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Committee of Unsecured Creditors

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9 **UNITED STATES BANKRUPTCY COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**
11 **SANTA ANA DIVISION**

12 In re:

13 **PEOPLE'S CHOICE HOME LOAN,**
INC., et al.,¹

14 Debtor.

15 Fed. Tax I.D. No.: 94-3348277
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Case No.: 8:07-10765-RK

Chapter 11

(Jointly Administered with Case Nos. 8:07-10767-RK and 8:07-10772-RK)

**ORDER APPROVING COMMITTEE'S
DISCLOSURE STATEMENT, FIXING
VARIOUS DEADLINES RELATING TO
PLAN CONFIRMATION, APPROVING
FORM OF BALLOT, SOLICITATION
LETTER, AND NOTICE, AND
APPROVING MANNER OF SERVICE**

Date: April 22, 2008

Time: 10:00 a.m.

Place: Courtroom 5D

411 West Fourth Street
Santa Ana, California 92701

FILED & ENTERED

MAY 02 2008

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY kent DEPUTY CLERK

28 ¹ The Debtors are People's Choice Home Loan, Inc., a Wyoming corporation, Fed. Tax I.D. No.: 94-3348277; People's Choice Funding, Inc., a Delaware corporation, Fed. Tax I.D. No.: 20-1156865; and People's Choice Financial Corporation, a Maryland corporation, Fed. Tax I.D. No.: 20-1157100.



1 The disclosure statement (as amended, the “Disclosure Statement”) of the Official
2 Committee of Unsecured Creditors (the “Committee”) relating to People’s Choice Home Loan, Inc.,
3 a Wyoming corporation, People’s Choice Funding, Inc., a Delaware corporation, and People’s
4 Choice Financial Corporation, a Maryland corporation, collectively debtors and debtors in
5 possession (herein the “Debtors”), referring to the plan of reorganization (as amended, the “Plan”) of
6 the Committee, came on for hearing before this Court on April 22, 2008. Notice of this matter was
7 proper and appropriate under the circumstances and no further notice is required. The Court
8 considered all papers filed in this matter and the arguments and representations of counsel presented
9 at the April 22, 2008 hearing as well as the three prior hearings held on April 7, 2008, April 14,
10 2008, and April 16, 2008 with respect to the adequacy of the information in the Disclosure
11 Statement. The Court has determined that the Disclosure Statement contains adequate information
12 within the meaning of Section 1125 of the Bankruptcy Code. Based on the foregoing, and good
13 cause appearing therefor,

14 **IT IS ORDERED** that:

15 **A. The Disclosure Statement and Plan Briefing Schedule**

- 16 1. The Disclosure Statement is approved.
- 17 2. All objections to the Disclosure Statement have been settled or are overruled.
- 18 3. The hearing to consider confirmation of the Plan shall commence on July 23, 2008, at
19 9:00 a.m. (the “Confirmation Hearing”).
- 20 4. The briefing schedule set forth on Exhibit 1 is hereby adopted.
- 21 5. Any memorandum and evidence in support of or opposing confirmation of the Plan
22 shall be filed with the Bankruptcy Court and served on the United States Trustee, the Debtors, the
23 U.S. Securities and Exchange Commission, the Internal Revenue Service, and all other parties who
24 have requested special notice in these cases (the “Special Notice Parties”) so as to be actually
25 received by the deadlines set forth on Exhibit 1 (provided that notice through the Court’s electronic
26 filing system shall be sufficient).

27 **6. ANY OBJECTIONS TO PLAN CONFIRMATION THAT ARE NOT FILED**
28 **AND SERVED AS SET FORTH ABOVE SHALL BE DEEMED WAIVED.**

1 7. Any evidence that is not timely filed and served should be stricken from the record
2 and not be considered in determining any contested matter at the Confirmation Hearing.

3 **B. The Committee Support Letter**

4 8. The cover letter in support of the Plan prepared by the Committee is approved in
5 substantially the form attached as Exhibit 2 (the “Committee Letter”). The Committee is authorized,
6 but not directed, to include the Committee Letter in any Solicitation Package (defined below).

7 **C. Solicitation Procedures, Ballots, Notices, and Balloting Deadline**

8 9. The “Solicitation Package” referenced on Exhibit 1 shall be composed of (a) the
9 approved Disclosure Statement, (b) a copy of the Plan, and (c) a notice of the hearing regarding
10 confirmation of the Plan and various deadlines relating to the plan (the “Confirmation Hearing
11 Notice”). The Solicitation Package shall be distributed to all creditors, all equity security holders,
12 the Debtors, the United States Trustee, the U.S. Securities and Exchange Commission, the Internal
13 Revenue Service, and the Special Notice Parties.

14 10. XRoads Case Management Services (the “Balloting Agent”) shall include a ballot in
15 each Solicitation Package sent to members entitled to vote under the Plan (Classes 3A through 3C
16 and Classes 4A through 4C under the Plan) (the “Ballots”). The Committee is authorized, but not
17 directed, to direct the Balloting Agent to include a solicitation letter in substantially the form of the
18 letter attached as Exhibit 3 (the “Solicitation Letter”), which is hereby approved. Under the Plan,
19 certain classes of creditors and interest holders are unimpaired as defined in section 1124 of the
20 Bankruptcy Code and are conclusively presumed to have accepted the Plan pursuant to section
21 1126(f) of the Bankruptcy Code. The solicitation of votes from such creditors and interest holders is
22 not required and therefore no Ballots will be sent to said parties. Further, under the Plan, certain
23 classes of creditors and interest holders will receive no recovery and are deemed to have rejected the
24 Plan pursuant to section 1126(g) of the Bankruptcy Code. The solicitation of votes from such
25 creditors and interest holders is not required and therefore no Ballots will be sent to said parties.

