

**United States Bankruptcy Court
For the Central District of California
Santa Ana Division**

In re: People's Choice Funding, Inc.
Debtor

Case No. 07-10767

**NOTES TO SCHEDULES OF ASSETS AND LIABILITIES
AND STATEMENT OF FINANCIAL AFFAIRS**

People's Choice Funding, Inc. (the "Debtor"), submits its Schedules of Assets and Liabilities (the "Schedules") and Statement of Financial Affairs (the "Statements") pursuant to 11 U.S.C. § 521 and Federal Rule of Bankruptcy Procedure 1007.

The Schedules and Statements have been prepared by the Debtor's management and are unaudited. While management of the Debtor has made every effort to ensure that the Schedules and Statements are accurate and complete based on information that was available at the time of preparation, the subsequent receipt of information may result in material changes in financial data contained in the Schedules and Statements. Except as noted, the assets and liability data contained in the Schedules and Statements are as of March 20, 2007.

The Debtor has made every effort to allocate liabilities between the pre-petition and post-petition periods, based on the information and research that was conducted in connection with the preparation of the Schedules and the Statements. As additional information becomes available and further research is conducted, the allocation of liabilities between pre-petition and post-petition periods may change.

While every effort has been made to file complete and accurate Schedules and Statement of Financial Affairs, inadvertent errors or omissions may exist. Accordingly, the Debtor reserves the right to amend its Schedules and Statements as necessary or appropriate.

Any failure to designate a claim listed on the Debtor's Schedules as "disputed", "contingent", or "unliquidated" does not constitute an admission by the Debtor that such amount is not "disputed", "contingent", or "unliquidated". The Debtor reserves the right to dispute, or to assert offsets or defenses to, any claim reflected on its Schedules as to amount, liability or classification, or to otherwise subsequently designate any claim as "disputed", "contingent", or "unliquidated".

The dollar amounts of claims listed may be exclusive of contingent and unliquidated amounts.

The claims of individual creditors for, among other things, goods, services, or taxes are listed as the lower of the amounts invoiced by such creditor and the amounts entered on the Debtor's books and records and do not reflect credits or allowances due from such creditors to the Debtor. The Debtor reserves all of its rights respecting such credits and allowances.

The Bankruptcy Court has approved the payment of certain unsecured priority and non-priority claims against the Debtor, including, without limitation, certain claims of employees for wages, salaries, contributions to employee benefit plans, reimbursement of business expenses and other claims. Such claims may be reflected in Schedule E and/or Schedule F, respectively.

It would be prohibitively expensive and unduly burdensome to obtain current market valuations of the Debtor's property interests. Accordingly, unless otherwise noted, the carrying value on the Debtor's books, rather than the current market values, of the Debtor's interests in property is reflected on the Debtor's Schedules.

The Schedules were prepared with information provided by the Debtor. It should be understood that the Schedules may not be complete and are subject to further review and revision. The Debtor reserves the right to amend the Schedules as additional information becomes available.



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STATEMENT OF FINANCIAL AFFAIRS
United States Bankruptcy Court
Central District of California
Santa Ana Division

In re: People's Choice Funding, Inc.
Debtor

Case No. 07-10767

This statement is to be completed by every debtor. Spouses filing a joint petition may file a single statement on which the information for both spouses is combined. If the case is filed under chapter 12 or chapter 13, a married debtor must furnish information for both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed. An individual debtor engaged in business as a sole proprietor, partner, family farmer, or self-employed professional, should provide the information requested on this statement concerning all such activities as well as the individual's personal affairs. Do not include the name or address of a minor child in this statement. Indicate payments, transfers and the like to minor children by stating "a minor child." See 11 U.S.C. § 112; Fed. R. Bankr. P. 1007(m).

Questions 1 - 18 are to be completed by all debtors. Debtors that are or have been in business, as defined below, also must complete Questions 19 - 25. If the answer to an applicable question is "None," mark the box labeled "None." If additional space is needed for the answer to any question, use and attach a separate sheet properly identified with the case name, case number (if known), and the number of the question.

