

THE FPMI CREDITORS TRUST

UNAUDITED CONSOLIDATED STATEMENT OF NET ASSETS IN LIQUIDATION

As of June 30, 2009

ASSETS

Cash and cash equivalents	\$ 362,000
Cash flow instrument	-
Investment in FirstPlus Financial, Inc.	-
Other Assets	-
Total assets	<u>\$ 362,000</u>

LIABILITIES

Accounts payable and accrued liabilities	\$ -
Class 4 claims payable	-
Total liabilities	<u>-</u>

CONTINGENCIES (Note 10)

NET ASSETS AVAILABLE FOR LIQUIDATION FOR BENEFICIAL INTERESTS \$ 362,000

See accompanying notes to these financial statements.

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**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS IN LIQUIDATION
For The Twelve Months Ended June 30, 2009**

REVENUES:

Loss on sale and change in estimated value of net assets of Bank (Note 2, 4, & 10)	\$ -
Interest income	4,000
Other income	<u>6,130,000</u>
Total revenue	6,134,000

COSTS AND EXPENSES:

Professional services and fees	130,000
Salaries and employee benefits	-
Interest expense	-
Occupancy and office expenses	7,000
Change in estimated values of net assets (Note 2, 4, & 10)	-
Priority & administrative claims paid	-
Interest & Principal on Class 4 Unsecured Claims	5,849,000
Other expenses	<u>6,000</u>
Total costs and expenses	<u>5,992,000</u>

Change in net assets	142,000
Net assets at June 30, 2008	<u>220,000</u>
Net assets at June 30, 2009	<u>\$362,000</u>

See accompanying notes to these financial statements.

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The FPGI Creditor Trust (the “Trust”) was formed under the laws of the state of Texas and created for the benefit of certain creditors of FirstPlus Financial, Inc. (the “Debtor”) pursuant to the Third Amended Plan of Reorganization (the “Plan”) filed by the Debtor and confirmed by court order dated April 25, 2000. The Disclosure Statement Under 11 U.S.C. § 1125 in Support of Debtor’s Third Amended Plan of Reorganization (“Disclosure Statement”) and the related letter to creditors should be read in conjunction with the accompanying financial statements to fully understand the various factors impacting the ultimate distribution to creditors as beneficial interest holders. These notes and assumptions related thereto shall have the meaning ascribed to such terms in the Disclosure Statement and Plan, unless otherwise defined.

The Trust was formed in accordance with the Trust Agreement for the FPGI Creditor Trust (“Trust Agreement”) by and between the Debtor and the Trustee. The objective of the Trust is the liquidation of the Trust Assets (as defined) and the distribution of the cash proceeds there from to the Beneficiaries of the Trust in accordance with the Trust Agreement.

In accordance with the Trust Agreement, the Trustee and members of the Trust Committee shall be indemnified by and receive reimbursement from the Trust against any and all loss, claims, damages, liabilities or expenses, including payment of attorneys’ fees and other costs of defending himself, which such Trustee may incur or sustain, without gross negligence or willful misconduct, in the exercise and performance of any powers and duties of the Trustee under the Trust Agreement.

The Trust Agreement originally provided that the Trust shall terminate upon the earlier of (1) May 9, 2005, (2) payment of all Class 4 and 5 allowed claims, or (3) the distribution of all Trust assets. The Plan provided for the extension of the duration of the Trust if such an extension was in the best interest of the Beneficiaries. On March 22, 2005, the Bankruptcy Court authorized the extension of duration of the Trust to April 10, 2010, without prejudice to the request of further extensions and subject to earlier termination if the conditions set forth in (2) or (3) occurs. The Trust is classified as a liquidating trust for federal income tax purposes.

The Trust’s financial statements are presented on the liquidation basis of accounting, which requires assets to be valued at their estimated net realizable values and liabilities to be estimated at amounts to be paid in settlement of the entity’s obligations. The Trust’s estimates of net realizable values may vary from the amounts ultimately received in light of changing business, legal and economic conditions and other factors. These differences may be significant.

2. SIGNIFICANT ACCOUNTING POLICIES

Consolidation Policy

The consolidated financial statements include the accounts of the Trust and its wholly-owned subsidiary, Western Interstate Bancorp, Inc (“WIB”). All significant intercompany accounts and transactions have been eliminated in consolidation. FirstPlus Bank (“the Bank”) was also a wholly-owned subsidiary of the Trust, and was reflected as an investment, rather than consolidated in these financial statements, because the Bank was under a court and regulatory supervised liquidation in the State of California. Therefore, the Trust did not control the assets of the Bank. Similarly, the Debtor, which was transferred to a sub-trust of the Trust on September 10, 2001, is presented as an investment, rather than consolidated in these financial statements as further discussed below and in Note 5. See Note 10.