26 11. The form of the Ballots to be mailed to creditors in Classes 3A through 3C and
27 Classes 4A through 4C under the Plan shall substantially conform to the Ballot attached hereto as
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1 Exhibit 4, which form is approved and shall be used in connection with the solicitation of votes on
2 the Plan.

3 12. The form of the Confirmation Hearing Notice shall substantially conform to the
4 notice attached hereto as Exhibit 5 and is approved.

5 13. Service of the Confirmation Hearing Notice and distribution of the Plan and the
6 Disclosure Statement, as set forth herein, shall constitute full compliance with Rule 3017(d) of the
7 Federal Rules of Bankruptcy Procedure.

8 **D. Tabulation**

9 14. The “Balloting Deadline” on Exhibit 1 sets forth the deadline by which Ballots must
10 be received in order to be counted.

11 15. The Balloting Agent shall tabulate the ballots and prepare the appropriate reports with
12 respect thereto.

13 16. The Balloting Agent is directed to maintain true, complete and accurate records of all
14 Ballots received, including but not limited to the date and time of such receipt and method of
15 delivery.

16 17. The amount or priority of a claim or interest solely for purposes of voting and Ballot
17 tabulation (and not for the purpose of allowance of or distribution on account of a claim) will be:

18 (a) For a claim or interest that is listed in the Debtors’ Schedules, but not
19 identified as contingent, unliquidated or disputed or scheduled as zero and that
20 has not been objected to in any fashion, is not subject to a right of setoff, or
21 that has not been disallowed, waived, or withdrawn by Order of the Court,
22 stipulation, or otherwise prior to the Confirmation Hearing, and for which no
23 proof of claim has been timely filed, the claim or interest amount as identified
24 in the Schedules (the “Scheduled Amount”);

25 (b) For a timely filed proof of claim or interest that is filed in a specified,
26 liquidated amount and that is not the subject of an objection filed before the
27 date of the Confirmation Hearing, is not subject to a right of setoff, or that has
28 not been disallowed, waived, or withdrawn by Order of the Court, stipulation,

1 or otherwise prior to the Confirmation Hearing, the specified liquidated
2 amount in such proof of claim or proof of interest (the “Proof of Claim
3 Amount”);

4 (c) For a claim or interest that is the subject of an objection in whole or in part
5 before the Confirmation Hearing, only the undisputed amount, if any, of such
6 claim or interest, unless such claim or interest is temporarily allowed under
7 Bankruptcy Rule 3018(a);

8 (d) If a proof of claim or proof interest has been amended, the last timely received
9 proof of claim or proof of interest shall govern;

10 (e) If a claim has been estimated (in amount or priority) or otherwise allowed for
11 voting purposes by order of the Court, such claim is temporarily allowed in
12 the amount and class so estimated or allowed by the Court for voting purposes
13 only, and not for purposes of allowance or distribution.

14 18. The Balloting Agent shall also adhere to the following guidelines in tabulating the
15 Ballots:

16 (a) Any creditor whose claim is the subject of a pending objection shall not be
17 entitled to vote on the Plan and such creditor’s vote shall not be counted in
18 determining whether the requirements of section 1126(e) of the Bankruptcy
19 Code have been met unless such claim has been temporarily allowed for
20 voting purposes by order of this Court by the Balloting Deadline. The
21 deadlines for filing and serving or responding to any motion or stipulation for
22 temporary allowance or disallowance of a claim (but only for purposes of
23 determining who may vote on the Plan) are set forth on Exhibit 1. Any such
24 motions or responses shall be served on the counsel to the Debtors, counsel to
25 the Committee, and the Office of the United States Trustee.

26 (b) If an entity submits a Ballot for a claim or interest (i) for which there is no
27 timely proof of claim or proof of interest filed asserting a Proof of Claim
28 Amount and for which there is no corresponding Scheduled Amount, or

1 (ii) which is the subject of an unresolved objection filed prior to the
2 Confirmation Hearing, such Ballot will not be counted unless otherwise
3 ordered by the Court.

4 (c) If a creditor asserts duplicate claims in multiple classes, the Committee shall
5 select the proper class and that creditor shall have only one vote for such
6 claims and the Committee shall count only one Ballot for purposes of such
7 claims.

8 (d) Creditors that have claims in more than one voting class under the Plan must
9 submit a separate Ballot for voting their claims in each such class. Any
10 creditor that requires additional copies of a Ballot either may photocopy the
11 original Ballot or obtain an additional Ballot pursuant to the instructions set
12 forth in the Confirmation Hearing Notice and the proposed Ballots. If any
13 creditor uses any single Ballot to vote claims in more than one class, that
14 Ballot will not be counted.

15 (e) If any entity casts more than one eligible Ballot with respect to the same claim
16 or interest before the Balloting Deadline, the last Ballot received prior to the
17 Balloting Deadline shall be deemed to supersede any prior Ballot(s) by such
18 entity with respect to such claim or interest.

19 (f) Any Ballot that is incomplete (including any Ballot that is not legible, is not
20 properly executed, or provides insufficient information to permit identification
21 of the claimant) or that is not received by the Balloting Deadline shall not be
22 counted; provided, however, that any Ballot that is signed but that does not
23 indicate an acceptance or rejection of the Plan or that indicates both an
24 acceptance and rejection of the Plan shall be deemed to be a Ballot accepting
25 the Plan.

26 19. The Balloting Agent is directed to file a summary of the Ballots in substantially the
27 form of Official Form F 3017-2 by the deadline set forth on Exhibit 1.

