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16 **UNITED STATES BANKRUPTCY COURT**
17 **CENTRAL DISTRICT OF CALIFORNIA**
18 **SANTA ANA DIVISION**

19 In re
20 **FREMONT GENERAL CORPORATION, a**
21 Nevada corporation,

Case No. 8:08-bk-13421-ES

Chapter 11 Case

22 Debtor.
23 Tax I.D. 95-2815260

**EMERGENCY MOTION FOR ORDER (1)
APPROVING OFFICIAL COMMITTEE OF
EQUITY HOLDERS' FOURTH AMENDED
DISCLOSURE STATEMENT DESCRIBING
FOURTH AMENDED CHAPTER 11 PLAN
OF REORGANIZATION TO
INCORPORATE TERM SHEET WITH
CERTAIN TOPRS HOLDERS, AND (2)
POSTPONING DISSEMINATION OF PLAN
PACKAGES PENDING APPROVAL OF
FOURTH AMENDED DISCLOSURE
STATEMENT; MEMORANDUM OF
POINTS AND AUTHORITIES;
DECLARATION OF PHILIP E. STROK IN
SUPPORT THEREOF**

**DATE: November 17, 2009
TIME: 2:00 p.m.
CTRM: 5A**

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1 **TO THE HONORABLE ERITHE A. SMITH, UNITED STATES BANKRUPTCY JUDGE,**
2 **AND OTHER INTERESTED PARTIES:**

3 The Official Committee of Equity Holders (the "Equity Committee") of Fremont
4 General Corporation ("Debtor" or "Fremont") files this *Emergency Motion for Order (1)*
5 *Approving Official Committee of Equity Holders' Fourth Amended Disclosure Statement*
6 *Describing Fourth Amended Chapter 11 Plan of Reorganization to Incorporate Term*
7 *Sheet with Certain TOPrS Holders, and (2) Postponing Dissemination of Plan Packages*
8 *Pending Approval of Fourth Amended Disclosure Statement* (the "Motion"), and the
9 attached Declaration of Philip E. Strok in support of the Motion. The Equity Committee
10 will shortly be filing its Fourth Amended Disclosure Statement ("Disclosure Statement")
11 describing its Fourth Amended Chapter 11 Plan of Reorganization ("Plan"), as modified to
12 reflect the terms of the Term Sheet (defined below).

13
14 **MEMORANDUM OF POINTS AND AUTHORITIES**

15 **I. INTRODUCTION**

16 The Equity Committee has reached a deal with certain TOPrS (defined below)
17 holders which will likely result in the Class 3B TOPrS claim holders accepting the Equity
18 Committee Plan. The terms of the Term Sheet (defined below) provide for a payment in
19 part to the TOPrS, a discount on the balance owed, and a conversion of some of their
20 debt to equity. With the exception of the Class 3B TOPrS claims and Class 4 equity
21 interests, the treatment of all other classes under the Equity Committee Plan will remain
22 the same.

23 The Equity Committee, the Official Committee of Unsecured Creditors ("Creditors
24 Committee") and New World Acquisition, LLC ("New World"), have each filed and are
25 currently prosecuting their respective chapter 11 plans of reorganization. After hearings
26 conducted on September 17, 2009, October 14, 2009, and November 12, 2009, the Court
27 approved for solicitation the disclosure statements describing the Equity Committee,
28 Creditors Committee and New World plans. In conjunction, the Court approved certain

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1 confirmation procedures and deadlines including the requirement that Kurtzman Carson
2 Consultants LLC ("KCC") send out the plan solicitation packages by November 20, 2009.

3 At the November 12, 2009 hearing on New World's disclosure statement, the
4 Equity Committee informed the Court that it was "close" to a deal with the Creditors
5 Committee on the terms of a joint plan that might require the postponement of mailing the
6 plan solicitation packages for an undetermined period of time. The Equity Committee
7 worked earnestly and in good faith to finalize a deal with the Creditors Committee on an
8 expedited timeline; however, on the morning of November 14th, the Equity Committee
9 was informed that the Creditors Committee wanted to proceed with the solicitation of its
10 stand-alone plan and press ahead on the current confirmation timeline.

11 Notwithstanding the Creditors Committee's position, the Equity Committee
12 continued to negotiate with certain "ex officio" members of the Creditors Committee; more
13 specifically, Howard Amster ("Amster") and Roark, Rearden & Hamot Capital
14 Management, LLC ("RR&H"). The Equity Committee also negotiated with Seth W. Hamot
15 ("Hamot"), Costa Brava Partners ("CBP"), and the single largest equity security holder of
16 the Debtor, James McIntyre ("McIntyre"). Amster, RR&H, Hamot and CBP collectively
17 hold and/or represent a significant portion of the holders of the 9% Trust Originated
18 Preferred Securities ("TOPrS") which are classified as Class 3B TOPrS claims under the
19 current version of the Equity Committee's plan.

