory
27 of claim preclusion or issue preclusion or similar defense or
28 counterclaim. In the event the Bar Order is reversed on appeal

1 and the provisions of Paragraph 7.5 are operative, Defendants
2 shall have the right to intervene in any action by or on behalf
3 of Members of the Class against any Non-Settling Defendants.

4 8.4 All agreements made and orders entered during the
5 course of the Actions relating to the confidentiality of
6 information shall survive this Stipulation.

7 8.5 The Stipulation, the Supplemental Agreement, and the
8 Consent Decrees may be amended or modified only by a written
9 instrument signed by or on behalf of all Settling Parties who are
10 signatories to those documents or their respective successors-in-
11 interest, and approved by the Court.

12 8.6 This Stipulation is not intended to, and does not,
13 alter, amend or modify any of the provisions of the
14 Securitization Documents or the respective rights of the
15 Trustees, MBIA, FSA or the Residual Certificateholders
16 thereunder.

17 8.7 This Stipulation, the Supplemental Agreement, and the
18 Consent Decrees are integrated agreements and constitute the
19 entire agreement concerning the settlement of the Actions between
20 Plaintiffs and Defendants. This Stipulation, the Supplemental
21 Agreement and the Consent Decrees supersede any prior written
22 agreement, including without limitation the Term Sheet, and any
23 prior or contemporaneous oral agreement, and cannot be
24 interpreted, altered, or modified by reference to such
25 agreements. No representations, warranties, or inducements have
26 been made to any party concerning the Stipulation, the
27 Supplemental Agreement and the Consent Decrees other than
28 representations, warranties and covenants contained and

1 memorialized in those documents. Except as otherwise provided
2 herein, each party shall bear its own costs.

3 8.8 Counsel for the Representative Plaintiffs and the Class
4 Members are expressly authorized by the Representative Plaintiffs
5 to take all appropriate action required or permitted to be taken
6 by the Class Members pursuant to the Stipulation to effectuate
7 its terms and also are expressly authorized to enter into any
8 modifications or amendments to the Stipulation on behalf of the
9 Class which they deem appropriate.

10 8.9 Except with respect to the attorneys for the FTC, who
11 sign subject to the approval of the Commission, and the
12 representatives of the offices of the State Attorneys General,
13 who sign subject to the approval of their respective Attorneys
14 General, each counsel or other Person executing this Stipulation
15 on behalf of any party hereto hereby warrants that such Person
16 has the full authority to do so.

17 8.10 It is the express intent of the Settling Parties that
18 this Stipulation end all litigation and provide complete peace
19 among the Plaintiffs, the Defendants, and their Related Persons
20 with respect to the claims or conduct alleged or that could have
21 been alleged with respect to such conduct in the Plaintiffs'
22 complaints, including the Official Borrowers Committee Complaint.
23 In furtherance of that objective, all Settling Parties agree to
24 be bound by an express covenant of good faith and fair dealing
25 towards the other parties and not to induce or attempt to induce
26 any other Person or entity to commence any litigation or other
27 proceedings against the other parties hereto with respect to the
28 claims and conduct alleged or that could have been alleged with

1 respect to such conduct in the Plaintiffs' complaints, including
2 the Official Borrower's Committee complaint.

3 8.11 The Stipulation may be executed in one or more
4 counterparts, and the Settling Parties acknowledge that any
5 facsimile signature shall be treated for all purposes as if it
6 were an original signature. All executed counterparts and each
7 of them shall be deemed to be one and the same instrument. A
8 complete set of original executed counterparts shall be filed
9 with the Court.

10 8.12 The Stipulation shall be binding upon, and inure to the
11 benefit of, the successors and assigns of the parties hereto.

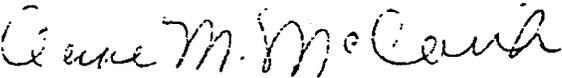
12 8.13 The District Court shall retain exclusive jurisdiction
13 with respect to implementation, interpretation, and enforcement
14 of the terms of this Stipulation unless otherwise agreed, and all
15 parties hereto consent to the jurisdiction of the Court for
16 purposes of implementing and enforcing the settlement embodied in
17 this Stipulation.

18 8.14 All dollar amounts referenced in this Stipulation are
19 in United States Dollars.