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EXHIBIT 1
CONFIRMATION BRIEFING SCHEDULE

People's Choice Home Loan, Inc. et al.
Confirmation Briefing Schedule

<u>Date/Time</u>		<u>Description</u>
July 23, 2008 to July 25, 2008 at 9:00 a.m.	Hearing	<ul style="list-style-type: none"> • Confirmation Hearing or start of any trial re confirmation
July 18, 2008	5 Days	<ul style="list-style-type: none"> • Last Day (“L/D”) to file stipulation re admissibility of exhibits or written evidentiary objections
July 18, 2008 at 1:30 p.m.	5 Days	<ul style="list-style-type: none"> • Pre-trial conference
July 17, 2008	6 Days	<ul style="list-style-type: none"> • L/D to file and serve reply briefs in support of or against confirmation • Exchange of final exhibits and witness lists
July 9, 2008 at 10:30 a.m.	14 Days	<ul style="list-style-type: none"> • Hearing on motion to temporarily allow or disallow claims for voting purposes
July 3, 2008	20 Days	<ul style="list-style-type: none"> • L/D to reply to motions to temporarily allow or disallow claims for voting purposes • L/D to file and serve briefs in support of or against confirmation and submit supporting evidence, including final declarations • L/D to file summary of Ballots in substantially the form of Official Form F 3017-2
July 2, 2008 at 5:00 p.m. PT	21 Days	<ul style="list-style-type: none"> • Balloting Deadline
July 1, 2008	22 Days	<ul style="list-style-type: none"> • Completion of depositions
June 25, 2008	28 Days	<ul style="list-style-type: none"> • L/D to object to motions to temporarily allow or disallow claims solely for voting purposes
June 11, 2008	42 Days	<ul style="list-style-type: none"> • L/D to file and serve motions to temporarily allow or disallow claims solely for purposes of determining who may vote on the Plan • L/D to stipulate to temporary allowance or disallowance of a claim solely for purposes of determining who may vote on the Plan
June 5, 2008	48 Days	<ul style="list-style-type: none"> • L/D to serve Solicitation Package

1	June 5, 2008	48 Days	<ul style="list-style-type: none"> • Commencement of depositions
2	June 4, 2008	49 Days	<ul style="list-style-type: none"> • L/D for the plan proponent and any objecting party to file and serve, to the extent any of the witnesses is an expert witness, a copy of the expert witness report as required under Fed. R. Civ. P. 26(a)
3			<ul style="list-style-type: none"> • L/D for the plan proponent to file and serve a preliminary exhibit list detailing all documents on which the proposed witnesses will base their testimony and/or which will be admitted in support of confirmation
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12	May 30, 2008	52 Days	<ul style="list-style-type: none"> • Completion of requests for admission, document production and responses to interrogatories
13	May 14, 2008	68 Days	<ul style="list-style-type: none"> • L/D to serve requests for admission, document requests and interrogatories
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15	May 12, 2008	71 Days	<ul style="list-style-type: none"> • L/D for any party objecting to confirmation to file and serve: (a) a preliminary statement that identifies and generally describes each of its objections to confirmation of the Plan and (b) a preliminary witness list that identifies the individuals who the objecting party anticipates using in support of the objections and a general description of the expected testimony of those individuals
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23	May 5, 2008	79 Days	<ul style="list-style-type: none"> • L/D for the plan proponent to file and serve: (a) a preliminary statement that identifies and generally describes the proponent's prima facie case in support of confirmation of the Plan and (b) a preliminary witness list that identifies the individuals that the proponent anticipates using in support of confirmation and a general description of the expected testimony of those individuals
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EXHIBIT 2
COMMITTEE LETTER

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1 **OFFICIAL COMMITTEE OF UNSECURED CREDITORS**
2 **OF PEOPLE'S CHOICE HOME LOAN, INC. et al.**

3 Jointly Administered under Chapter 11 Case No. 8:07-10765-RK

4 **TO: UNSECURED CREDITORS OF PEOPLE'S CHOICE HOME LOAN, INC. et al.**²

5 The Official Committee of Unsecured Creditors (the "Committee") in the Chapter 11 cases of
6 People's Choice Home Loan, Inc. and affiliated debtors (the "Debtors"), writes to advise general
unsecured creditors of the Committee's support for the Liquidating Plan of Reorganization under
Chapter 11 of the Bankruptcy Code (as amended from time to time, the "Plan").

7 Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the
8 Plan.

9 **THE COMMITTEE RECOMMENDS THAT HOLDERS OF GENERAL UNSECURED**
10 **CLAIMS VOTE TO ACCEPT THE PLAN.** *Each holder of a general unsecured claim must,*
however, make its own independent decision as to whether or not the Plan is acceptable to that
creditor before voting to accept or reject the Plan.

11 **PLEASE NOTE THAT EACH CREDITOR MUST SUBMIT A COMPLETED BALLOT SO**
12 **AS TO BE RECEIVED BY THE BALLOTING AGENT NO LATER THAN THE CLOSE OF**
13 **BUSINESS ON JULY 2, 2008 at 5:00 P.M. PT, IN ACCORDANCE WITH THE**
INSTRUCTIONS ON THE BALLOT.