20 The Equity Committee has successfully concluded its expedited negotiations with
21 Amster, RR&H, Hamot, CBP and McIntyre, the results of which are reflected in the term
22 sheet ("Term Sheet") attached as Exhibit "1" to the Declaration of Philip E. Strok. For
23 brevity's sake, the terms of the Term Sheet are incorporated by reference as if set forth in
24 full. The Equity Committee believes that the Term Sheet represents an extraordinarily
25 positive development and turning point in this case.

1 **II. RELIEF REQUESTED**

2 The Term Sheet necessitates certain minor modifications to the Equity Committee's
3 current plan and disclosure statement which will be reflected in the soon-to-be-filed
4 Disclosure Statement and Plan. The modifications will primarily affect the treatment of the
5 Class 3B TOPrS claims and Class 4 equity interests. By this Motion, the Equity
6 Committee seeks approval of its Disclosure Statement pursuant to section 1125 of the
7 Bankruptcy Code and Federal Rule of Bankruptcy Procedure ("FRBP") 3017. Court
8 approval of the Disclosure Statement will permit immediate solicitation of the Equity
9 Committee's Plan.

10 The Equity Committee also requests that dissemination of the competing plan
11 solicitation packages be postponed for only so long as necessary for the Equity
12 Committee to obtain approval of its Disclosure Statement.

13
14 **III. APPROVAL OF THE DISCLOSURE STATEMENT**

15 Pursuant to section 1125(b) of the Bankruptcy Code, a plan proponent may not
16 solicit the acceptance or rejection of a plan of reorganization unless the holders of the
17 relevant claims or interests, as applicable, are provided, at or before the time of such
18 solicitation, with a disclosure statement approved by a bankruptcy court that contains
19 "adequate information" regarding the debtor's plan of reorganization. Section 1125(a)(1)
20 of the Bankruptcy Code defines "adequate information" in relevant in part to mean:

21 information of a kind, and in sufficient detail, as far as is reasonably
22 practicable in light of the nature and history of the debtor and the condition
23 of the debtor's books and records, that would enable a hypothetical
reasonable investor typical of holders of claims or interests of the relevant
class to make an informed judgment about the plan. . . .

24 11 U.S.C. §1125(a)(1). Thus, a disclosure statement must, as a whole, provide
25 information that is "reasonably practicable" to permit an "informed judgment" by creditors
26 and interest holders, if applicable, to vote on a plan of reorganization. See *In re*
27 *Momentum Mfg. Corp.*, 25 F.3d 1132, 1136 (2d Cir. 1994); see also *In re Ionosphere*
28 *Clubs, Inc.*, 179 B.R. 24, 29 (Bankr. S.D.N.Y. 1995) (adequacy of a disclosure statement

1 "is to be determined on a case-specific basis under a flexible standard that can promote
2 the chapter 11 policy of fair settlement through a negotiation process between informed
3 interested parties") (citation omitted). This particular point, especially in light of its
4 underlying notions of practicality and flexibility, also is underscored in the legislative
5 history of section 1125 of the Bankruptcy Code:

6 Precisely what constitutes adequate information in any particular instance
7 will develop on a case-by-case basis. Courts will take a practical approach
8 as to what is necessary under the circumstances of each case, such as the
9 cost of preparation of the statements, the need for relative speed in
10 solicitation and confirmation. . . . In chapter 11 cases, there is frequently
11 great uncertainty. Therefore the need for flexibility is greatest.

12 See H.R. Rep. 595, at 408-09 (1977).

13 Courts are vested with wide discretion to determine whether a disclosure statement
14 contains "adequate information" within the meaning of section 1125(a) of the Bankruptcy
15 Code. See *Kirk v. Texaco, Inc.*, 82 B.R. 678, 682 (S.D.N.Y. 1988) ("The legislative history
16 could hardly be more clear in granting broad discretion to bankruptcy judges under
17 §1125(a). . . ."); see also *In re Oxford Homes*, 204 B.R. 264, 267 (Bankr. D.Me. 1977)
18 (noting Congress intentionally drew vague contours of what constitutes adequate
19 information so that bankruptcy courts can exercise discretion to tailor them to each case's
20 particular circumstances). This grant of discretion is intended to permit courts to tailor the
21 disclosures made in connection with the solicitation of votes on a plan of reorganization to
22 facilitate the effective reorganization of debtors in a broad range of businesses and
23 circumstances. See H.R. Rep. 595, at 409; *Texaco*, 82 B.R. at 682 (stating bankruptcy
24 judges have a clear congressional mandate to exercise "broad discretion in their
25 supervision of corporate reorganizations"). Accordingly, the determination of whether a
26 disclosure statement contains adequate information must be made on a case-by-case
27 basis, focusing on the unique facts and circumstances of each case. See *In re Phoenix*
28 *Petroleum Co.*, 278 B.R. 385, 393 (Bankr. E.D. Pa. 2001).