20 8.15 This Stipulation shall be considered to have been
21 negotiated, executed and delivered, and to be wholly performed,
22 in the State of California, and the rights and obligations of the
23 parties to the Stipulation shall be construed and enforced in
24 accordance with, and governed by, the internal, substantive laws
25 of the State of California without giving effect to that State's
26 choice of law principles. Notwithstanding the foregoing the Bar
27 Order shall be governed by federal law if the Court so
28 determines.

1 IN WITNESS WHEREOF, the parties hereto have caused the
2 Stipulation to be executed, by themselves or their duly
3 authorized attorneys as appropriate, dated as of February 25,
4 2002.

5 **ACCEPTED AND AGREED TO:**

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7 

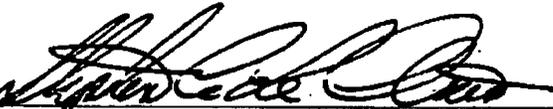
8 Anne M. McCormick, on
9 behalf of the Federal Trade
Commission

*Provisionally Accepted
Subject to Approval of
the Commission*

10
11 _____
12 Hugh Hegyi, on behalf of the
State of Arizona

13 

14 Robyn C. Smith, on behalf of
15 the State of California

16 

17 Stephen LeClair, on behalf of
18 the State of Florida

19 

20 ~~James Newbold~~
21 James Newbold, on behalf of
22 The State of Illinois

23 _____
24 Judith Whiting, on behalf of
25 the Commonwealth of Massachusetts

26 _____
27 Alvin A. Narin, on behalf of the
28 New York State Banking Department

*Ed. Dunn's Drawn
49 460-5200*

the Lloyd's Policy or its proceeds, shall apply to applications to the court made under this paragraph.

IN WITNESS WHEREOF, the parties hereto have caused the Supplemental Agreement to be executed by their duly authorized attorneys, dated as of February 25, 2002.

ACCEPTED AND AGREED TO:

Anne M. McCormick, on behalf of the Federal Trade Commission

[Signature] (subject to Gen. Notarial approval)

Hugh Hegyi, on behalf of the State of Arizona

Robyn C. Smith, on behalf of the State of California

Stephen LeClair, on behalf of the State of Florida

James Newbold, on behalf of the State of Illinois

Judith Whiting, on behalf of the Commonwealth of Massachusetts

Alvin A. Narin, on behalf of the New York State Banking Department

Larry Gabriel
Attorney for the Official

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9 behalf of the Federal Trade
10 Commission

11 Hugh Hegyi, on behalf of the
12 State of Arizona

13
14 Robyn C. Smith, on behalf of
15 the State of California

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17 Stephen LeClair, on behalf of
18 the State of Florida

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20 James Newbold, on behalf of
21 The State of Illinois

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23 Judith Whiting, on behalf of
24 the Commonwealth of Massachusetts

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26 Alvin A. Narin, on behalf of the
27 New York State Banking Department

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14 Robyn C. Smith, on behalf of
15 the State of California

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17 Stephen LeClair, on behalf of
18 the State of Florida

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20 James Newbold, on behalf of
21 The State of Illinois

22
23 Judith Whiting, on behalf of
24 the Commonwealth of Massachusetts

25 *Alvin A. Narin*
26 Alvin A. Narin, on behalf of the
27 New York State Banking Department

28

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Frank Aiello

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Frank Aiello, individually and on behalf of the Class

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Nicolena Aiello

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Nicolena Aiello, individually and on behalf of the Class

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Paul Carabetta, individually and on behalf of the Class

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Ienore Carabetta, individually and on behalf of the Class

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Vito Cicci

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Vito Cicci, individually and on behalf of the Class

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Stella Cicci

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Stella Cicci, individually and on behalf of the Class

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Veronica J. Maines

21

Veronica J. Maines, individually and on behalf of the Class

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23

Thaddus Zychlinski

24

Thaddus Zychlinski, individually and on behalf of the Class

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26

Marissa Zychlinski

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Marissa Zychlinski, individually and on behalf of the Class

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HELL & MANELLA LLP
A REGISTERED PROFESSIONAL CORPORATION
Law Firm of the City of New York
Professional Corporation

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Frank Aiello
 Frank Aiello, individually and on behalf of the Class