14 **The Plan.** The Committee has worked closely with management of the Debtors and the Debtors'
15 counsel in developing the Plan and submits that the Plan represents the best alternative for unsecured
16 creditors. The Plan contains a global compromise among the estates. The global compromise will
17 permit the estates to avoid potentially protracted and expensive litigation over claims between and
18 among the estates, and over issues of substantive consolidation, that could delay and impair
19 recoveries to general unsecured creditors. The global compromise is a cornerstone of the Plan. In
20 the absence of confirmation of the Plan, it is far from certain that such a global compromise would
21 be consummated. The Plan also accomplishes a further critical result – it permits the Debtors to
preserve the status of People's Choice Financial Corporation ("PCFC") as a real estate investment
trust (a "REIT"). If PCFC's REIT status is not preserved, this could result in significant
consequences and claims that could ultimately impair recoveries to general unsecured creditors of
the estates. If the Plan is not confirmed, and the cases are converted to chapter 7 of the Bankruptcy
Code, the Committee does not believe that the Debtors will be able to preserve their REIT status.
For these and the other reasons set forth in the Disclosure Statement, the Plan is reasonable, is
calculated to minimize expensive estate litigation, and is superior to conversion to chapter 7.

22 **Distributions.** The Plan provides that holders of general unsecured claims shall receive
23 distributions after all senior claims have been satisfied in full. Estimates of recoveries may be found
in the Disclosure Statement.

24 *The foregoing description does not constitute any part of and is not intended as a substitute for*
25 *reading the Disclosure Statement approved by the Court. Creditors should read the Plan, the*
26 *accompanying Disclosure Statement (including, without limitation, all of the risk factors set forth*
therein), and any attachments and exhibits thereto in their entirety before voting on the Plan.

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28 ² The Debtors are People's Choice Home Loan, Inc., a Wyoming corporation, Fed. Tax I.D. No.:94-3348277; People's
Choice Funding, Inc., a Delaware corporation, Fed. Tax I.D. No.:20-1156865; and People's Choice Financial
Corporation, a Maryland corporation, Fed. Tax I.D. No.:20-1157100.

1 **Ballots. CREDITORS MUST SUBMIT A TIMELY BALLOT.** The Committee has provided
2 holders of general unsecured claims entitled to vote with ballots to vote to accept or reject the Plan.
3 In order to have a vote counted, creditors must complete and return their respective ballot(s) in
4 accordance with the procedures set forth on the ballot(s) so as to be received by the Balloting Agent
5 no later than the close of business on July 2, 2008 at 5:00 p.m. PT. The Balloting Agent's contact
6 information is as follows:

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People's Choice Balloting Processing
c/o XRoads Case Management Services
PO Box 8901
Marina Del Rey, CA 90295
Telephone: (888) 781-6224

Please read the directions on the ballot carefully and complete your ballot in its entirety before returning it to the Balloting Agent.

THE COMMITTEE RECOMMENDS THAT CREDITORS VOTE TO ACCEPT THE PLAN AND SUBMIT THEIR BALLOTS SO AS TO BE RECEIVED BY THE BALLOTING AGENT ON OR BEFORE JULY 2, 2008 AT 5:00 P.M. PT.

Additional Information. If you have any questions concerning the procedures for voting on the Plan, please contact Committee counsel. Committee counsel's contact information is as follows:

WINSTON & STRAWN LLP
Justin E. Rawlins
David L. Wilson
333 South Grand Avenue, 38th Floor
Los Angeles, California 90071
Telephone: (213) 615-1700
Facsimile: (213) 615-1750
E-mail: jrawlins@winston.com
dlwilson@winston.com

EXHIBIT 3
SOLICITATION LETTER

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1 _____, 2008

2 To: ALL CREDITORS OF PEOPLE'S CHOICE HOME LOAN, INC., et al.,³

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4 Re: **In re PEOPLE'S CHOICE HOME LOAN, INC., et al.;**
5 **Case No.: Case No.: 8:07-10765-RK**
(Jointly Administered with Case Nos. 8:07-10767-RK and
8:07-10772-RK)

6 We are pleased to announce the Bankruptcy Court's approval of the Disclosure Statement of
7 the Official Committee of Unsecured Creditors (the "Committee") of People's Choice Home Loan,
8 Inc., a Wyoming corporation, People's Choice Funding, Inc., a Delaware corporation, and People's
9 Choice Financial Corporation, a Maryland corporation, collectively debtors and debtors in
10 possession (herein the "Debtors"). We request your acceptance of the Committee's Plan of
11 Reorganization (the "Plan"). In order that you may make an informed decision regarding the Plan,
we have enclosed copies of (1) the Disclosure Statement and Plan, (2) the Notice of the hearing
regarding confirmation of the Plan and regarding various deadlines relating to confirmation of the
Plan, and (3) if you are a creditor in Class 3A, 3B or 3C or Class 4A, 4B or 4C under the Plan, we
request that you complete and return a Ballot to the Balloting Agent indicating your vote regarding
the Plan.

12 The Court has set a hearing on confirmation of the Plan that will begin on July 23, 2008 at
13 9:00 a.m. The Committee has concluded that the Plan provides fair and equitable treatment of all
14 classes of creditors and that approval of the Plan will enable unsecured creditors to receive more
15 than they would otherwise receive if this case were pending in chapter 7. The Committee therefore
solicits your support and urges you to complete the enclosed Ballot (if you are a creditor in Class
3A, 3B or 3C or Class 4A, 4B or 4C under the Plan) indicating your acceptance of the Plan.

16 In order for your Ballot to be counted, it must be received by People's Choice Balloting
17 Processing c/o XRoads Case Management Services, PO Box 8901, Marina Del Rey, CA 90295 (if
18 by mail) or People's Choice Balloting Processing c/o XRoads Case Management Services, 1821 East
Dyer Road, Suite 225, Santa Ana, CA 92705 (if by hand delivery or overnight mail), no later than
the close of business on July 2, 2008 at 5:00 p.m. PT. We thank you for your support.

19 Dated: April __, 2008

WINSTON & STRAWN LLP

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21 By _____

Justin E. Rawlins
Counsel for Official Committee of
Unsecured Creditors of People's Choice
Home Loan, Inc. et al.