 For the reasons set forth herein, the Equity Committee's Disclosure Statement
contains ample and adequate information to allow parties in interest to make informed

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1 judgments about and, to the extent appropriate, to vote on the Plan. Importantly, the
2 Disclosure Statement includes information regarding (a) the Debtor and its assets,
3 liabilities, and businesses, (b) the general economic conditions preceding the Debtor's
4 decision to commence this chapter 11 case, (c) the classification and treatment of claims
5 and interests under the Plan, (d) other material terms of the Plan and implementation, and
6 (e) information concerning the projected financial performance, valuation and other
7 financial information of reorganized Fremont. Accordingly, the Equity Committee
8 respectfully submits that the Disclosure Statement contains adequate information within
9 the meaning of section 1125 of the Bankruptcy Code and should be approved.

10 FRBP 3017(a) provides for a hearing to consider a disclosure statement and any
11 objections or modifications thereto. "Following the hearing the court shall determine
12 whether the disclosure statement should be approved." FRBP 3017(b). Local Bankruptcy
13 Rule 3017-1(a) provides for 36 days' notice of the Disclosure Statement hearing, which
14 will be given in accordance with FRBP 3017.

15
16 **IV. EMERGENCY RELIEF IS JUSTIFIED**

17 As set forth above, KCC has been tasked with mailing the plan solicitation
18 packages for the Equity Committee, the Creditors Committee and New World by
19 November 20, 2009. In light of the fact that the Term Sheet has only recently been
20 finalized, the Equity Committee desires to solicit votes on its Plan as amended consistent
21 with the Term Sheet rather than its plan currently on file. This can only be accomplished if
22 the Disclosure Statement describing the amended Plan is approved and included in the
23 materials disseminated by KCC.¹ It would be costly for the estate and confusing for
24 creditors and equity holders to have an initial set of plan solicitation packages mailed only
25 to be followed-up with an additional plan solicitation package on the Equity Committee's

26
27 ¹ In addition, the Term Sheet itself requires that the Disclosure Statement be approved by December 4,
28 2009.

1 Plan, as amended. Accordingly, the Equity Committee respectfully requests that the relief
2 requested in the Motion be granted on an emergency basis.

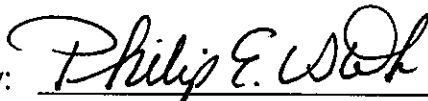
3
4 **V. CONCLUSION**

5 Based on the foregoing, the Equity Committee respectfully requests entry of an
6 order granting the relief requested in the Motion and such other and further relief as the
7 Court may deem just and proper.

8 Respectfully submitted,

9 Dated: November 16, 2009

WEILAND, GOLDEN
SMILEY, WANG EKVALL & STROK, LLP

10
11 By: 
12 PHILIP E. STROK
13 Attorneys for the Official Committee of
14 Equity Holders

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DECLARATION OF PHILIP E. STROK

I, Philip E. Strok, declare as follows:

1. I am an attorney at law duly licensed to practice before this Court. I am a partner of the law firm of Weiland, Golden, Smiley, Wang Ekvall & Strok, LLP, counsel of record for the Official Committee of Equity Holders (the "Equity Committee") of Fremont General Corporation ("Debtor" or "Fremont"). This declaration is filed in support of the *Emergency Motion for Order (1) Approving Official Committee of Equity Holders' Fourth Amended Disclosure Statement Describing First Amended Chapter 11 Plan of Reorganization to Incorporate Term Sheet with Certain TOPrS Holders, and (2) Postponing Dissemination of Plan Packages Pending Approval of Fourth Amended Disclosure Statement* (the "Motion") filed by the Equity Committee. Unless otherwise defined, capitalized terms used in this declaration shall have the same meaning ascribed to them in the Motion. I have personal knowledge of the facts set forth in this Declaration and, if called as a witness, could and would testify competently to such facts under oath.

2. The Equity Committee, the Creditors Committee and New World have each filed and are currently prosecuting their respective chapter 11 plans of reorganization. After hearings conducted on September 17, 2009, October 14, 2009 and November 12, 2009, the Court approved for solicitation the disclosure statements describing the Equity Committee, Creditors Committee and New World plans. In conjunction, the Court approved certain confirmation procedures and deadlines including the requirement that KCC send out the plan solicitation packages by November 20, 2009.