Definitions

"In business." A debtor is "in business" for the purpose of this form if the debtor is a corporation or partnership. An individual debtor is "in business" for the purpose of this form if the debtor is or has been, within six years immediately preceding the filing of this bankruptcy case, any of the following: an officer, director, managing executive, or owner of 5 percent or more of the voting or equity securities of a corporation; a partner, other than a limited partner, of a partnership; a sole proprietor or self-employed full-time or part-time. An individual debtor also may be "in business" for the purpose of this form if the debtor engages in a trade, business, or other activity, other than as an employee, to supplement income from the debtor's primary employment.

"Insider." The term "insider" includes but is not limited to: relatives of the debtor; general partners of the debtor and their relatives; corporations of which the debtor is an officer, director, or person in control; officers, directors, and any owner of 5 percent or more of the voting or equity securities of a corporate debtor and their relatives; affiliates of the debtor and insiders of such affiliates; any managing agent of the debtor. 11 U.S.C. § 101.

None **1. Income from employment or operation of business**

State the gross amount of income the debtor has received from employment, trade, or profession, or from operation of the debtor's business, including part-time activities either as an employee or in independent trade or business, from the beginning of this calendar year to the date this case was commenced. State also the gross amounts received during the two years immediately preceding this calendar year. (A debtor that maintains, or has maintained, financial records on the basis of a fiscal rather than a calendar year may report fiscal year income. Identify the beginning and ending dates of the debtor's fiscal year.) If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income of both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

AMOUNT

SOURCE

\$ 38,639,873	1/1/2007 - 3/19/2007	Business Operations (interest income on HFI, securitized loans, and swap and pre-payment penalty)
\$260,027,488	1/1/2006 - 12/31/2006	Business Operations (interest income on HFI, securitized loans, and swap and pre-payment penalty)
\$235,295,110	1/1/2005 - 12/31/2005	Business Operations (interest income on HFI and securitized loan and pre-payment penalty)

See footnote 1

1. Income 100% from the trust

None **2. Income other than from employment or operation of business**

State the amount of income received by the debtor other than from employment, trade, profession, operation of the debtor's business during the two years immediately preceding the commencement of this case. Give particulars. If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income for each spouse whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

AMOUNT	SOURCE
\$169	1/1/2007 - 3/19/2007 Other Interest Income from Interest-bearing Deposits
\$952,700	1/1/2006 - 12/31/2006 Other Interest Income from Interest-bearing Deposits
\$1,452,118	1/12/005 - 12/31/2005 Other Interest Income from Interest-bearing Deposits

None **3. Payments to creditors**

a. Individual or joint debtor(s) with primarily consumer debts: List all payments on loans, installment purchases of goods or services, and other debts to any creditor made within 90 days immediately preceding the commencement of this case if the aggregate value of all property that constitutes or is affected by such transfer is not less than \$600. Indicate with an asterisk (*) any payments that were made to a creditor on account of a domestic support obligation or as part of an alternative repayment schedule under a plan by an approved nonprofit budgeting and creditor counseling agency. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAMES AND ADDRESSES OF CREDITORS	DATES OF PAYMENTS	AMOUNT PAID	AMOUNT STILL OWING
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None

b. Debtor whose debts are not primarily consumer debts: List each payment or other transfer to any creditor made within 90 days immediately preceding the commencement of the case if the aggregate value of all property that constitutes or is affected by such transfer is not less than \$5,475. (Married debtors filing under chapter 12 or chapter 13 must include payments and other transfers by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAMES AND ADDRESSES OF CREDITORS	DATES OF PAYMENTS/ TRANSFERS	AMOUNT PAID OR VALUE OF TRANSFERS	AMOUNT STILL OWING
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None

c. All debtors: List all payments made within one year immediately preceding the commencement of this case to or for the benefit of creditors who are or were insiders. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAMES AND ADDRESSES OF CREDITORS AND RELATIONSHIP TO DEBTOR	DATES OF PAYMENTS	AMOUNT PAID	AMOUNT STILL OWING
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People's Choice Financial Corporation made payments to officers and directors who are insiders within the year immediately preceding the commencement of this case on behalf of the debtor. Please see the response to Item 3c in the Statement of Financial Affairs for People's Choice Financial Corporation (Case No. 07-10772). See Exhibit 3c to this Statement of Financial Affairs for payments to the debtor's affiliates.