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28 ³ The Debtors are People's Choice Home Loan, Inc., a Wyoming corporation, Fed. Tax I.D. No.: 94-3348277;
People's Choice Funding, Inc., a Delaware corporation, Fed. Tax I.D. No.: 20-1156865; and People's Choice Financial
Corporation, a Maryland corporation, Fed. Tax I.D. No.: 20-1157100.

EXHIBIT 4
FORM OF BALLOT

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2 UNITED STATES BANKRUPTCY COURT
3 CENTRAL DISTRICT OF CALIFORNIA
4 SANTA ANA DIVISION

5 In re: Case No. 8:07-10765-RK
6 PEOPLE'S CHOICE HOME LOAN, INC., Chapter 11
et al.⁴ (Jointly administered with Case Nos.
7 Debtors. 8:07-10767-RK and 8:07-10772-RK)
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9 **INSTRUCTIONS FOR COMPLETING AND RETURNING BALLOTS FOR CLASS 4A**
10 **(GENERAL UNSECURED CLAIMS AGAINST PCHLI)**

11 The Official Committee of Unsecured Creditors (the "Committee") of People's Choice
12 Home Loan, Inc. et al. (collectively, the "Debtors") has prepared a plan of reorganization
13 (the "Plan"). The Committee has also prepared a disclosure statement with respect to the Plan (the
"Disclosure Statement"). The Disclosure Statement provides information to assist you in deciding
how to vote on the Plan pursuant to the ballot.

14 **You should review the Disclosure Statement and the Plan (attached to the Disclosure**
15 **Statement as an Exhibit) before you vote.** You may wish to seek legal advice concerning the
16 Plan and how your claim may be classified and treated under the Plan. Further, if you have an
attorney, he or she may have the power to vote for you.

17 The Plan can be confirmed by the courts and made binding on all creditors if it is accepted
18 by holders of at least two-thirds in dollar amount and more than one-half in number of claims in
19 each class voting on the Plan. In the event the requisite acceptances are not obtained, the court
20 may nevertheless confirm the Plan if the court finds that the Plan does not discriminate unfairly,
accords fair and equitable treatment to the class or classes rejecting it, and otherwise satisfies the
requirements under 11 U.S.C. § 1129(b).

21 **TO HAVE YOUR VOTE COUNT, YOU MUST COMPLETE AND RETURN YOUR**
22 **BALLOT.**

23 Your ballot does not constitute and shall not be deemed to constitute a proof of claim and
24 will not be binding on the Debtors or any other party in interest with respect to the nature, validity,
25 or amount of any claim. Notwithstanding anything to the contrary in these instructions or the
26 ballot, the Committee reserves all rights with respect to ballots and claims.
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⁴ The Debtors in these proceedings are: People's Choice Home Loan, Inc., People's Choice Funding, Inc. and People's
Choice Financial Corporation.

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VOTING DEADLINE

YOUR BALLOT MUST BE ACTUALLY RECEIVED BY THE BALLOTING AGENT AT THE ADDRESS LISTED ON THE BALLOT BEFORE 5:00 P.M., PACIFIC TIME, ON JULY 2, 2008 (THE "VOTING DEADLINE"), OR YOUR VOTE MAY NOT BE COUNTED.

PLEASE MAKE SURE YOU HAVE PROVIDED ALL INFORMATION REQUESTED BY THE BALLOT AND THE CLAIM FORM.

COMPLETING AND RETURNING INDIVIDUAL BALLOTS FOR CLASS 4A

1. Along with these instructions, you should have received a copy of the Disclosure Statement, the Plan attached thereto, and a Class 4A ballot.
2. To complete the ballot:
 - a. Review the ballot carefully.
 - b. Provide your name and mailing address: (i) if different from the printed address that appears on the ballot; or (ii) if no pre-printed address appears on the ballot. Also provide your telephone number and Social Security number.
 - c. Sign and date your ballot.
 - d. If you believe that you have received the wrong ballot form, please contact XRoads Case Management Services, P.O. Box 8901, Marina Del Rey, CA 90295; Telephone: (888) 781-6224; E-mail: <http://www.xroadscms.net/pchlcommittee>.
3. An authorized signatory (e.g., a guardian, conservator, executor, or other agent or representative) may execute a ballot, but must provide: (a) the claimant's name and address on the ballot; (b) indicate the signatory's relationship with the claimant; and (c) the capacity in which the signatory is signing. The signatory may also be required to submit evidence to the Debtors and to the court establishing such signatory's authorization to vote on the claimant's behalf.
4. Return your ballot to the Balloting Agent at the address listed on the ballot.
5. Your ballot **may not be counted unless**:
 - a. Your ballot is executed;
 - b. Your ballot is received by the Balloting Agent before the Voting Deadline;
 - c. The ballot is received by the Balloting Agent as provided on the ballot and is not sent to the bankruptcy court, or to any other entity, other than to the address listed on the ballot;
 - d. The ballot is received by mail, overnight or hand delivery (a ballot transmitted by facsimile or e-mail will not be accepted); and
 - e. The ballot indicates either an acceptance or rejection of the Plan, and not both an acceptance and a rejection.