3. At the November 12, 2009 hearing on New World's disclosure statement, the Equity Committee informed the Court that it was "close" to a deal with the Creditors Committee on the terms of a joint plan that might require the postponement of mailing the plan solicitation packages for an undetermined period of time. The Equity Committee worked earnestly and in good faith to finalize a deal with the Creditors Committee on an expedited timeline; however, on the morning of November 14th, I was contacted by

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1 counsel for the Creditors Committee, Jonathan Shenson, and informed that the Creditors
2 Committee wanted to proceed with the solicitation of its stand-alone plan and press ahead
3 on the current confirmation timeline.

4 4. Notwithstanding the Creditors Committee's position, the Equity Committee
5 continued to negotiate with certain "ex officio" members of the Creditors Committee; more
6 specifically, Amster and RR&H. The Equity Committee also negotiated with Hamot, CBP,
7 and the single largest equity security holder of the Debtor, McIntyre. Amster, RR&H,
8 Hamot and CBP collectively hold and/or represent a significant portion of the holders of
9 the TOPrS which are classified as Class 3B TOPrS claims under the current version of the
10 Equity Committee's plan.

11 5. The Equity Committee has successfully concluded its expedited negotiations
12 with Amster, RR&H, Hamot, CBP and McIntyre, the results of which are reflected in the
13 term sheet ("Term Sheet"), a true and correct copy of which is attached as Exhibit "1."

14 6. KCC has been tasked with mailing the plan solicitation packages for the
15 Equity Committee, the Creditors Committee and New World by November 20, 2009. In
16 light of the fact that the Term Sheet has only recently been finalized, the Equity
17 Committee desires to solicit votes on its Plan as amended consistent with the Term Sheet
18 rather than its plan currently on file. This can only be accomplished if the Disclosure
19 Statement describing the amended Plan is approved and included in the materials
20 disseminated by KCC.² It would be costly for the estate and confusing for creditors and
21 equity holders to have an initial set of plan solicitation packages mailed only to be
22 followed-up with an additional plan solicitation package on the Equity Committee's Plan,
23 as amended. Accordingly, the Equity Committee respectfully requests that the relief
24 requested in the Motion be granted on an emergency basis.

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27 ² In addition, the Term Sheet itself requires that the Disclosure Statement be approved by December 4,
2009.

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I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 16TH day of November, 2009, at Costa Mesa, California.


Philip E. Strok

**Weiland, Golden,
Smiley, Wang Ekvall & Strok, LLP**
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THIS TERM SHEET IS NOT AND SHOULD NOT BE CONSTRUED AS AN OFFER TO
SELL OR A SOLICITATION OF AN OFFER TO BUY SECURITIES OF FREMONT
GENERAL CORPORATION OR TO SOLICIT ACCEPTANCES OR REJECTIONS ON
ANY PLAN OF REORGANIZATION

Preamble

This document (the "Term Sheet") sets forth the central terms that form the basis for an amended chapter 11 plan of reorganization ("Amended OEC Plan") in the bankruptcy case of In re Fremont General Corporation, Case No. 08-13421-ES (the "Bankruptcy Case"), presently pending before the United States Bankruptcy Court, Central District of California, Santa Ana Division (the "Bankruptcy Court"). The Term Sheet constitutes the entire agreement of and between the Official Committee of Equity Holders ("Equity Committee") of Fremont General Corporation (the "Debtor"), Howard Amster ("Amster"), Seth W. Hamot ("Hamot"), Roark, Rearden & Hamot Capital Management, LLC ("RR&H"), and Costa Brava Partners ("CBP") (Amster, Hamot, RR&H and CBP are collectively referred to as the "TOPrS Group"), on the other hand, and James McIntyre ("McIntyre"), an equity holder, and supersedes all prior communications, understandings and agreements relating to the subject matter hereof, whether oral or written. The parties understand and agree that any agreement concerning an Amended Equity Committee Plan ("Amended OEC Plan") and the transactions underlying the Amended OEC Plan are and remain subject to final, definitive documentation, in form and substance reasonably satisfactory to the Equity Committee, the TOPrS Group, and McIntyre on terms consistent with this Term Sheet (the "Definitive Documents").