None **4. Suits and administrative proceedings, executions, garnishments and attachments**

- a. List all suits and administrative proceedings to which the debtor is or was a party within one year immediately preceding the filing of this bankruptcy case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

CAPTION OF SUIT AND CASE NUMBER	NATURE OF PROCEEDING	COURT OR AGENCY AND LOCATION	STATUS OR DISPOSITION
Maurice Ross, et al. v. Albert Watkins, PCHLI, et al. 2005-74358	General liability	55th District Court of Harris County, Texas	Pending
Ramirez v. Emerald Mortgage Corporation, PCHLI, et al. CV067200RPJWx	Title	United States District Court, Central District of California	Pending
James McDaniel vs. PCHLI, et al. 16-2006-CA-004110-XXXX-MA	General liability	Duval County, Florida Circuit Court	Pending
Sylvana Nogueira v. PCHLI, et al. 06-12608 CA 10	General liability	Miami-Dade County Circuit Court, Florida	Pending
Christopher Manson and Andre Smith v. PCHLI, et al 06-21846 CA 32	Title	Miami-Dade County Circuit Court, Florida	Pending
Ruth McFadden v. PCHLI, et al. 06-20635 (02)	Title	Broward County Circuit Court, Florida	Pending
Ronald Nordyke v. PCHLI, et al. 07-000694 Division G	Title	Hillsborough County Circuit Court, Florida	Pending
Alexander v. PCHLI, et al. 06 CH 11128 (Cook County, IL)	General liability		Pending
Thompson v. PCHLI, et al. 30C01-0504-MF-313 (Hancock County, IN)	Title		Pending
Michael Mouch and Beth Crepeau v. PCHLI, et al. 05-81597-CP	General liability	Circuit Court for the County of Genessee, Michigan	Pending
Rogelio Ramirez and Lori Ramirez v. PCHLI, et al. 06-59671-CZ	General liability	Circuit Court for the County of Saginaw, Michigan	Pending
Emily Turner v. PCHLI, et al. 06-601465 CH	General liability	Circuit Court for the County of Wayne, Michigan	Pending
Charrise Walker v. PCHLI, et al. 06-074566-CH	General liability	Circuit Court for the County of Oakland, Michigan	Pending
Barbara J. Reid v. PCHLI, et al. 06-617653 CH	General liability	Circuit Court for the County of Wayne, Michigan	Pending
Michael Golston v. PCHLI, et al. 06-611845-CH	General liability	Circuit Court for the County of Wayne, Michigan	Pending
The Estate of Magerlene Ogletree, deceased and Sylvester Ogletree, Jr., Personal Representative v. Michael L. Ogletree, PCHLI, et al. 06-610355 CH	General liability	Circuit Court for the County of Wayne, Michigan	Pending

CAPTION OF SUIT AND CASE NUMBER	NATURE OF PROCEEDING	COURT OR AGENCY AND LOCATION	STATUS OR DISPOSITION
Johnny and Mary Price and Latrenda M. Citizen, Plaintiffs v. Coldwell Banker Real Estate Corporation, PCHLI, et al. 4:05cv170-GHD-SAA	General liability	U.S. District Court for the Northern District of Mississippi, Greenville Division	Pending

None

- b. Describe all property that has been attached, garnished or seized under any legal or equitable process within one year immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF PERSON FOR WHOSE BENEFIT PROPERTY WAS SEIZED	DATE OF SEIZURE	DESCRIPTION AND VALUE OF PROPERTY
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None

5. Repossessions, foreclosures and returns

- List all property that has been repossessed by a creditor, sold at a foreclosure sale, transferred through a deed in lieu of foreclosure or returned to the seller, within one year immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR OR SELLER	DATE OF REPOSSESSION, FORECLOSURE SALE, TRANSFER, OR RETURN	DESCRIPTION AND VALUE OF PROPERTY
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None

6. Assignments and receiverships

- a. Describe any assignment of property for the benefit of creditors made within 120 days immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include any assignment by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF ASSIGNEE	DATE OF ASSIGNMENT	TERMS OF ASSIGNMENT OR SETTLEMENT
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None