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2 UNITED STATES BANKRUPTCY COURT
3 CENTRAL DISTRICT OF CALIFORNIA
4 SANTA ANA DIVISION

5 In re: Case No. 8:07-10765-RK
6 PEOPLE'S CHOICE HOME LOAN, INC., Chapter 11
et al.⁵ (Jointly administered with Case Nos.
7 Debtors. 8:07-10767-RK and 8:07-10772-RK)
8

9 **BALLOT FOR ACCEPTING OR REJECTING PLAN OF REORGANIZATION FOR**
10 **CLASS 4A (GENERAL UNSECURED CLAIMS AGAINST PCHLI)**

11 The Official Committee of Unsecured Creditors (the "Committee") of People's Choice Home
12 Loan, Inc. et al. (collectively, the "Debtors") has prepared a plan of reorganization (the "Plan").
13 The Committee has also prepared a disclosure statement with respect to the Plan (the "Disclosure
14 Statement"). The Disclosure Statement provides information to assist you in deciding how to vote
15 on the Plan pursuant to your ballot. Any capitalized term that is not defined herein is defined in
16 Article I of the Plan.

17 **You should review the Disclosure Statement and the Plan (attached to the Disclosure**
18 **Statement as an Exhibit) before you vote. You may wish to seek legal advice concerning the**
19 **Plan and your claim's classification and treatment under the Plan. Further, if you have an**
20 **attorney, he or she may have the power to vote for you. Your claim is a Class 4A Claim,**
21 **which is a General Unsecured Claim against People's Choice Home Loan, Inc. If you hold**
22 **claims or equity interests in classes other than Class 4A, including General Unsecured**
23 **Claims against People's Choice Funding, Inc. (Class 4B Claims) or People's Choice Financial**
24 **Corporation (Class 4C Claims), you will receive a ballot for those classes so long as you are**
25 **entitled to vote.**

26 **Your ballot MUST BE ACTUALLY RECEIVED by People's Choice Balloting Processing**
27 **c/o XRoads Case Management Services, PO Box 8901, Marina Del Rey, CA 90295 (by mail)**
28 **or People's Choice Balloting Processing, c/o XRoads Case Management Services, 1821 East**
Dyer Road, Suite 225, Santa Ana, CA 92705 (if by overnight or hand delivery) on or before
5:00 p.m. Pacific time on July 2, 2008 in order for your vote to count as either an acceptance
or rejection of the Plan.

If the Plan is confirmed by the Bankruptcy Court it will be binding on you whether or not
you vote.

If you have any questions, including questions with respect to this ballot, or if you did not receive
a Disclosure Statement or accompanying documents, or you need a new ballot, please contact

⁵ The Debtors in these proceedings are: People's Choice Home Loan, Inc., People's Choice Funding, Inc. and People's
Choice Financial Corporation.

1 XRoads Case Management Services, PO Box 8901, Marina Del Rey California 90295; Telephone:
2 (888) 781-6224; E-mail: <http://xroadscms.net/pchlcommittee>.

3 **Please read the voting instructions on completing and returning your ballot.**

4 **ACCEPTANCE OR REJECTION OF THE PLAN**

5 **Item 1. Establishing a Claim.** You must have filed a claim against People's Choice Home
6 Loan, Inc. or the Debtors must have scheduled you with a general unsecured, liquidated, non-
7 contingent, undisputed claim against People's Choice Home Loan, Inc. in order for your vote to be
8 eligible to be counted.

9 **Item 2. Vote to Accept or Reject the Plan.** The undersigned, with a claim properly
10 classified under Class 4A (*check one*):

- 11 • ACCEPTS (VOTES FOR) THE PLAN
- 12 • REJECTS (VOTES AGAINST) THE PLAN

13 Dated: _____

14 Name of Voter: _____
15 (*Print or Type*)

16 Signature: _____

17 Title (*if a corporation or partnership*): _____

18 Address: _____

19 Telephone: _____

20 Social Security Number: _____

21 **IF YOU HAVE NOT BEEN DIRECTED TO RETURN THIS BALLOT TO YOUR
22 ATTORNEY, PLEASE RETURN THIS BALLOT TO:**

23 <i>By Mail:</i> 24 People's Choice Balloting Processing 25 c/o XRoads Case Management Services 26 PO Box 8901 Marina Del Rey, CA 90295	23 <i>By Overnight or Hand Delivery:</i> 24 People's Choice Balloting Processing 25 c/o XRoads Case Management 26 Services 1821 E Dyer Road, Suite 225 Santa Ana, CA 92705
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27 Your ballot must be actually received by **5:00 p.m. Pacific time** on July 2, 2008, to be counted.

28 Please allow enough time for delivery.

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EXHIBIT 5
CONFIRMATION HEARING NOTICE

1 WINSTON & STRAWN LLP
2 ERIC E. SAGERMAN (S.B. No. 155496)
3 JUSTIN E. RAWLINS (S.B. No. 209915)
4 DAVID L. WILSON III (S.B. No. 246436)
333 South Grand Avenue, 38th Floor
5 Los Angeles, CA 90071-1543
Telephone Number: (213) 615-1700
6 Facsimile Number: (213) 615-1750
esagerman@winston.com
7 jrawlins@winston.com
dlwilson@winston.com

8 Counsel for Official
Committee of Unsecured Creditors

9
10 **UNITED STATES BANKRUPTCY COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA**
12 **SANTA ANA DIVISION**

13 In re:

14 **PEOPLE'S CHOICE HOME LOAN,**
15 **INC., et al.,⁶**

16 Debtor.

17 Fed. Tax I.D. No.: 94-3348277

Case No.: Case No.: 8-07-10765-RK

Chapter 11

(Jointly Administered with Case Nos. 8-07-10767-
RK and 8-07-10772-RK)

**NOTICE OF: (1) APPROVAL OF DISCLOSURE
STATEMENT; (2) SETTING OF PLAN
CONFIRMATION HEARING; (3) DATES AND
DEADLINES RELATING TO PLAN
CONFIRMATION HEARING; AND
(4) MANNER OF SERVICE**

Date: July 23, 2008

Time: 9:00 a.m.

