

Banks, et al. v. FirstPlus Asset Backed Certificates, et al.

FREQUENTLY ASKED QUESTIONS:

Following are answers to “Frequently Asked Questions” regarding the settlement of *Banks, et al. v. FirstPlus Asset Backed Certificates, et al.*, pending in the District Court for the Fourth Judicial District of Hennepin County, Minnesota File No. 05-6583.

Q.1. What is this case about?

- A. This case alleges generally that the Defendants purchased loans in which the originators charged excess fees or interest, or otherwise violated federal or state lending or consumer protection laws. Specifically, the Defendants are alleged to have taken on the liability of the originating lender because they purchased and took assignment of the affected loans. The defendants have denied liability, but are settling the matter to avoid uncertainty and the cost of litigation.

Q. 2. Who is in the class and am I part of it?

- A. Generally, you are a member of the class if you obtained a second mortgage loan from FirstPlus Financial, or a correspondent lender of FirstPlus Financial, or from FirstPlus Bank, and that loan was acquired by any of the Defendants. Affected loans must have been secured by a mortgage or deed of trust on real estate located in the states of Colorado, Illinois, Indiana, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, or Washington.

If you received notice through the mail, you have been identified by the Defendants as a class member. If you did not receive notice through the mail, you can provide us with your name, loan number, social security number and/or other identifying information and we will attempt to confirm whether you are a class member. If you are a class member and you did not receive a notice addressed to your current address, you should contact the Settlement Administrator to make sure you are listed in the database with your correct name and address so that you can receive your settlement payment. The Settlement Administrator can be reached at the following address: Banks Settlement Administrator, P.O. Box 11487, Birmingham, AL 35202-1487. The Settlement Administrator may also be reached by phone at the toll free number of 800-650-5286.

Excluded from the class are: (a) Defendants and all directors, officers, agents, and employees of defendants; (b) any person or entity who timely opts-out of this proceeding; and (c) any person who has given a valid release of the claims asserted in this suit.

Q.3. What is the class getting from the settlement?

- A. Under the terms of the Settlement Agreement, each class member who has been identified as an “Active Borrower” or an “Inactive Borrower” as defined by the Settlement Agreement, is eligible to receive settlement benefits in the amounts reflected on the charts provided in the notice. To determine the payment amount, the class member must know (1) the state in which the mortgaged property was located; (2) whether the loan has been identified as an active or inactive loan; and (3) whether the loan was originated by FirstPlus Bank or some other originator. Each class member who has a defaulted loan as defined by the Settlement Agreement is eligible to receive \$50.00.

Q.4. Why do some class members receive more money than other class members under the terms of the settlement?

- A. The amounts available to individual class members reflect an evaluation of the claims and potential recovery considering the facts as known to counsel after discovery and careful investigation, the likelihood of prevailing at trial, and the likelihood that this litigation, if not settled now, would be further protracted and involve complex issues of fact and law. The amounts are also based upon an evaluation of the potential recovery available under state statutes, the effect of Inactive status on potential recovery, and a potential defense that loans made through FirstPlus Bank were not subject to laws of the states where the loan was made because of operation of federal law.

Q.5. When should I receive my settlement benefits?

- A. Payments to Participating Class Members and Class Counsel will be made in annual installments. The timing and amount of such payments will depend on the timing and amount of certain cash flows generated by each Trust Defendant. At this time, Plaintiffs’ counsel cannot determine the dates on which you would receive the settlement benefits. You can only receive the benefits if the settlement is approved at the final hearing and the settlement is no longer subject to an appeal.

Q.6. Will I receive interest on settlement benefits until they are paid?

- A. If any amounts are not paid after three years, such amounts will generate interest at 4 % per annum, subject to the sufficiency of the cash flows that are dedicated to the settlement.

Q.7. I received a notice stating that I have been identified as an “Active Borrower.” What does that mean?

- A. You were identified as an active borrower because the loan servicer’s records indicated that your loan was obtained from an eligible lender and as of June 30, 2004, the loan had not been paid off, satisfied or discharged, the loan is not a Defaulted Loan, and you were not more than sixty (60) days delinquent on any payments due under the loan.

Q.8. I received a notice stating that I have been identified as an “Inactive Borrower.” What does that mean?

- A. You were identified as an inactive borrower because the loan servicer’s records indicated that your loan was obtained from an eligible lender and as of June 30, 2004, your loan had been paid off, satisfied or discharged, or was a Defaulted Loan, or was more than sixty (60) days delinquent on any payments due under the loan.

Q.9. I received a notice stating that I have been identified as an “Inactive Defaulted Loan Borrower.” What does that mean?