Nicolena Aiello
 Nicolena Aiello, individually and on behalf of the Class

Paul Carabetta
 Paul Carabetta, individually and on behalf of the Class

Lenore Carabetta
 Lenore Carabetta, individually and on behalf of the Class

Vito Cicci
 Vito Cicci, individually and on behalf of the Class

Stella Cicci
 Stella Cicci, individually and on behalf of the Class

Veronica J. Maines
 Veronica J. Maines, individually and on behalf of the Class

Thaddeus Zychlinski, individually and on behalf of the Class

Marissa Zychlinski, individually and on behalf of the Class

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Jacqueline Bowser Agent Allene Wilcox

Jacqueline Bowser, individually and on behalf of the Class

Irene Huston, individually and on behalf of the Class

Michael Austin, individually and on behalf of the Class

Barbara Austin, individually and on behalf of the Class

George Jerolemon, individually and on behalf of the Class

Velda Durney

Ida M. Forrest

Henry M. Hong

Carol J. Hong

Mary Ryan

RECORDING REQUESTED BY

NO WHEN RECORDED MAIL TO

NAME
STREET ADDRESS
CITY, STATE ZIP

*Recorded in Contra Costa
11-08201*

SPACE ABOVE THIS LINE FOR RECORDER'S USE

POWER OF ATTORNEY - GENERAL [includes optional DURABLE POWER OF ATTORNEY]

KNOW ALL PERSONS BY THESE PRESENTS: That I,

Jacqueline Bowser

the undersigned (jointly or severally, if more than one) hereby make, constitute and appoint

Aleene Pappin Wilcox

my true and lawful Attorney for me and in my name, place and stead and for my use and benefit:

(a) To ask, demand, sue for, recover, collect and receive each and every sum of money, debt, account, legacy, bequest, interest, dividend, annuity and demand (which now is or hereafter shall become due, owing or payable) belonging to or claimed by me, and to use and take any lawful means for the recovery thereof by legal process or otherwise, and to execute and deliver a satisfaction or release therefor, together with the right and power to compromise or compound any claim or demand;

(b) To exercise any or all of the following powers as to real property, any interest therein and/or any building thereon: To contract for, purchase, receive and take possession thereof and of evidence of title thereto; to lease the same for any term or purpose, including leases for business, residence, and oil and/or mineral development; to sell, exchange, grant or convey the same with or without warranty; and to mortgage, transfer in trust, or otherwise encumber or hypothecate the same to secure payment of a negotiable or non-negotiable note or performance of any obligation or agreement.

(c) To exercise any or all of the following powers as to all kinds of personal property and goods, wares and merchandise, choses in action and other property in possession or in action: To contract for, buy, sell, exchange, transfer and in any legal manner deal in and with the same, and to mortgage, transfer in trust, or otherwise encumber or hypothecate the same to secure payment of a negotiable or non-negotiable note or performance of any obligation or agreement.

(d) To borrow money and to execute and deliver negotiable or non-negotiable notes therefor with or without security; and to loan money and receive negotiable or non-negotiable note or performance notes therefor with such security as he/she shall deem proper;

(e) To create, amend, supplement and terminate any trust and to instruct and advise the trustee of any trust wherein I am or may be trustor or beneficiary; to represent and vote stock, exercise stock rights, accept and deal with any dividend, distribution or bonus, join in any corporate financing, reorganization, merger, liquidation, consolidation or other action and the extension, compromise, conversion, adjustment, enforcement or foreclosure, singly or in conjunction with others of any corporate stock, bond, by or to me and to give or accept any property and/or money whether or not equal to or less in value than the amount owing in payment, settlement or satisfaction thereof;

THIS FORM IS NOT VALID FOR HEALTH CARE DECISIONS. (Use Wolcotts Form 1401 for that purpose.)

Before you use this form, fill in all blanks, and make whatever changes are appropriate and necessary to your particular transaction. Consult a lawyer if you doubt the form's fitness for your purpose and use. Wolcotts makes no representation or warranty, express or implied, with respect to the merchantability or fitness of this form for an intended use or purpose.