Place: Courtroom 5D

411 West Fourth Street

Santa Ana, California 92701

Judge: Honorable Robert N. Kwan

24 **TO ALL CREDITORS, THE CREDITORS' COMMITTEE, THE UNITED STATES**
25 **TRUSTEE, THE U.S. SECURITIES AND EXCHANGE COMMISSION AND THE**
26 **INTERNAL REVENUE SERVICE:**
27

28 ⁶ The Debtors are People's Choice Home Loan, Inc., a Wyoming corporation, Fed. Tax I.D. No.: 94-3348277; People's Choice Funding, Inc., a Delaware corporation, Fed. Tax I.D. No.: 20-1156865; and People's Choice Financial Corporation, a Maryland corporation, Fed. Tax I.D. No.: 20-1157100.

1 **PLEASE TAKE NOTICE** that the Court has approved the Disclosure Statement Describing
2 Chapter 11 Plan dated April 21, 2008 (as amended, the “Disclosure Statement”) of the Official
3 Committee of Unsecured Creditors (the “Committee”) of People’s Choice Home Loan, Inc., a
4 Wyoming corporation, People’s Choice Funding, Inc., a Delaware corporation, and People’s Choice
5 Financial Corporation, a Maryland corporation, collectively debtors and debtors in possession
6 (herein the “Debtors”), in conjunction with the Chapter 11 Plan dated April 21, 2008 (as amended,
7 the “Plan”). The Court has set a hearing to consider confirmation of the Plan which will commence
8 on July 23, 2008 at 9:00 a.m., in Courtroom 5D, 411 West Fourth Street, Santa Ana, California
9 92701. The Court has fixed July 3, 2008, as the last day for any interested party to file and serve on
10 counsel for the Committee (at the address set forth in the upper left corner of the first page of this
11 Notice) any opposition to confirmation of the Plan. Failure to timely file and serve an opposition
12 may be deemed by the Court to be consent to confirmation of the Plan. The Court fixed July 17,
13 2008 as the last day for the Debtors to file and serve any reply to any opposition that is filed with
14 respect to confirmation of the Plan.

15 In order to be counted, all Ballots with respect to the Plan must be received by the Balloting
16 Agent no later than the close of business on July 2, 2008 at 5:00 p.m. PT, at People’s Choice
17 Balloting Processing, c/o XRoads Case Management Services, PO Box 8901, Marina Del Rey, CA
18 90295, phone 888 781-6224. Ballots may be sent to People’s Choice Balloting Processing, c/o
19 XRoads Case management Services, 1821 E. Dyer Road, Santa Ana, CA 92705 via overnight or
20 hand delivery.

21 Along with this Notice, you are being sent a Ballot, the Disclosure Statement and the Plan.
22 The Plan and the Disclosure Statement are also posted on the website of the Debtors’ claims at
23 www.xroadscms.net/peopleschoice.

24 Dated: April __, 2008

WINSTON & STRAWN LLP

25
26 By

Justin E. Rawlins
Counsel for Official Committee of
Unsecured Creditors of People’s Choice
Home Loan, Inc. et al.

1 **PROOF OF SERVICE**

2 STATE OF CALIFORNIA)
3 COUNTY OF LOS ANGELES) ss

4 I am a resident of the State of California, over the age of eighteen years, and not a party to the within
5 action. My business address is Winston & Strawn LLP, 333 South Grand Avenue, 38th Floor, Los
6 Angeles, CA 90071-1543. On April 28, 2008, I served the within documents:

7 **ORDER APPROVING COMMITTEE’S DISCLOSURE STATEMENT,**
8 **FIXING VARIOUS DEADLINES RELATING TO PLAN**
9 **CONFIRMATION, APPROVING FORM OF BALLOT, SOLICITATION**
10 **LETTER, AND NOTICE, AND APPROVING MANNER OF SERVICE**

11 (BY MAIL) By placing the document(s) listed above in a sealed envelope with
12 postage thereon fully prepaid, in the United States mail at Los Angeles, California
13 addressed as set forth below.

14 (BY NOTICE OF ELECTRONIC FILING) By causing to be served the document(s)
15 listed above by means of electronic transmission of the Notice of Electronic Filing
16 through the Court’s transmission facilities, for parties and/or counsel who are
17 registered ECF Users.

18 (BY ELECTRONIC MAIL) By sending the document(s) in PDF Format via
19 electronic mail (e-mail) to the address(es) set forth below.

20 (BY FACSIMILE) By causing to be faxed the document(s) listed above from
21 facsimile machine (213) 615-1750.

22 (BY PERSONAL SERVICE) By causing to be personally delivered the document(s)
23 listed above to the person(s) at the address(es) set forth below.

24 (BY OVERNIGHT DELIVERY) By causing the document(s) listed above to be
25 delivered via overnight delivery (Federal Express) to the person(s) at the address(es)
26 set forth below.

27 **(See attached Service List)**

28 I declare that I am employed in the office of a member of the bar of this court whose
direction the service was made.

Executed on April 28, 2008, at Los Angeles, California.