The Equity Committee has filed and is currently prosecuting its chapter 11 plan of reorganization ("Current Plan"). Similarly, the Official Committee of Unsecured Creditors (the "Creditors Committee") has filed and is currently prosecuting its chapter 11 plan of reorganization (the "Creditors Committee Plan") and New World Acquisition, LLC ("New World") has filed and is currently prosecuting its chapter 11 plan of reorganization (the "New World Plan"). Signature Capital has also filed a plan of reorganization and disclosure statement (the "Signature Plan"). At hearings conducted on October 14, 2009 and November 12, 2009, the Bankruptcy Court approved the disclosure statements describing the Current Plan, the Creditors Committee Plan, and the New World Plan with certain limited modifications. The Equity Committee, the TOPrS Group and McIntyre shall not support, and shall oppose, confirmation of the New World Plan, the Signature Plan and any other plans of reorganization in the Bankruptcy Case inconsistent with the terms herein, provided, however, that the TOPrS Group may support confirmation of the Creditors' Committee Plan. Notwithstanding the foregoing, the TOPrS Group agrees that it will file documents with the Bankruptcy Court that it prefers the Amended OEC Plan over the Creditors' Committee Plan.

This Term Sheet sets forth the terms upon which the Equity Committee and its members, the TOPrS Group and McIntyre will support the Amended OEC Plan, as documented consistent with this Term Sheet. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Current Plan.

Central Amended OEC Plan Terms

1. Current Plan as Foundation for Amended OEC Plan. Except as modified by this Term Sheet, the terms of the Current Plan shall be incorporated into and form the basis for the Amended OEC Plan.

2. Treatment of the 9% Trust Originated Preferred Securities ("TOPrS") Class 3B if Class 3B votes to Accept Amended OEC Plan.

The TOPrS Group agrees to vote in favor of the Amended OEC Plan, if and only if Class 3B vote as a class to accept the Amended OEC Plan, then Class 3B, TOPrS shall receive:

- (a) \$40 million in Cash on the Effective Date (if applicable), or as cash becomes available for such payment, without interest (the "TOPrS Payment")
- (b) On the Effective Date, Class 3B shall receive an unsecured promissory note ("TOPrS Note") from the Reorganized Debtor in an amount equal to the sum of (1) \$42.75 million and (2) accrued interest from the Effective Date on \$42.75 million at 9% (per annum) interest at the rate of 9% (per annum) payable in cash quarterly installments on the last day of each quarter; (3) the maturity date of the TOPrS Note shall be December 1, 2021 and, (4) provided that the TOPrS Payment has been made, the TOPrS Note shall be callable in cash solely by the Reorganized Debtor at the full face amount plus interest then owing by the Reorganized Debtor upon the second anniversary of the Effective Date.
- (c) On the Effective Date, the TOPrS shall also receive approximately 27.5 million shares of the equity in the Reorganized Debtor (the "TOPrS Equity")
- (d) On the Effective Date, the TOPrS shall also receive 10 year warrants for 5 million shares of equity in the Reorganized Debtor at a strike price of \$1.50 (the "TOPrS Warrants"), subject to anti-dilution protections.
- (e) In the event the TOPrS Payment is not paid in cash on the Effective Date to the TOPrS, the TOPrS shall be entitled to 1 of equity's seats on the New Board (see below) until the \$40 million is paid, without interest
- (f) Upon a final determination of the number of shares necessary to be issued to the TOPrS to preserve net operating loss carryforwards, an adjustment of \$.50 per share will be made as follows: (1) If additional shares are required to be issued, the TOPrS Note shall be reduced by \$.50 for each additional share issued. For illustration purposes, if 500,000 additional shares are required, the note shall be

reduced by \$250,000 (500,000 x \$.50); and (2) If less shares are required to be issued, the TOPrS Note shall be increased by \$.50 for each share reduced until the TOPrS Note amount reaches \$43,000,000, and then the Effective Date cash payment shall increase by \$.50 for each share reduced. For illustration purposes, if 1,500,000 less shares are required, then the TOPrS Note amount shall be increased by \$250,000 to \$43,000,000 and the Effective Date cash payment shall be increased by \$500,000 to \$40,500,000.

(g) TOPrS Trust. A trust shall be established to hold the TOPrS Equity for a period of three years from the Effective Date, at the end of which period the equity will be distributed. The trustees of the trust shall be the members of the Board of Directors designated by the TOPrS.

(h) Post-Confirmation Governance. The post-confirmation board of directors for Reorganized Debtor will consist of five (5) members (the "New Board"). Once the TOPrS are paid in full the TOPrS Payment in cash, without interest, two (2) members of the New Board will be selected by the TOPrS, and two (2) members of the New Board will be selected by the Equity Committee and a fifth neutral member of the New Board mutually agreed upon by the equity and TOPrS representatives on the New Board. Until the TOPrS Payment is paid in cash to the TOPrS, without interest, the New Board shall include three (3) members selected by the TOPrS and two (2) members selected by the Equity Committee. All members of the New Board shall vote their shares of stock in the Debtor/Reorganized Debtor for the New Board members for a period of three years.