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NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The operations of WIB ceased March 31, 2002, and trailing expenses were paid out during the month of April. On April 30, 2002, all remaining WIB cash in the amount of \$391,000 was paid to the Trust as payment on the WIB Note. After payments applied to the WIB Note during calendar 2004 and 2005 along with adjustments for a correction in the method of calculating the accrued interest on the WIB Note, the WIB Note was paid in full with all accrued interest as of July 31, 2005. The balance on the Settlement Note, as of September 30, 2005, including accrued and unpaid interest was approximately \$46 million. The Plan provides in section 6.5.8 that any deficiencies remaining under the Settlement Note after applying the liquidation proceeds of WIB and the Bank would be paid by 50% from any amounts that would otherwise go to pay the FPGI Intercompany Claim. (See Note 10) WIB and the Trust will treat these credits against the Notes as forgiveness of debt income for Federal income tax purposes.

Equity in FirstPlus Bank

The Trust's interest in FirstPlus Bank, previously carried as an investment of the Trust, was monetized during the prior reporting period pursuant to a court approved settlement. (See Note 4)

Equity in FirstPlus Financial, Inc

The common stock of FirstPlus Financial, Inc. ("the Debtor") was placed into a sub-trust of the Trust on September 10, 2001. As discussed in Note 5 below, the Trust has valued its investment in the Debtor at zero and has presented it as an investment of the Trust.

Cash and Cash Equivalents

The Trust considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due, if any, plus net deferred taxes related primarily to differences between the bases of assets and liabilities for financial and income tax reporting. Deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets include recognition of operating losses that are available to offset future taxable income and tax credits that are available to offset future income taxes. Valuation allowances are recognized to limit recognition of deferred tax assets where appropriate. Such allowances may be reversed when circumstances provide evidence that the deferred tax assets will more likely than not be realized.

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The Trust is classified for federal income tax purposes as a “liquidating trust” within the meaning of section 301.7701-4(d) of the Treasury Regulations. Accordingly, per section 7.6 of the Trust Agreement, transfers to the Trust shall be treated as if all the transferred assets, including all the Trust Assets, had been first transferred to the Beneficiaries and then transferred by the Beneficiaries to the Trust. The Beneficiaries shall be treated as the grantors of the Trust and the owners of the Trust.

Use of Estimates and Certain Significant Estimates

The preparation of the Trust’s financial statements in conformity with generally accepted accounting principles requires management of the Trust to make certain estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from those estimates. Significant assumptions are required in the consideration of unresolved legal issues related to implementation of the Plan as well as actions against certain assets of the Trust. Additionally, significant assumptions are required to value the Cash Flow Instrument, as described in Note 3 and the net assets of the Debtor (see Note 5). It is at least reasonably possible these estimates could be revised in the near term and those revisions could be material. During the twelve months ending September 30, 2008, \$0 was received by the Trust from the Cash Flow Instrument. (See Note 3)

Estimated Costs of Liquidation

Financial statements prepared on the liquidation basis of accounting often include an accrual of the estimated costs to complete the liquidation. Due to the uncertainty of the economic life of the Trust and the cost to defend the litigation described in Note 10, management of the Trust believes a meaningful estimate of the remaining cost to complete the liquidation of the Trust is not currently possible, and no such estimate has been included in the accompanying financial statements.

3. CASH FLOW INSTRUMENT

Prior to bankruptcy, the Debtor originated, marketed, and serviced home equity loans. As part of its business, the Debtor sold the home equity loans it generated into securitization trusts in exchange for cash, which cash was used by the Debtor to repay warehouse lines of credit utilized to fund the origination of the home equity loans. In these securitization trusts, the Debtor retained residual interests that provide cash payments over an extended time back to the Debtor. These residual interests, called “Residuals” in the Plan and Disclosure Statement, primarily represent the excess of interest income earned on the home equity loans over certain costs to service and administer the loans, interest expense paid to bond holders, and loan losses. A detailed explanation of the securitization process and the creation of the Residuals begin on page 7 of the Disclosure Statement.