- A. You were identified as an inactive Defaulted Loan borrower because the loan servicer’s records indicated that your loan has been subject to one or more of the following events: (i) foreclosure or similar proceedings have been commenced, (ii) a portion of the mortgage payment has become 180 days past due, (iii) the loan has been discharged in a bankruptcy proceeding, or (iv) the servicer has determined in good faith and in accordance with customary servicing practices that your loan is uncollectible. Your loan will no longer be deemed to be a Defaulted Loan if, as of the Determination Date, it has become fully cured and is being actively serviced in accordance with its original terms.

Q.10. What is the current status of the case?

- A. On May 23, 2005, Judge Burke entered an order preliminarily approving the class settlement as fair, adequate and reasonable. A final hearing will be held on November 21, 2005 at 9:00 a.m. At that hearing, Judge Burke will listen to any class member who objects to the settlement by filing and serving an objection that contains the categories of information contained in Section VII to the notice. The judge will then make a final determination as to whether the settlement is fair, adequate and reasonable. Judge Burke will also decide the amount of attorneys’ fees and costs to award Plaintiffs’ counsel at that time.

Q.11. Who are the Defendants in this case?

- A. The Defendants are comprised of various trusts that have acquired the rights to your loan through certificates purchased on the secondary market.

Q.12. What do I do if I do not want to participate in the case or I do not like the terms of the settlement?

- A. If you simply do not wish to participate in this settlement, then you must notify the Settlement Administrator through U.S. mail your intention to be excluded. You must submit the “Form for Exclusion (‘Opt-Out’) from Class Action Settlement” submitted with the notice. That form contains certain information that you must provide in order to properly opt-out of the case. The form must be signed by you and, even if not signed by any co-borrower, the loan will be deemed excluded from the settlement. You must send

the form to the Settlement Administrator so that it is received on or before the opt-out deadline of October 21, 2005. If you do not opt-out by the deadline, or if you do not follow the appropriate procedures as set forth on the opt-out form, you will be bound by any judgment and orders in the case.

Under the Settlement Agreement, a class member who objects to terms of the settlement may intervene in the case if he or she believes that his or her interests are not being fairly and adequately represented by the class representatives and class counsel. If you wish to object, you must file a written notice of objection by September 6, 2005 and include certain documents that have been set forth in Section VII “Objections to the Settlement and Right to Intervene” in the notice that you have either received in the mail or can obtain from the Settlement Administrator or elsewhere on this website. If you wish to object, you should be certain to carefully review the notice so that you follow the proper procedure. You are permitted to bring the objection either personally or through your own attorney at your own expense.

Q.13. What do I need to do to be paid?

- A. If you received a notice in the mail and if that notice identifies you as an “**Active Borrower**” in the title to the notice you do not need to take any action in order to receive your settlement payment. However, if the address to which the notice was mailed is no longer correct, you should contact the Settlement Administrator to make sure you are listed in the database with your correct name and address so that you can receive your settlement payment. The Settlement Administrator can be reached at the following address: Banks Settlement Administrator, P.O. Box 11487, Birmingham, AL 35202-1487. The Settlement Administrator may also be reached by phone at the toll free number of 800-650-5286. You received a copy of the active borrower notice because the loan servicer’s records indicated you were already a class member entitled to share in the benefits of the settlement. If the settlement is finally approved by Judge Burke, you will receive an installment of checks in the total amount that is listed for your payment category in the notice documents.

If you received a notice that identified you as an “**Inactive Borrower,**” an “**Inactive Defaulted Loan Borrower,**” or if you did not receive a notice in the mail but you believe you are a class member, then you must fill out a claim form in order to qualify for the settlement payment. If you received your inactive or inactive Defaulted Loan notice in the mail, that notice was accompanied by a claim form with instructions on how to fill it out. If you did not receive a claim form, please contact the Settlement Administrator for a copy or download the form from this website.

Q.14. Do I have to appear in court?

- A. No. You may, however, attend the hearing if you wish. You may also intervene in the case, on your own or through an attorney, if you believe that your interests are not being fairly and adequately represented by the class representatives and class counsel.

Q.15. Will I be responsible for attorney's fees and/or expenses?

- A. No. The Defendants have agreed to compensate Plaintiffs' counsel for fees and expenses in amounts that are separate from the compensation provided to the class. The judge will decide the amounts of attorneys' fees and costs to be paid to Plaintiffs' counsel.

Q.16. Do I still have to pay off the loan if I have an outstanding balance?

- A. If you have not paid your loan off already, you are still obligated to pay the loan back.