(f) To transact business of any kind or class as my act and deed to sign, execute, acknowledge and deliver deed, lease, assignment of lease, covenant, indenture, indemnity, agreement, mortgage, deed of trust, assignment of mortgage or of the beneficial interest under deed of trust, extension or renewal of any obligation, subordination or waiver of priority, hypothecation, bottomry, charter-party, bill of lading, bill of sale, bill, bond, note, whether negotiable or non-negotiable, receipt, evidence of debt, full or partial release or satisfaction of mortgage, judgement and other debt, request for partial or full reconveyance of deed of trust and such other instruments in writing or any kind or class as may be necessary or proper in the premises.

(g) [Strike if not applicable.] This Power of Attorney shall not be affected by subsequent incapacity of the principal [and shall remain effective for a period of (5) FIVE years after the disability or incapacity occurs].

(h) [Strike if not applicable.] This Power of Attorney shall become effective upon the incapacity of the principal [and shall remain effective for a period of (5) FIVE years after the disability or incapacity occurs].

(i) If (g) and/or (h) are not stricken, the Notice to Persons Executing Durable Power of Attorney applies.

NOTICE TO PERSON EXECUTING DURABLE POWER OF ATTORNEY

A durable power of attorney is an important legal document. By signing the durable power of attorney, you are authorizing another person to act for you, the principal. Before you sign this durable power of attorney, you should know these important facts:

Your agent (attorney-in-fact) has no duty to act unless you and your agent agree otherwise in writing.

This document gives your agent the powers to manage, dispose of, sell, and convey your real and personal property, and to use your property as security if your agent borrows money on your behalf. This document does not give your agent the power to accept or receive any of your property, in trust or otherwise, as a gift, unless you specifically authorize the agent to accept or receive a gift.

Your agent will have the right to receive reasonable payment for services provided under this durable power of attorney unless you provide otherwise in this power of attorney.

The powers you give your agent will continue to exist for your entire lifetime, unless you state that the durable power of attorney will last for a shorter period of time or unless you otherwise terminate the durable power of attorney. The powers you give your agent in this durable power of attorney will continue to exist even if you can no longer make your own decisions respecting the management of your property.

You can amend or change this durable power of attorney only by executing a new durable power of attorney or by executing an amendment through the same formalities as an original. You have the right to revoke or terminate this durable power of attorney at any time, so long as you are competent.

This durable power of attorney must be dated and must be acknowledged before a notary public or signed by two witnesses. If it is signed by two witnesses, they must witness either (1) the signing of the power of attorney or (2) the principal's signing or acknowledgment of his or her signature. A durable power of attorney that may affect real property should be acknowledged before a notary public so that it may easily be recorded.

You should read this durable power of attorney carefully. When effective, this durable power of attorney will give your agent the right to deal with property that you now have or might acquire in the future. The durable power of attorney is important to you. If you do not understand the durable power of attorney, or any provision of it, then you should obtain the assistance of an attorney or other qualified person.

NOTICE TO PERSON ACCEPTING THE APPOINTMENT AS ATTORNEY-IN-FACT

By acting or agreeing to act as the agent (attorney-in-fact) under this power of attorney you assume the fiduciary and other legal responsibilities of an agent. These responsibilities include:

1. The legal duty to act solely in the interest of the principal and to avoid conflicts of interest.
2. The legal duty to keep the principal's property separate and distinct from any other property owned or controlled by you.

You may not transfer the principal's property to yourself without full and adequate consideration or accept a gift of the principal's property unless this power of attorney specifically authorizes you to transfer property to yourself or accept a gift of the principal's property. If you transfer the principal's property to yourself without specific authorization in the power of attorney, you may be prosecuted for fraud and/or embezzlement. If the principal is 65 years of age or older at the time that the property is transferred to you without authority, you may also be prosecuted under abuse under Penal Code Section 368. In addition to criminal prosecution, you may also be sued in civil court.

I have read the foregoing notice and I understand the legal and fiduciary duties that I assume by acting or agreeing to act as the agent (attorney-in-fact) under the terms of this power of attorney.

10-10-01 Aleene Wilton JACQUELINE BOUSER
Print name of Agent

Aleene Wilton Jacqueline Bouser
Signature of Agent

GIVING AND GRANTING unto my said Attorney full power and authority to do and perform all and every act and thing whatsoever requisite, necessary or appropriate to be done in and about the premises as fully to all intents and purposes as I might or could do if personally present, hereby ratifying all that my said Attorney shall lawfully do or cause to be done by virtue of these presents. The powers and authority hereby conferred upon my said Attorney shall be applicable to all real and personal property or interests therein now owned or hereafter acquired by me and whatever situate.