The Debtor had many different secured creditors. For the most part, these secured creditors loaned money to the Debtor, which loans were secured by the Residuals retained by the Debtor. In February 2004 the liens of Residential Funding Corp upon certain Residual Assets were released and the obligation to Residential Funding was fully discharged. In December 2004 FirstPlus Financial Inc received the first payment on the residual certificate from the FirstPlus Residual Trust 1998 A (NIMS). This indicates that all the senior debt and accrued interest on that senior debt has been paid. The residual interests from the five securitization trusts remain pledged to the NIMS Trust and cash will flow through the Indenture Trustee to the holder of the residual certificate of the NIMS which is FirstPlus Financial Inc. As of March 31, 2005 the only secured creditor of the Debtor that remained was UBS Real Estate Securities, Inc.(f/k/a Paine Webber Real Estate Securities, Inc.). During the Quarter ending June 30, 2005 the debt to UBS was paid in full in accordance with the terms of the financing agreement which was approved by the

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bankruptcy court as part of the Confirmation of the Plan of Reorganization. The Debtor believed there was substantial value in its Residuals in excess of what was owed to the secured creditors and created a cash flow instrument representing such excess value, which was pledged to the Trust. The Cash Flow Instrument, as defined in the Plan, is the instrument executed by the Debtor at Closing providing for certain Cash payments from the Debtor to the Trustee on behalf of the Trust in accordance with Section 6.5.9 of the Plan.

Determination of the fair value of the Cash Flow Instrument requires valuation techniques based on many significant assumptions. As noted above, the basic underlying assets of the Cash Flow Instrument are certain Residual Assets owned by the Debtor, which are subject to certain Allowed Secured Claims from outside lenders. The Cash Flow Instrument will make quarterly payments from the Debtor to the Trustee of all cash flow from the Residual Assets after prior satisfaction of all Allowed Secured Claims against the Residual Assets and payment of any federal income taxes.

As noted above, there are significant assumptions related to estimating the net realizable value of the Cash Flow Instrument. The two main estimates affecting the cash flows to the underlying Residual Assets are the expected prepayment speeds and the expected default rates to be experienced on the underlying second lien mortgages. These estimates are based on prior experience and market trends. In addition, the impact of potential litigation against the securitization trusts described in Note 10 could materially diminish or eliminate the value of the Cash Flow Instrument. Additional material items necessary to determine the value of the Cash Flow Instrument include the availability and utilization of tax benefits, the amount of Class 4 Allowed General Unsecured Claims, and the amount of Estate Cash, WIB Note Cash and Settlement Note Cash to be distributed to Class 4 General Unsecured Creditors.

These assumptions and estimates are subject to a number of uncertainties and accordingly are subject to significant adjustment, based on the occurrence of unpredictable future events, which could have a material impact on the carrying value of the Cash Flow Instrument. Management of the Trust has estimated a range of values of the Cash Flow Instrument without consideration of the possible effects of the lawsuits. Management's estimates, which use various assumptions for possible default and prepayment rates, result in a wide variance of estimated values. This factor, along with the possible impact of the lawsuits described above, has led management to conclude it is not practicable to estimate the net realizable value of the Cash Flow Instrument and to carry it at zero. Value for the Cash Flow Instrument will not be recognized until cash is received by the Trust, or until such time the material factors impacting these estimates become more certain.

In November 2004 the first payment on the Cash Flow Instrument to the Trust from the Debtor was made from residual payments made as of the quarter ending September 30, 2004. This payment was \$20,000,000.00 The Trust then distributed these funds to the beneficiaries of the Trust. As for the future distributions on the Cash Flow Instrument the Trustee is not in a position to project with any certainty when or if additional funds will be made available to the Trust from payments on the Cash Flow Instrument. There may be additional distributions to the beneficiaries from the Trust based on payments received from the Cash Flow Instrument if the settlement terms allow for the release of sufficient funds to economically make additional distributions.

4. INVESTMENT IN FIRSTPLUS BANK

The Bank was a wholly-owned subsidiary of the Trust. However, as described in Note 2, the Trust's investment in the Bank was accounted for as an investment rather than consolidated in the accompanying financial statements. As of December 31, 2003, the Bank completed the distribution of its assets according

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to a court approved settlement plan and the Trust received \$6.4 million as a result of the settlement. Of this \$6.4 million, \$1 million was restricted (See Note 10). The balance of \$5.4 million was distributed to the Class 4 unsecured claimholders on April 30, 2004 (See Note 8). As of December 31, 2003, the Trust interest in the Bank was fully monetized, and the Trustee has no contingent liabilities related to the Bank. (See Note 10)

5. INVESTMENT IN FIRSTPLUS FINANCIAL, INC

The common stock of FirstPlus Financial, Inc. (“the Debtor”) was transferred to a sub-trust of the Trust on September 10, 2001. The Debtor is reported as an investment rather than consolidated in the accompanying financial statements as described in Note 2. The Debtor owns certain Residual Assets, which are subject to certain Allowed Secured Claims and the Cash Flow Instrument payable to the Trust. As discussed in Note 3, management has concluded that it is not practicable to estimate the net realizable value of the Cash Flow Instrument. Since the Cash Flow Instrument is a liability of the Debtor, management has further concluded that it is not practicable to estimate the net realizable value of the Trust’s investment in the Debtor and to carry it at zero.