(i) Notwithstanding the foregoing in paragraph 2(a)-(h) directly above, in the event that Class 3B votes as a class to reject the Amended OEC Plan, then the current terms of the Current Plan will control where the TOPrS are reinstated or crammed down with no money on the Effective Date to this class and payments pursuant to the timeline established under the original TOPrS note, and paragraphs 2(a)-(h) will not apply.

6. Preservation of Net Operating Losses. The terms and structure of the OEC Amended Plan and related transaction will be reviewed by tax counsel, and the Amended OEC Plan will include appropriate provisions to ensure that net operating loss tax attributes are preserved consistent with what is contemplated herein. This Term Sheet is expressly conditioned upon preservation of the net operating loss tax attributes.

Procedural Considerations

7. Support for Amended OEC Plan. The Equity Committee and its members shall support the Amended OEC Plan and in the case of each Amster, Hamot, RR&H and CBP, and McIntrye, shall cast ballots in favor of the Amended OEC Plan.

8. Additional Provisions. Subject to the provisions of sections 1125 and 1126 of the Bankruptcy Code, this Term Sheet is a legal, valid, and binding obligation of such party, and the actions to be taken by each party are within such party's powers and have been duly authorized by all necessary action on its part. This Term Sheet has been duly executed and delivered by each party and constitutes when executed and delivered by such party a legal, valid and binding obligation of such party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law. Except as expressly provided in this Term Sheet, nothing herein is intended to, does, or shall be deemed in any manner to waive, limit, impair, or restrict the ability of any party to protect and preserve its rights, remedies and interests, including without limitation, its claims against or interests in the Debtor or its full participation in the bankruptcy case.

9. The parties acknowledge that Fremont General Corporation filed a voluntary petition under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Central District of California, Santa Ana Division, Case No. 08-13421-ES. The parties hereby agree: (a) to submit to the jurisdiction of the Bankruptcy Court with respect to all actions and proceedings arising out of or relating to this Term Sheet; (b) that all claims with respect to any such action or proceeding may be heard and determined in the Bankruptcy Court; (c) to waive the defense of an inconvenient forum; (d) that service of any process, summons, notice or document by United States registered mail or as otherwise provided in this Term Sheet shall be effective service of process for any action, suit or proceeding brought by either party in the Bankruptcy Court; (e) that a final judgment, including any and all appeals, in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law; and (f) to waive any right to trial by jury of any dispute related to this Term Sheet.

Subject to the preceding paragraph, this Term Sheet shall be governed and construed in accordance with the laws of the State of California applicable to agreements made and to be performed within such State without regard to conflicts of law principles thereof. This Term Sheet may be executed in counterparts, each of which shall be deemed to be an original, but all of which shall constitute the same Term Sheet. The Term Sheet and the agreement to proceed with Definitive Documents and seek confirmation of the OEC Amended Plan is not subject to financing or due diligence conditions.

This agreement shall terminate automatically if the Bankruptcy Court does not approve a disclosure statement incorporating the terms of this agreement resulting in the OEC Amended Plan on or before December 4, 2009.

AGREED AND ACCEPTED:

JAMES MCINTYRE

By: _____

Date: _____

THE OFFICIAL COMMITTEE OF EQUITY
HOLDERS OF FREMONT GENERAL
CORPORATION

By: _____

Name: Frank E. Williams, Jr.
Title: Chair

Date: _____

FRANK E. WILLIAMS, JR.

By: _____

Date: _____

COSTA BRAVA PARTNERS

By: _____

Its:

Date: _____

JOHN KORAL

By: _____

Date: _____

WILLIAM STERN

By: _____

Date: _____

JEFF PIES

By: _____

Date: _____

PAUL D'AGOSTINO

By: _____

Date: _____

LYNN EHLERS

By: _____

Date: _____

MIKE HOLMES

By: _____

Date: _____

ROARK, REARDEN & HAMOT CAPITAL
MANAGEMENT, LLC

By: _____

Its:

Date: _____

SETH W. HAMOT

Date: _____

HOWARD AMSTER

Date: _____

This agreement shall terminate automatically if the Bankruptcy Court does not approve a disclosure statement incorporating the terms of this agreement resulting in the OEC Amended Plan on or before December 4, 2009.

AGREED AND ACCEPTED:

JAMES MCINTYRE

By: Frank E. Williams, Jr.

Date: NOV. 10, 2009

THE OFFICIAL COMMITTEE OF EQUITY
HOLDERS OF FREMONT GENERAL
CORPORATION

By: _____
Name: Frank E. Williams, Jr.
Title: Chair

Date: _____

FRANK E. WILLIAMS, JR.