My said Attorney is empowered hereby to determine in his/her sole discretion the time when, purpose for and manner in which any power herein conferred upon him/her shall be exercised, and the conditions, provisions and covenants of any instrument or document which may be executed by him/her pursuant hereto; and in the acquisition or disposition of real or personal property, my said Attorney shall have exclusive power to fix the terms thereof for cash, credit and/or property, and if on credit with or without security.

When the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

WITNESS my hand this 10 day of October, 2001.

Jacqueline Bouser

STATE OF California
COUNTY OF Contra Costa

On 10-10-01, before me, Kim Miller, Notary Public, personally appeared Jacqueline Bouser

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Kim Miller
Notary Public

We declare under penalty of perjury under the laws of the State of CA that the person who signed or acknowledged this document is personally known to us (or proved to us on the basis of convincing evidence) to be the principal who signed or acknowledged this durable power of attorney in our presence.

Executed this 10 day of October, 2001:

Melissa W...
Witness

[Signature]
Witness

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Jacqueline Bowser, individually and on behalf of the Class

Irene Huston

Irene Huston, individually and on behalf of the Class

Michael Austin, individually and on behalf of the Class

Barbara Austin, individually and on behalf of the Class

George Jerolemon, individually and on behalf of the Class

Velda Durney

Ida M. Forrest

Henry M. Hong

Carol J. Hong

Mary Ryan

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Jacqueline Bowser, individually and on behalf of the Class

Irene Huston, individually and on behalf of the Class

Michael Austin, individually and on behalf of the Class

Barbara Austin, individually and on behalf of the Class

George Jerolemon, individually and on behalf of the Class

Velda Durney
Velda Durney

Ida M. Forrest, BY Sharon Porter
a Successor in Interest

Henry M. Hong

Carol J. Hong

Mary Ryan, by Ed Ryan,
Personal Representative

IRELL & MANELLA LLP
A Registered Limited Liability
Law Partnership
Professional Corporation

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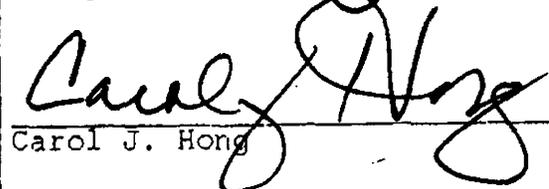
Barbara Austin, individually and on behalf of the Class

George Jerolemon, individually and on behalf of the Class

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1 *Lucrecia Wilder*
2 Lucrecia Wilder

4 Geneva A. Spires

7 Fred L. Passmore

9 Julia G. Passmore

12 American Association of Retired Persons

15 Larry Gabriel, on behalf of the Official Borrowers' Committee

18 First Alliance Mortgage Company, a California corporation

21 First Alliance Mortgage Company, a Minnesota corporation

24 First Alliance Corporation, a Delaware corporation

27 First Alliance Portfolio Services, Inc., a Nevada Corporation

RELL & MANELL LLP
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Law Firm, Including
Professional Corporation

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Lucretia Wilder

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Geneva A. Spires

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Fred L. Passmore

Julia G. Passmore

American Association of Retired Persons

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[Signature]

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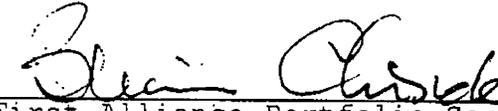
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Jeffrey Smith

Salah Bastawy

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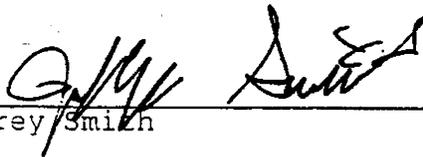
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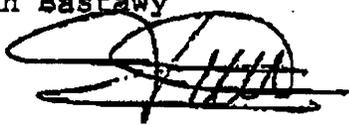
Brian Chisick

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FROM LATHAM & WATKINS OC #1

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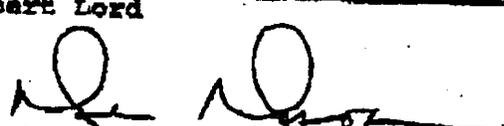
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FROM LATHAM & WATKINS OC #4