FIRSTPLUS Special Funding Inc

On May 13, 2004 the Board of Directors of FIRSTPLUS Special Funding Inc. approved a Plan of Dissolution for the corporation effective May 14, 2004. As of May 14, 2004 all remaining assets and liabilities of Special Funding were transferred to the parent company FirstPlus Financial Inc. The liens on the Residual Assets have been released by GACC and the debt has been fully discharged.

6. ACCRUED LIABILITIES

Approximately \$4.5 million of accrued liabilities were reversed during the quarter ended September 30, 2002, in view of the fact that these liabilities will only arise if and to the extent a contingent asset is realized. Management has determined that the contingent asset will not generate enough value to give rise to any of the contingent liabilities. The reversal was recorded as a change in estimated values of net assets in the statement of changes in net assets in liquidation.

Pursuant to section 6.5.7 of the Plan, sale proceeds from the sale of the Servicing Business and the Bank were to pay the entire balance of the refinanced Beal Bank Debt, including all accrued and unpaid interest, and the WIB Note, including accrued interest thereon and then the Servicing Business Expenses, Severance Costs, and FPG Costs (“Expenses and Costs”), in that priority. According to section 6.5.7.1 of the Plan where the sale of the Servicing Business occurs prior to the sale of the Bank, these Expenses and Costs were to be paid from WIB’s available cash at the time of the closing of the sale and any remaining balance was to be paid from the Servicing Business sale proceeds to the extent of such proceeds subsequent to the payment of the entire balance of the refinanced Beal Bank Debt, including all accrued and unpaid interest, and the WIB Note, including accrued interest thereon. To the extent the proceeds from the Servicing sale were not sufficient; the Bank sale proceeds were to pay any remaining amounts in the same priority.

The Servicing sale proceeds were not sufficient to fully pay the WIB Note, including accrued and unpaid interest; therefore, certain of the Expenses and Costs were paid from the available WIB cash at the time of the sale. The unpaid Expenses and Costs of approximately \$4.5 million were accrued as Accrued Liabilities at the time of the sale of Servicing in anticipation that the Bank sale proceeds would be

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sufficient to fully pay the WIB Note plus accrued interest and then the remaining unpaid Expenses and Costs.

Due to litigation related to the Bank discussed in Note 10 below, the sale of the Bank did not occur within the timeframe estimated at the time that the Servicing Business was sold. Additionally, management correctly believed that it was unlikely that the liquidation of the Bank would generate proceeds sufficient to fully pay the WIB Note, including accrued and unpaid interest. Therefore, management has determined to reverse the accrual and to disclose the amount of the unpaid Expenses and Costs as a contingent liability, until such time the contingency giving rise to the liability is resolved and it is likely that the liabilities will be satisfied, at which time they will be accrued. As of December 31, 2003, management of the Bank had executed the sale of all the remaining assets of the Bank. The proceeds from the sale were \$6.4 million, confirmed management of the Trust's estimate that no contingent asset would be realized. (See Note 5)

7. SETTLEMENT WITH SECURED CREDITORS

Pursuant to the Plan, settlements were reached with certain secured residual creditors that provided for upfront payments from the existing estate cash and proceeds from the sale of WIB's servicing business to provide a partial pay down on the secured debt. These payments to reduce the secured creditors' debt take preference over the payments to the beneficial interests. As of the date of confirmation, the total obligation under the settlement agreements for upfront debt reductions was \$14 million due to three secured creditors. These obligations were fully paid during July of 2001.

8. BENEFICIAL INTERESTS

Pursuant to the Plan, the Trust was established for the benefit of the holders of Class 4 and 5 unsecured allowed claims. The beneficial interests in the Trust are uncertificated. Payments to the beneficial interest holders of the Trust are defined by the Plan. The Trustee has the authority to make Distributions of Available Cash at such time or times the Trustee believes there is sufficient Available Cash to warrant a Distribution. As of June 30, 2009, the total unpaid allowed claims of Class 4 and 5 creditors were approximately \$61,448,000 and \$19,205,000, respectively and the FirstPlus Financial Group Intercompany Claim was approximately \$64,628,000. In addition, as part of the settlement of FirstPlus Bank, the indemnification claim of US Bank ND was settled at \$10,000,000. This amount was paid on April 21, 2004 from FirstPlus Financial Inc prior to any payment on the Cash Flow Instrument to the unsecured creditors or FirstPlus Financial Group, Inc.