By: _____

Date: _____

JOHN KORAL

By: _____

Date: _____

WILLIAM STERN

By: _____

Date: _____

JEFF PIES

By: _____

Date: _____

COSTA BRAVA PARTNERS

By: _____

Its: _____

Date: _____

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This agreement shall terminate automatically if the Bankruptcy Court does not approve a disclosure statement incorporating the terms of this agreement resulting in the OEC Amended Plan on or before December 4, 2009.

AGREED AND ACCEPTED:

JAMES MCINTYRE

By: _____

Date: _____

THE OFFICIAL COMMITTEE OF EQUITY
HOLDERS OF FREMONT GENERAL
CORPORATION

By: _____

Name: Frank E. Williams, Jr.
Title: Chair

Date: _____

FRANK E. WILLIAMS, JR.

By: _____

Date: _____

COSTA BRAVA PARTNERS

By: Scott Hamut

Its: managing member of 16 GP

Date: 11/16/09

JOHN KORAL

By: _____

Date: _____

WILLIAM STERN

By: _____

Date: _____

JEFF PIES

By: _____

Date: _____

This agreement shall terminate automatically if the Bankruptcy Court does not approve a disclosure statement incorporating the terms of this agreement resulting in the OEC Amended Plan on or before December 4, 2009.

AGREED AND ACCEPTED:

JAMES MCINTYRE

By: _____

Date: _____

THE OFFICIAL COMMITTEE OF EQUITY HOLDERS OF FREMONT GENERAL CORPORATION

By: [Signature]

Name: Frank E. Williams, Jr.
Title: Chair

Date: 11/16/09

FRANK E. WILLIAMS, JR.

By: [Signature]

Date: 11/16/09

COSTA BRAVA PARTNERS

By: _____

Its: _____

Date: _____

JOHN KORAL

By: _____

Date: _____

WILLIAM STERN

By: [Signature]

Date: 11/15/09

JEFF PIES

By: _____

Date: _____

Post-It® Fax Note	7671	Date	# of pages
To:	<u>Evan Smiley</u>	From:	<u>Frank Williams</u>
Co./Dept.		Co.	
Phone #		Phone #	
Fax #	<u>714-966-1002</u>	Fax #	

Attn: Evan Smiley or Phil Strick

714-966-1002

This agreement shall terminate automatically if the Bankruptcy Court does not approve a disclosure statement incorporating the terms of this agreement resulting in the OEC Amended Plan on or before December 4, 2009.

AGREED AND ACCEPTED:

JAMES MCINTYRE

By: _____

Date: _____

THE OFFICIAL COMMITTEE OF EQUITY
HOLDERS OF FREMONT GENERAL
CORPORATION

By: _____

Name: Frank E. Williams, Jr.
Title: Chair

Date: _____

FRANK E. WILLIAMS, JR.

By: _____

Date: _____

COSTA BRAVA PARTNERS

By: _____

Its: _____

Date: _____

JOHN KORAL

By: _____

Date: _____

WILLIAM STERN

By: _____

Date: _____

JEFF PIES

By: Jeffrey Pies

Date: 11/16/09



This agreement shall terminate automatically if the Bankruptcy Court does not approve a disclosure statement incorporating the terms of this agreement resulting in the OEC Amended Plan on or before December 4, 2009.

AGREED AND ACCEPTED:

JAMES MCINTYRE

By: _____

Date: _____

THE OFFICIAL COMMITTEE OF EQUITY
HOLDERS OF FREMONT GENERAL
CORPORATION

By: _____

Name: Frank E. Williams, Jr.

Title: Chair

Date: _____

FRANK E. WILLIAMS, JR.

By: _____

Date: _____

JOHN KORAL

By: _____

Date: 11-16-09

WILLIAM STERN

By: _____

Date: _____

JEFF PIES

By: _____

Date: _____

COSTA BRAVA PARTNERS

By: _____

Its: _____

Date: _____



This agreement shall terminate automatically if the Bankruptcy Court does not approve a disclosure statement incorporating the terms of this agreement resulting in the OEC Amended Plan on or before December 4, 2009.

AGREED AND ACCEPTED:

JAMES MCINTYRE

By: _____

Date: _____

THE OFFICIAL COMMITTEE OF EQUITY
HOLDERS OF FREMONT GENERAL
CORPORATION

By: _____

Name: Frank E. Williams, Jr.

Title: Chair

Date: _____

FRANK E. WILLIAMS, JR.