/s/ Linda daSilva
Linda daSilva

SERVICE LIST

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4	<u>Debtor</u> People's Choice c/o Matthew Kvarda Chief Restructuring Officer 633 W. Fifth Street, Suite 2560 Los Angeles, CA 90071	Served Electronically, via Facsimile, via U.S. Mail Fax: (213) 330-2133 mkvarda@alvarezandmarsal.com
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8	<u>Debtor</u> People's Choice Home Loan, Inc. c/o Robert Harris Acacia Research Corp. 500 Newport Center Dr., 7th Fl. Newport Beach, CA 92660	Served via Facsimile and U.S. Mail Fax: (949) 480-8390
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12	<u>Debtor</u> David Cronenbold Southland Title 7530 N. Glenoaks Blvd. Burbank, CA 91504	Served via Facsimile and U.S. Mail Fax: (818) 768-7792
13		
14		
15	<u>Attorneys for Debtors</u> Jeremy Richards; Jeffrey Dulberg; Scotta McFarland Pachulski Stang Ziehl & Jones LLP 10100 Santa Monica Blvd., 11th Fl. Los Angeles, CA 90067-4100	Served Electronically, via Facsimile, via U.S. Mail Fax: (310) 201-0760 jrichards@pszjlaw.com jdulberg@pszjlaw.com smcfarland@pszjlaw.com
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20	<u>United States Trustee</u> Nancy S. Goldenberg, Esq. Office of the U.S. Trustee 411 W. Fourth Street, Ste. 9041 Santa Ana, CA 92701	Served Electronically, via Facsimile, via U.S. Mail Fax: (714) 338-3421 nancy.goldenberg@usdoj.gov
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24	<u>Attys. for Neil Kornswiet and Brad Plantiko</u> Frank A. Merola Eve H. Karasik/Eric Goldberg Stutman, Treister & Glatt 1901 Avenue of the Stars, 12th Fl. Los Angeles, CA 90067	Served Electronically, via Facsimile, via U.S. Mail Fax: (310) 228-5788 fmerola@stutman.com ekarasik@stutman.com egoldberg@stutman.com
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1 2 3 4 5	<u>Attys. for Neil Kornswiet</u> D.M. ("Chip") Rawlings, Esq. Quinn Emanuel Urquhart Oliver & Hedges 865 S. Figueroa St., 10th Fl. Los Angeles, CA 90017	Served Electronically, via Facsimile, via U.S. Mail Fax: (213) 443-3100 chiprawlings@quinnemanuel.com dmrawlings@verizon.net
6 7 8	<u>Attys. for the United States of America</u> Thomas P. O'Brien, U.S. Atty. Sandra R. Brown, Assistant U.S. Atty. Chief, Tax Division 300 N. Los Angeles St., Rm. 7211 Los Angeles, CA 90012	Served via U.S. Mail
9 10 11 12	<u>Attys. for the United States of America</u> Willis B. Douglass Special Assistant U.S. Atty. 24000 Avila Road, Suite 4404 Mail Stop 8800 Laguna Niguel, CA 92677	Served via Facsimile and U.S. Mail Fax: (949) 360-2675
13 14 15 16	<u>Attorney General</u> United States Department of Justice Tax Division - Attn: Mr. Richard R. Ward P.O. Box 683 Ben Franklin Station Washington, DC 20044	Served via U.S. Mail
17 18 19	<u>Office of the United States Attorney</u> United States Attorney's Office Tax Division - Attn: Ms. Sandra R. Brown Federal Bldg., Rm. 7516 300 N. Los Angeles Street Los Angeles, CA 90012	Served via U.S. Mail
20 21 22	<u>IRS</u> Internal Revenue Service Insolvency Group 3 Mailstop 5503 24000 Avila Road Laguna Niguel, CA 92677	Served via U.S. Mail
23 24 25	<u>IRS</u> Internal Revenue Service P.O. Box 21126 Philadelphia, PA 19114	Served via U.S. Mail
26 27 28	United States Department of Justice, Tax Division Civil Trial Section, Western Region P.O. Box 683 Ben Franklin Station Washington, DC 20044	Served via U.S. Mail

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<p>United States Attorney's Office Tax Division Federal Bldg., Rm. 7211 300 N. Los Angeles St. Los Angeles, CA 90012</p>	<p>Served via U.S. Mail</p>
<p><u>Securities Exchange Commission</u> Securities Exchange Commission 5670 Wilshire Boulevard, 11th Fl. Los Angeles, CA 90036-3648</p>	<p>Served via U.S. Mail</p>
<p><u>Attys. for Wachovia Capital</u> Leib M. Lerner, Esq. 5455 Wilshire Blvd., Ste. 2124 Los Angeles, CA 90036</p>	<p>Served Electronically, via Facsimile, via U.S. Mail Fax: (323) 297-4818 leib@lmlpc.com</p>

SERVICE LIST FOR ENTERED ORDER

<u>SERVED ELECTRONICALLY</u>	<u>SERVED BY U.S. MAIL</u>
<u>Attys. for Creditors' Committee</u> Eric E. Sagerman, Esq. Justin E. Rawlins, Esq. Winston & Strawn LLP 333 S. Grand Avenue, 38th Fl. Los Angeles, CA 90017	<u>Attys. for Neil Kornswiet and Brad Plantiko</u> Frank A. Merola Eve H. Karasik Stutman, Treister & Glatt 1901 Avenue of the Stars, 12th Fl. Los Angeles, CA 90067
<u>Attorneys for Debtors</u> Jeffrey Dulberg Pachulski Stang Ziehl & Jones LLP 10100 Santa Monica Blvd., 11th Fl. Los Angeles, CA 90067-4100	<u>Attys. for Neil Kornswiet</u> D.M. ("Chip") Rawlings, Esq. Quinn Emanuel Urquhart Oliver & Hedges 865 S. Figueroa St., 10th Fl. Los Angeles, CA 90017
<u>United States Trustee</u> Nancy S. Goldenberg, Esq. Office of the U.S. Trustee 411 W. Fourth Street, Ste. 9041 Santa Ana, CA 92701	
<u>Attys. for Neil Kornswiet and Brad Plantiko</u> Eric Goldberg Stutman, Treister & Glatt 1901 Avenue of the Stars, 12th Fl. Los Angeles, CA 90067	