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Todd S. Feldman
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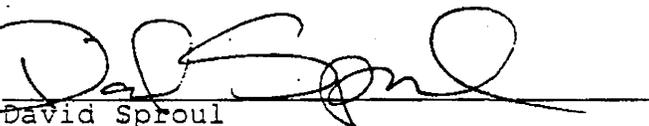
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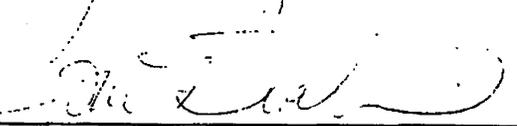
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Joe J. Laughlin

Joe J. Laughlin

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Steven Graber

Don Terry

Mitchell C. Horwitz

JP Morgan Chase Bank, as successor
in interest to The Chase
Manhattan Bank

Bank of New York

Wells Fargo Bank (Minnesota) N.A.

Financial Security Assurance Company

MBIA Insurance Corporation

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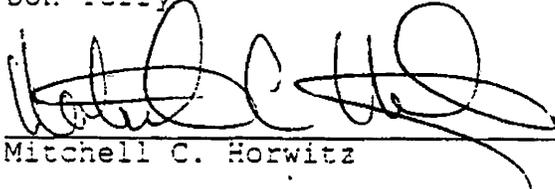
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R Bergeland

**Regina Bergeland
Vice President**

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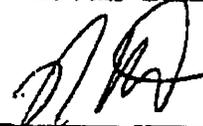
Joe O'Laughlin

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JP Morgan Chase Bank, as successor
in interest to The Chase
Manhattan Bank



RICHARD COSTANTINO
Senior Vice President

Bank of New York

Wells Fargo Bank (Minnesota) N.A.

Financial Security Assurance Company

MBIA Insurance Corporation

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JP Morgan Chase Bank, as successor
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Manhattan Bank

Bank of New York

RCC
RICH C. DERRY
VICE PRESIDENT

~~Wells Fargo Bank (Minnesota) N.A.~~
Wells Fargo Bank MINNESOTA, N.A.

Financial Security Assurance Company

MBIA Insurance Corporation

APPROVED AS TO FORM:

L. S. MARVELLA LLP
54705 Lyndale Avenue
Plymouth, Minnesota
55442-3000

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Wells Fargo Bank (Minnesota) N.A.

[Handwritten Signature]
Financial Security Assurance Company
Alex Malowski, Managing Director

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MBIA Insurance Corporation

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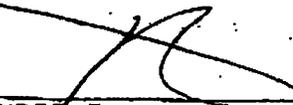
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Financial Security Assurance Company


MBIA Insurance Corporation
Ram D. Wertheim, General Counsel

APPROVED AS TO FORM:

Anne M. McCormick

1 Anne M. McCormick, *on Provisionally Accepted*
2 behalf of the Federal Trade *Subject to Commission*
3 Commission. *Approval*

4
5 Hugh Hegyi, on behalf of the
6 State of Arizona

7
8 Robyn C. Smith, on behalf of
9 the State of California

10 *[Signature]*
11 Stephen LeClair, on behalf of
12 the State of Florida

13 *[Signature]*
14 James Newbold, on behalf of
15 The State of Illinois

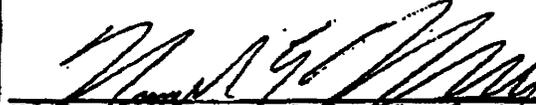
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17 Judith Whiting, on behalf of
18 the Commonwealth of Massachusetts

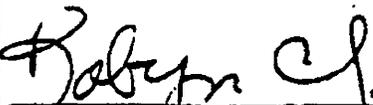
19
20 Alvin A. Narin, on behalf of the
21 New York State Banking Department

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23 Larry Gabriel
24 Attorney for the Official
25 Borrowers' Committee

26
27 Phillip Steinbock
28 Attorney for AARP and the
California Six

1 Anne M. McCormick, on
2 behalf of the Federal Trade
3 Commission

4  Subject to Gen. Nazari's
5 Hugh Hegyi, on behalf of the approval
6 State of Arizona

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8 Robyn C. Smith, on behalf of
9 the State of California

