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6 Attorneys for Debtors and Debtors-in-Possession

7 UNITED STATES DISTRICT COURT
8 FOR THE CENTRAL DISTRICT OF CALIFORNIA
9 SOUTHERN DIVISION

10 In re
11 FIRST ALLIANCE MORTGAGE COMPANY,
12 a California corporation, et al.,
13 Related Debtors.

Case No. SA CV 02-417 DOC
Chapter 11 Cases

14 Affects All Related Debtors.

**NOTICE OF: (1) HEARING ON
CONFIRMATION OF DEBTORS'
FIRST AMENDED JOINT AND
CONSOLIDATED PLAN OF
LIQUIDATION DATED MAY 6,
2002; (2) CONFIRMATION
DEADLINES AND PROCEDURES;
AND (3) BAR DATE FOR
ADMINISTRATIVE EXPENSES AND
FINAL FEE APPLICATIONS**

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

Hearing

Date: September 10, 2002
Time: 8:30 a.m.
Place: Courtroom 9D
411 W. Fourth Street
Santa Ana, CA

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

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

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

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1 TO THE HONORABLE DAVID O. CARTER, UNITED STATES DISTRICT COURT
2 JUDGE; THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS; THE
3 OFFICIAL JOINT BORROWERS' COMMITTEE; THE OFFICE OF THE UNITED
4 STATES TRUSTEE; ALL CREDITORS AND INTEREST HOLDERS; AND ALL OTHER
5 PARTIES ENTITLED TO NOTICE HEREOF:

6 First Alliance Mortgage Company, a California corporation
7 ("FAMCO"), First Alliance Corporation, a Delaware corporation
8 ("FACO"), First Alliance Mortgage Company, a Minnesota
9 corporation ("FAMCO-MN"), and First Alliance Portfolio Services,
10 a Nevada corporation ("FAPS"), debtors and debtors-in-possession
11 in the above captioned chapter 11 cases (collectively, the
12 "Debtors"), have filed the "Debtors' First Amended Joint and
13 Consolidated Plan of Liquidation Dated May 6, 2002" (the "Plan")
14 and the "Disclosure Statement Re: Debtors' First Amended Joint
15 and Consolidated Plan of Liquidation Dated May 6, 2002," (the
16 "Disclosure Statement"). Following the hearing held on June 11,
17 2002 to consider the adequacy of the Disclosure Statement, the
18 Court entered its "Order (1) Approving Disclosure Statement; (2)
19 Approving Solicitation and Notice Procedures; (3) Approving Forms
20 of Ballots; (4) Establishing Procedures for Tabulating Votes; (5)
21 Establishing Confirmation Procedures and Deadlines; (6)
22 Establishing Certain Bar Dates; and (7) Preserving Claims and
23 Defenses" (the "Order"). Pursuant to the Order, the Court
24 approved the Disclosure Statement as containing adequate
25 information for members of classes entitled to vote on the Plan
26 (Classes 3, 4, and 5; collectively, the "Voting Classes") to make
27 an informed judgment in determining whether to vote to accept or
28 reject the Plan. The Court having entered the Order;

1 **NOTICE IS HEREBY GIVEN THAT:**

2 **A. Distribution of Confirmation Materials**

3 1. The Court has authorized transmittal of the Disclosure
4 Statement and ballots to creditors and other parties-in-interest.

5 2. If you believe you hold an allowed or disputed Claim
6 against the Debtors, or that you are a member of a Voting Class,
7 or if you otherwise want a copy of the Plan, Disclosure
8 Statement, and ballot, then a copy of the Plan, Disclosure
9 Statement, and a ballot may be obtained upon written request to
10 Irell & Manella LLP, Attention: Patty Naegely, 840 Newport Center
11 Drive, Suite 400, Newport Beach, California 92660, Fax # (949)
12 760-5200, Paralegal, the Plan, Disclosure Statement, and a ballot
13 shall be transmitted to you. DO NOT TELEPHONE THE COURT, THE
14 OFFICE OF THE UNITED STATES TRUSTEE, THE DEBTORS, OR THEIR
15 COUNSEL TO REQUEST ANY OF THE FOREGOING.

16 **B. Notice of Hearing on Plan Confirmation**

17 3. The hearing to consider Confirmation of the Plan will
18 be held on September 10, 2002, at 8:30 a.m., or as soon
19 thereafter as counsel may be heard (the "Confirmation Hearing"),
20 before the Honorable David O. Carter, United States District
21 Court Judge, Courtroom 9D, 411 West Fourth Street, Santa Ana,
22 California 92701. The Confirmation Hearing may be continued from
23 time to time by announcement in open Court without further notice
24 to parties in interest. Additionally, the Plan may be modified
25 pursuant to Bankruptcy Code § 1127 prior to or as a result of the
26 Confirmation Hearing without further notice to parties in
27 interest.

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1 C. Notice of Manner and Timing for Voting and Filing Objections
2 to Confirmation

3 4. If you are a creditor or shareholder of the Debtors,
4 your rights may be "impaired" by the Plan. If your Claim is in
5 an impaired Class, and you are entitled to receive a distribution
6 under the Plan, you will be receiving a complete voting package,
7 including a ballot, a copy of the Plan, and a copy of the
8 Disclosure Statement. Please review and consider the voting
9 package carefully, and timely return your ballot accepting or
10 rejecting the Plan.

