

FPFI Creditor Trust
Report to Beneficial Interest Holders
For the Period of
October 1, 2001 to September 30, 2002

The FPFI Creditor Trust (the Trust) has continued to work its way through the challenges of the past year.

The claims administration process has successfully addressed almost 11,000 claims, with approximately 5 more claims to be resolved as of this writing. We hope to reach a negotiated solution with these claimants very soon so that the process can be completed. Once completed the final claims register will be posted on the website.

The formal liquidation of FirstPlus Bank began on October 30, 2001 with the filing of a petition of liquidation in Superior Court in Orange County, California. In January 2002, the Superior Court approved a claims process and notices were mailed and published to all possible claimants. The bar date to file claims in the liquidation proceeding was August 26, 2002. As of that date over 800 claims were filed, totaling over \$22 million. A number of unliquidated claims were also filed with amounts yet to be determined. The Bank has mailed notices to all parties filing claims that their claims were rejected. Under the procedures approved by the Superior Court, if a claimant believes that they have a valid claim against the Bank, a lawsuit will have to be filed in the liquidation proceeding to determine the validity of the claim.

Consumer borrowers continue to pursue approximately 49 lawsuits against the securitization trust. At this time no prediction as to the ultimate outcome of this litigation can be made. The Indenture Trustee for the securitization trusts is overseeing the defense of the securitization trusts.

With the interest rates remaining at historically low levels, the prepayments on the loans in the securitization trust has continued at an abnormally high rate. The rapid prepayments and cost of litigation negatively affect the future cash flows that are necessary to pay the unsecured creditors.

In closing, I am unable to announce when a distribution to unsecured creditors will be made or even if a distribution will be made due to the uncertainty arising from the negative effects of the litigation and the rapid prepayment of the loans.

Sincerely,

David T. Obergfell
Trustee, FPFI Creditor Trust
September 30, 2002