10 Stephen LeClair, on behalf of
11 the State of Florida

12 
13 ~~For James~~
14 James Newbold, on behalf of
15 The State of Illinois

16 Judith Whiting, on behalf of
17 the Commonwealth of Massachusetts

18
19 Alvin A. Narin, on behalf of the
20 New York State Banking Department

21 
22 Larry Gabriel
23 Attorney for the Official
24 Borrowers' Committee

25 
26 Phillip Steinhock
27 Attorney for AARP and the
28 California Six

1 Anne M. McCormick, on
2 behalf of the Federal Trade
3 Commission

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5 Hugh Hegyi, on behalf of the
6 State of Arizona

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13 ~~THOMAS J. JAMES~~
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MANELLA LLP
and Limited Liability
Professional Corporation

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Attorney for the Class

Susan Schneider Thomas
Attorney for Class

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Jerry C. Hager
Attorney for the Related Debtors

Ronald Rus
Attorney for Brian Chisick

Stuart Jasper
Attorney for Sarah Chisick

Jeffrey A. Robinson
Attorney for Jeffrey Smith and
Salah Bastawy

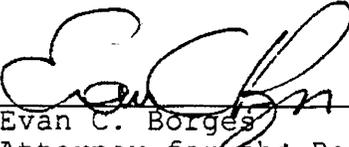
Mitchell Fuerst
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Francisco Nebot

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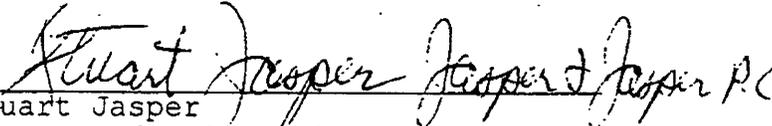

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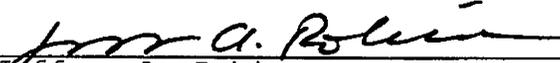
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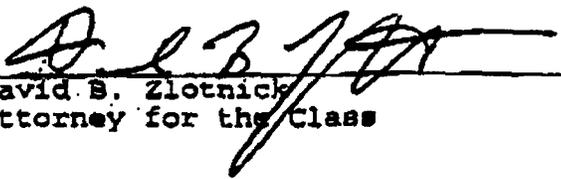
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8 Jeffrey Phillips

9 Charles P. Kanter
10 Attorney for Patricia G. Sullivan

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12 Adam Dawson/Karen Kimmey
13 Attorneys for Scott Gardner and
14 Diane Clark West

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16 Angel Garganta
17 Attorney for JP Morgan Chase Bank as
18 Successor in Interest to Chase
19 Manhattan Bank

20 Theresa Brehl
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22 (Minnesota), N.A. (formerly doing business
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24 John Baker
25 Attorney for Bank of New York

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27 Jeffrey Jacobovitz
28 Attorney for MBIA, Insurance
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 7 ~~Frank R. Uehaus~~ JOHN F. DOMINGUE
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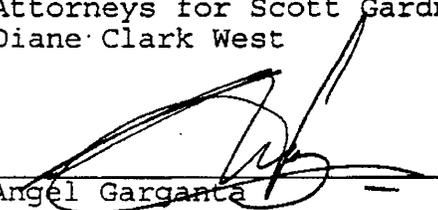
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~~Gerrit Jacobowitz~~ *Katherine A. Carey*
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Hydee A. Feldstein
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Attorney for Financial Security
Assurance, Inc.

1 Evan C. Borges (128706)
2 William N. Lobel (93202)
3 IRELL & MANELLA LLP
4 840 Newport Center Drive, Suite 400
5 Newport Beach, California 92660-6324

DUPLICATE ORIGINAL

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6 [REDACTED]

7 Attorneys for the Related Debtors

8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**
10 **SOUTHERN DIVISION**

11 FRANK and NICOLENA AIELLO, et
12 al.

13 Plaintiffs,

14 v.

15 BRIAN CHISICK, et al.

16 Defendants.

CASE No. SA CV 01-971 DOC
(Consolidated with SA CV 01-1111 DOC)

17 OFFICIAL JOINT BORROWERS
18 COMMITTEE,

19 Plaintiff,

20 v.