11 5. The last day for the receipt of ballots accepting or
12 rejecting the Plan is 4:00 p.m. Pacific Daylight Time on August
13 13, 2002 (the "Voting Deadline"). For a ballot to be counted, it
14 must be actually received prior to the Voting Deadline by:

15 CPT Group, Inc.
16 Attn: FAMCO Ballots
17 16630 Aston Street
18 Irvine, California 92606

19 6. Any objections to Confirmation must conform with the
20 Bankruptcy Local Rules of the United States Bankruptcy Court for
21 the Central District of California, must be made in writing, and
22 must specify in detail the name and address of the objector; the
23 grounds for the objection; evidentiary support therefor in the
24 form of affidavits under oath or declarations under penalty of
25 perjury; and the amount of the objector's Claim or other grounds
26 that give the objector standing to object to the Plan. The
27 objection must be accompanied by a memorandum of points and
28 authorities and be filed with the District Court, 411 West Fourth
Street, Santa Ana, California 92701. Copies must be served on

1 each of the following parties (the "Notice Parties") so that they
2 are received by the Bankruptcy Court and each of the following
3 parties on or before 4:00 p.m. Pacific Daylight Time on August
4 13, 2002 (the "Confirmation Objection Deadline"):

- 5 a. Irell & Manella LLP
Attn: William N. Lobel, Esq.
6 840 Newport Center Drive, Suite 400
7 Newport Beach, CA 92660
- 8 b. Federal Trade Commission
Attn: Anne M. McCormick, Esq.
9 600 Pennsylvania Ave. N.W., Rm. 4429
10 Mail Drop 4429
Washington, D.C. 20580
- 11 c. The Office of the United States Trustee
Attn: Arthur Marquis, Esq.
12 411 West Fourth Street, Suite 9041
13 Santa Ana, CA 92701-8000
- 14 d. Klee, Tuchin, Bogdanoff & Stern LLP
Attn: David Stern, Esq.
15 1880 Century Park East, Suite 200
16 Los Angeles, CA 90067
- 17 e. Pachulski Stang Ziehl Young & Jones PC
Attn: Larry W. Gabriel, Esq.
18 10100 Santa Monica Blvd., Suite 1100
19 Los Angeles, CA 90067

20 7. All declarants or affiants must appear and be
21 available, without need for subpoena, for cross-examination at
22 the Confirmation Hearing (except for declarants making
23 declarations of service and the ballot tabulation, unless such
24 testimony is put in issue). The testimony of any declarant or
25 affiant who does not appear and make himself or herself available
26 for cross-examination at the Confirmation Hearing will be
27 stricken from the record and will not be considered in
28 determining contested matters at the Confirmation Hearing, unless

1 such party's appearance has been excused by an order of the
2 Court.

3 8. In accordance with the Local Bankruptcy Rules, any
4 objection to Confirmation not timely filed and served may be
5 deemed waived, and the failure to object timely may be deemed by
6 the Court to be a consent to the entry of the Confirmation Order.
7 Any evidence that is not timely filed and served as provided
8 above will be stricken from the record and will not be considered
9 in determining contested matters at the Confirmation Hearing.

10 9. The following procedures have been approved for the
11 purposes of the tabulating votes on the Plan:

12 a) Unless the Court orders otherwise, for purposes of
13 voting, the amount of a Claim to tabulate votes will be the
14 Claim amount as listed in the Debtors' Schedules if such
15 Claim is listed therein as not contingent, not unliquidated,
16 and not disputed and no proof of claim has been timely
17 filed. If a proof of claim in a specified liquidated amount
18 has been timely filed and is neither the subject of an
19 objection to Claim filed before the Confirmation Hearing nor
20 has been disallowed prior to the Confirmation Hearing, the
21 amount of the Claim for voting purposes shall be such
22 specified liquidated amount, unless a different amount has
23 been temporarily allowed by the Court for voting purposes
24 after notice and a hearing in accordance with Bankruptcy
25 Rule 3018(a), in which event the Claim should be in such
26 amount;

27 b) Unless the Court orders otherwise, if a creditor
28 submits a ballot for a Claim which has been listed on the

1 Debtors' Schedules as contingent, unliquidated, or disputed,
2 and with respect to which a proof of claim has not been
3 timely filed, or against which an objection has been timely
4 filed and is not resolved or which is designated in the Plan
5 or the Disclosure Statement as a Disputed Claim, then the
6 ballot will not be counted in accordance with Bankruptcy
7 Rule 3018, unless the Court temporarily allows the Claim for
8 voting purposes in accordance with such Rule;

9 c) If a creditor casts more than one ballot voting
10 the same Claim before the last day for submitting ballots,
11 the last ballot received prior to the deadline for
12 submitting ballots shall supersede any prior ballot(s), even
13 if the dollar amount of the earlier Claim was greater;

14 d) Votes cast by a creditor pursuant to a ballot that
15 is not signed or is not timely received shall not be
16 counted;

17 e) Signed ballots that are timely received but which
18 do not indicate any vote on the Plan shall be treated as a
19 vote to accept the Plan; and

20 f) As set forth in the Plan, as a result of the
21 proposed substantive consolidation of the Debtors, a holder
22 of Claims against one or more of the Debtors arising from or
23 relating to the same underlying debt that would otherwise
24 constitute Allowed Claims against two or more of the
25 Debtors, including Claims based on joint and several
26 liability, contribution, indemnity, subrogation,
27 reimbursement, surety, guaranty, co-maker and similar
28

1 concepts, shall only be entitled to vote one Allowed Claim
2 on account of such Claims.