Distributions

The Class 4 Unsecured Claims have accrued interest at 8 ½% since May 10, 2000. The accrued unpaid interest balances due to Class 4 Unsecured Electing Claims is approximately \$5,672,000 and Class 4 Non-Electing Claims is \$0.00 as of June 30, 2009. The accrued unpaid interest on the FirstPlus Group Intercompany claim as of June 30, 2009 is approximately \$6,128,000. The interest is required to be paid prior to any payment on the underlying claim. The method used by the Trustee to determine the distribution can be found on this website under the Distribution link. The payments made on the claims of the Non Electing Creditors and the FPGI Intercompany Claims are funded by the payments made on the Cash Flow Note (Creditor Cash). The claims of the Electing Creditors are currently being paid with the payments from the Settlement Note, such payments being made from 50% of the Creditor Cash allocated to the FPGI Intercompany Claim. As of June 30, 2009 the principal balance of the Settlement Note is \$23,186,334 and the accrued interest is \$1,495,677.

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The following is a chart of the distributions of all claims as of June 30, 2009:

Distribution Date	Distribution Amount	Allocation of Funds		
		Class 4 - Electing	Class 4 - Non-Electing	Class 4 - Group
4/30/2004	\$5,459,000.00	3,982,000.00	1,477,000.00	-
7/30/2004	\$2,924,000.00	2,136,000.00	788,000.00	-
11/22/2004	\$20,000,000.00	5,338,000.00	7,356,000.00	7,306,000.00
3/31/2005	\$10,000,000.00	2,669,000.00	3,678,000.00	3,653,000.00
7/31/2005	\$10,700,000.00	2,889,000.00	3,902,000.00	3,909,000.00
11/18/2005	\$8,500,000.00	3,105,000.00	2,290,000.00	3,105,000.00
3/10/2006	\$9,000,000.00	3,288,000.00	2,424,000.00	3,288,000.00
10/20/2006	\$26,000,000.00	9,498,000.00	7,004,000.00	9,498,000.00
3/23/2007	\$10,000,000.00	3,653,000.00	2,694,000.00	3,653,000.00
10/31/2007 *	\$19,955,000.00	8,289,500.00	3,376,000.00	8,289,500.00
9/26/2008 *	\$6,045,000.00	3,022,500.00	0.00	3,022,500.00
Totals Through 6/30/2009	\$128,583,000.00	47,870,000.00	34,989,000.00	45,724,000.00

Footnote *: Certain funds distributed to non-electing creditors with the 10/2007 distribution were returned as undeliverable. Pursuant to the Trust Agreement, the claims associated with these returned funds were expunged before the 9/2008 distribution and the related funds were reallocated and distributed to electing creditors and Group. The distribution table above has been adjusted to reflect the re-allocation of these funds.

9. INCOME TAXES

As described in Note 3, the Trust has not recorded any value for the Cash Flow Instrument due to the uncertainty of the realization of the value. Accordingly, the Trust has not recorded any deferred tax liabilities that would be associated with that value.

10. CONTINGENCIES

The Cash Flow Instrument (backed by the Residual Assets) remains a significant asset of the Trust. Shortly after the closing of the Plan, certain borrowers filed claims as members of putative classes of borrowers against various defendants, including certain FirstPlus Securitization Trusts, which hold the underlying loans that fund payments on the Residual Assets, the Bank as an originator of loans, and certain wholesale correspondent loan originators, each of whom sold loans to the Debtor. The claims are based on consumer protection statutes in the various states. These borrowers seek recovery of alleged excess payments and other damages from the Bank, as originator, and the securitization trusts, as assignees and

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holders of security interests in the mortgage loans. The plaintiffs also seek declaratory judgments that the loans are void.

At this time, the vast majority of these lawsuits have been settled and the Securitization Trusts have fully funded those settlements. Accordingly, the impact from the settled lawsuits on the value of Residuals has been quantified. However, cases in Missouri and Arkansas continue to proceed. Although not a party to the litigation, the Trustee understands at least one class has been certified in one of the Missouri actions and other requests for certification are pending in other courts. The Securitization Trusts have been amended to allow a legal defense fund to defend against these claims. However, if the claims against the securitization trusts were successful, the value of the Residual Assets (and thus the Cash Flow Instrument) would be diminished, potentially to the full extent of the value of the Cash Flow Instrument.