21 LEHMAN COMMERCIAL PAPER,
22 INC. et al.,

23 Defendants.

**DECLARATION OF CPT
REGARDING LIST OF PERSONS
WHO HAVE REQUESTED
EXCLUSION FROM CLASS
ACTION SETTLEMENT**

[No hearing required/requested]

The Hon. David O. Carter

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DECLARATION OF CPT REGARDING LIST OF PERSONS WHO HAVE REQUESTED
EXCLUSION FROM CLASS ACTION SETTLEMENT

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DECLARATION OF HENRY ARJAD

I, Henry Arjad declare as follows:

1. I am the principal and owner of CPT Group, the court-approved Administrator for the settlement entered into between the Coordinated Plaintiffs, the First Alliance Related Debtors and others (the "Administrator").

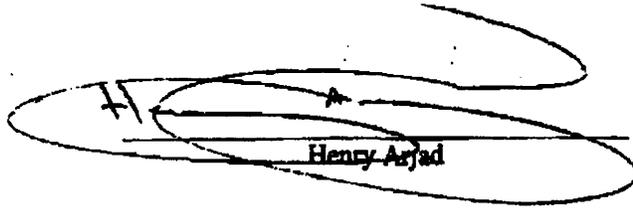
2. On April 22, 2002 the Honorable David O. Carter, United States District Judge, signed and filed his Order Granting Preliminary Approval of Class Action Settlement, Approving Form and Manner of Class Notice, and Scheduling Final Settlement Hearing. Paragraph 8 of that Order provides that "On or before June 14, 2002, the Administrator shall file with the Court and serve on all parties a list of the names and addresses of the persons who have requested exclusion."

3. In compliance with that Order, the Administrator hereby submits this declaration. Attached hereto as Exhibit "A" is a list showing the names and addresses of the persons who have timely requested exclusion from the noticed class action settlement.

4. Attached as Exhibit "B" is a list showing the name and address of each person who requested exclusion from the noticed class action settlement, but who did not do so in a timely manner. The requests for exclusion included on Exhibit "B" either were not postmarked on or before June 5, 2002, or (if not postmarked) were not received by CPT on or before June 5, 2002.

Executed on June 13, 2002, at Irvine, California.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.


Henry Arjad

**IN RE: FIRST ALLIANCE MORTGAGE CORP.
SCHEDULE OF OPT OUTS**

#	Borrower(s) Name	Address
1.	[REDACTED]	[REDACTED]
2.	[REDACTED]	[REDACTED]
3.	[REDACTED]	[REDACTED]
4.	[REDACTED]	[REDACTED]
5.	[REDACTED]	[REDACTED]
6.	[REDACTED]	[REDACTED]
7.	[REDACTED]	[REDACTED]
8.	[REDACTED]	[REDACTED]
9.	[REDACTED]	[REDACTED]
10.	[REDACTED]	[REDACTED]
11.	[REDACTED]	[REDACTED]
12.	[REDACTED]	[REDACTED]
13.	[REDACTED]	[REDACTED]
14.	[REDACTED]	[REDACTED]

#	Borrower(s) Name	Address
15.	[REDACTED]	[REDACTED]
16.	[REDACTED]	[REDACTED]
17.	[REDACTED]	[REDACTED]
18.	[REDACTED]	[REDACTED]
19.	[REDACTED]	[REDACTED]
20.	[REDACTED]	[REDACTED]
21.	[REDACTED]	[REDACTED]
22.	[REDACTED]	[REDACTED]
23.	[REDACTED]	[REDACTED]
24.	[REDACTED]	[REDACTED]
25.	[REDACTED]	[REDACTED]
26.	[REDACTED]	[REDACTED]
27.	[REDACTED]	[REDACTED]
28.	[REDACTED]	[REDACTED]
29.	[REDACTED]	[REDACTED]
30.	[REDACTED]	[REDACTED]

F	Borrower(s) Name	Address
31.	[REDACTED]	[REDACTED]
32.	[REDACTED]	[REDACTED]
33.	[REDACTED]	[REDACTED]
34.	[REDACTED]	[REDACTED]
35.	[REDACTED]	[REDACTED]
36.	[REDACTED]	[REDACTED]

**IN RE: FIRST ALLIANCE MORTGAGE CORP.
SCHEDULE OF UNTIMELY OPT OUTS**

No.	Borrower(s) Name	Address
1.	[REDACTED]	[REDACTED]