3 10. The Debtors will file any memorandum of points and
4 authorities or other papers in support of confirmation of the
5 Plan, including any response to any timely filed and served
6 objection to confirmation of the Plan, on or before September 3,
7 2002 at 4:00 p.m., Pacific Daylight Time, and shall serve a copy
8 on each objecting party. The Debtors' counsel shall file with
9 the Court and serve on the attorneys for the Official Committee
10 of Unsecured Creditors, the Official Joint Borrowers' Committee,
11 the FTC, and any objecting party a Ballot Summary on or before
12 September 3, 2002, at 4:00 p.m., Pacific Daylight Time.

13 11. The Debtors have designated CPT Group, Inc. ("CPT") to
14 tabulate the ballots for the Plan and prepare the ballot
15 tabulation analysis. CPT's address and fax number for these
16 purposes are:

17 CPT Group, Inc.
18 Attn: FAMCO Ballots
19 16630 Aston Street
20 Irvine, California 92606
21 Fax: (949) 852-9340

22 **D. Bar Date for Administrative Expenses and Final Fee**

23 **Applications**

24 12. All applications for interim compensation of
25 Professionals for services rendered and for reimbursement of
26 expenses incurred on or before the Confirmation Date, and all
27 other requests for payment of an Administrative Claim incurred
28 before the Confirmation Date under sections 507(a)(1) or 503(b)
of the Code (except only for Claims under 28 U.S.C. § 1930) shall
be filed no later than sixty (60) days after the Confirmation

1 Date. All applications for interim compensation of Professionals
2 for services rendered and for reimbursement of expenses incurred
3 on or before the Confirmation Date, and all other requests for
4 payment of an Administrative Claim incurred before the
5 Confirmation Date under sections 507(a)(1) or 503(b) of the Code,
6 shall include a request for payment of any amounts withheld under
7 the interim payment procedures approved by the Bankruptcy Court.
8 All applications for interim compensation will be set for a date
9 that is approximately 90-120 days after the Confirmation Date.

10 13. Interim compensation of Professionals for services
11 rendered after the Confirmation Date and prior to the Effective
12 Date shall be sought and paid in accordance with the interim fee
13 procedures established by an order of the Bankruptcy Court.

14 14. All professionals or other entities requesting
15 compensation or reimbursement of expenses, pursuant to Bankruptcy
16 Code §§ 327, 328, 330, 331, 503(b), or 1103, for services
17 performed before the Effective Date of the Plan, including any
18 compensation or reimbursement of expenses requested by any Entity
19 for making a substantial contribution in any of the Debtors'
20 Cases, are required to file with the Court and deliver to the
21 attorneys for the Liquidating Trust (as defined in the Plan) an
22 application for final allowance of compensation and reimbursement
23 of expenses no later than 60 days after the Effective Date. The
24 Court will calendar a hearing on the applications for a date that
25 is approximately 90-120 days after the Effective Date, and the
26 attorneys for the Liquidating Trust shall give notice of the
27 hearing in accordance with the Bankruptcy Rules.

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1 15. Objections to the applications must be filed and served
2 on the attorneys for the Liquidating Trust and the professional
3 to whom the objections are addressed in accordance with the
4 Bankruptcy Rules.

5 16. All requests for payment of any other Administrative
6 Claim, if not previously delivered to any of the Debtors, shall
7 be filed with the Court and delivered to the attorneys for the
8 Liquidating Trust on or before 60 days after the Effective Date,
9 or they shall be forever barred from asserting such claim against
10 the Estates or the Liquidating Trust, or any of their respective
11 properties.

12 **E. No Waiver of Bar Dates**

13 17. This Notice and the Order shall not constitute a waiver
14 of any other deadline for the filing of Claims against the
15 Debtors or the Estates, including such deadlines imposed in the
16 Court's "Order Approving Joint Motion for Order (1) Establishing
17 Last Date to File Proofs of Claim or Interest; (2) Authorizing
18 the Related Debtors to Publish Notice of the Bar Date; and (3)
19 Approving Form of Notice Thereof," and subsequent related orders
20 extending bar dates for certain borrowers and governmental units.

21
22 Dated: May __, 2002

IRELL & MANELLA LLP

23
24 By: _____
25 William N. Lobel
26 Evan C. Borges
27 Jeffrey M. Reisner
28 Mike D. Neue
Attorneys for Debtors and
Debtors-in-Possession