By: _____

Date: _____

COSTA BRAVA PARTNERS

By: _____

Its:

Date: _____

JOHN KORAL

By: _____

Date: _____

WILLIAM STERN

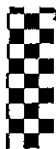
By: William Stern

Date: 11/15/09

JEFF PIES

By: _____

Date: _____



PAUL D'AGOSTINO

By: _____

Date: _____

LYNN EHLERS

By: *Lynn Ehlers*

Date: 11/16/2009

MIKE HOLMES

By: _____

Date: _____

ROARK, REARDEN & HAMOT CAPITAL
MANAGEMENT, LLC

By: _____

Its:

Date: _____

SETH W. HAMOT

Date: _____

HOWARD AMSTER

Date: _____

PAUL D'AGOSTINO

By: *Paul D'Agostino*

Date: 11-16-09

LYNN EHLERS

By: _____

Date: _____

MIKE HOLMES

By: _____

Date: _____

ROARK, REARDEN & HAMOT CAPITAL
MANAGEMENT, LLC

By: _____

Its: _____

Date: _____

SETH W. HAMOT

Date: _____

HOWARD AMSTER

Date: _____

PAUL D'AGOSTINO

By: _____

Date: _____

LYNN EHLERS

By: _____

Date: _____

MIKE HOLMES

By: *[Signature]*

Date: 11/16/09

ROARK, REARDEN & HAMOT CAPITAL
MANAGEMENT, LLC

By: _____

Its: _____

Date: _____

SETH W. HAMOT

Date: _____

HOWARD AMSTER

Date: _____

PAUL D'AGOSTINO

By: _____

Date: _____

LYNN EHLERS

By: _____

Date: _____

MIKE HOLMES

By: _____

Date: _____

ROARK REARDEN & HAMOT CAPITAL
MANAGEMENT, LLC

By: [Signature]

Its: MANAGING MEMBER

Date: 11/15/09

[Signature]
SETH W. HAMOT

Date: 11/15/09

[Signature]
HOWARD AMSTER

Date: NOVEMBER 15, 2009

In re: FREMONT GENERAL CORPORATION, a Nevada corporation Debtor(s).	CHAPTER: 11 Case CASE NUMBER: 8:08-bk-13421-ES
--	---

NOTE: When using this form to indicate service of a proposed order, **DO NOT** list any person or entity in Category I. Proposed orders do not generate an NEF because only orders that have been entered are placed on the CM/ECF docket.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

650 Town Center Drive, Suite 950, Costa Mesa, California 92626

A true and correct copy of the foregoing document described **EMERGENCY MOTION FOR ORDER (1) APPROVING OFFICIAL COMMITTEE OF EQUITY HOLDERS' FOURTH AMENDED DISCLOSURE STATEMENT DESCRIBING FOURTH AMENDED CHAPTER 11 PLAN OF REORGANIZATION TO INCORPORATE TERM SHEET WITH CERTAIN TOPRS HOLDERS, AND (2) POSTPONING DISSEMINATION OF PLAN PACKAGES PENDING APPROVAL OF FOURTH AMENDED DISCLOSURE STATEMENT; MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATION OF PHILIP E. STROK IN SUPPORT THEREOF** will be served or was served: (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner indicated below:

I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING("NEF") - Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via NEF and hyperlink to the document. On **November 16, 2009** I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

Service information continued on attached page

II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL (indicate method for each person or entity served): On **November 16, 2009** I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as follows. *Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.*

Service information continued on attached page

III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL (indicate method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **November 16, 2009** I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.

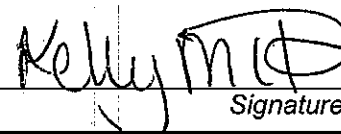
The Honorable Erithe A. Smith
411 W. 4th Street, Suite 2030
Santa Ana, CA 92701

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

November 16, 2009
Date

Kelly M. Rivera
Type Name


Signature

In re **FREMONT GENERAL CORPORATION**
Case No.: 8:08-bk-13421-ES
Revised: September 3, 2009

SERVICE LIST

VIA OVERNIGHT AND EMAIL

Office of the U.S. Trustee
Attn: Frank Cadigan
411 West Fourth Street, Suite 9041
Santa Ana, CA 92701-8000
Email: Frank.Cadigan@usdoj.gov

Fremont General Corporation
175 N. Riverview Drive
Anaheim, CA 92808
Email: invrel@mtinv.com
Debtor

Theodor Stolman, Esq.
Scott H. Yun, Esq.
Stutman Treister & Glatt
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of Unsecured Creditors**

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Email: paul_dagostino@hotmail.com
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trustee to The Bank of New York Trust
Company, N.A.
c/o James R. Lewis, V.P. or
Thomas M. Korsman, VP
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New York, NY 10006
Email: james.r.lewis@wellsfargo.com
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Indenture dated March 1, 1999
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c/o Joshua T. Angel
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Scott H Yun syun@stutman.com