- b. List all property which has been in the hands of a custodian, receiver, or court-appointed official within one year immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CUSTODIAN	NAME AND LOCATION OF COURT CASE TITLE & NUMBER	DATE OF ORDER	DESCRIPTION AND VALUE OF PROPERTY
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None **7. Gifts**

- List all gifts or charitable contributions made within one year immediately preceding the commencement of this case except ordinary and usual gifts to family members aggregating less than \$200 in value per individual family member and charitable contributions aggregating less than \$100 per recipient. (Married debtors filing under chapter 12 or chapter 13 must include gifts or contributions by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF PERSON OR ORGANIZATION	RELATIONSHIP TO DEBTOR, IF ANY	DATE OF GIFT	DESCRIPTION AND VALUE OF GIFT
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None **8. Losses**

- List all losses from fire, theft, other casualty or gambling within one year immediately preceding the commencement of this case or since the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include losses by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

DESCRIPTION AND VALUE OF PROPERTY	DESCRIPTION OF CIRCUMSTANCES AND, IF LOSS WAS COVERED IN WHOLE OR IN PART BY INSURANCE, GIVE PARTICULARS	DATE OF LOSS
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None **9. Payments related to debt counseling or bankruptcy**

- List all payments made or property transferred by or on behalf of the debtor to any persons, including attorneys, for consultation concerning debt consolidation, relief under the bankruptcy law or preparation of a petition in bankruptcy within one year immediately preceding the commencement of this case.

NAME AND ADDRESS OF PAYEE	DATE OF PAYMENT NAME OF PAYER IF OTHER THAN DEBTOR	AMOUNT OF MONEY OR DESCRIPTION AND VALUE OF PROPERTY
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People's Choice Home Loan, Inc. made payments related to debt counseling or bankruptcy on behalf of the debtor. Please see the response to Item 9 in the Statement of Financial Affairs for People's Choice Home Loan, Inc. (Case No. 07-10765).

None **10. Other transfers**

- a. List all other property, other than property transferred in the ordinary course of the business or financial affairs of the debtor, transferred either absolutely or as security within two years immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include transfers by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF TRANSFERREE, RELATIONSHIP TO DEBTOR	DATE	DESCRIBE PROPERTY TRANSFERRED AND VALUE RECEIVED
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None

- b. List all property transferred by the debtor within ten years immediately preceding the commencement of this case to a self-settled trust or similar device of which the debtor is a beneficiary.

NAME OF TRUST OR OTHER DEVICE	DATE(S) OF TRANSFER(S)	AMOUNT OF MONEY OR DESCRIPTION AND VALUE OF PROPERTY OR DEBTOR'S INTEREST IN PROPERTY
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None

11. Closed financial accounts

- List all financial accounts and instruments held in the name of the debtor or for the benefit of the debtor which were closed, sold, or otherwise transferred within one year immediately preceding the commencement of this case. Include checking, savings, or other financial accounts, certificates of deposit, or other instruments; shares and share accounts held in banks, credit unions, pension funds, cooperatives, associations, brokerage houses and other financial institutions. (Married debtors filing under chapter 12 or chapter 13 must include information concerning accounts or instruments held by or for either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF INSTITUTION	TYPE OF ACCOUNT, LAST FOUR DIGITS OF ACCOUNT NUMBER, AND AMOUNT OF FINAL BALANCE	AMOUNT AND DATE OF SALE OR CLOSING
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See attached Exhibit 11

None

12. Safe deposit boxes

- List each safe deposit or other box or depository in which the debtor has or had securities, cash, or other valuables within one year immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include boxes or depositories of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF BANK OR OTHER DEPOSITORY	NAMES AND ADDRESSES OF THOSE WITH ACCESS TO THE BOX OR DEPOSITORY	DESCRIPTION OF CONTENTS	DATE OF TRANSFER OR SURRENDER, IF ANY
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None

13. Setoffs

- List all setoffs made by any creditor, including a bank, against a debt or deposit of the debtor within 90 days preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR	DATE OF SETOFF	AMOUNT OF SETOFF
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None **14. Property held for another person**

List all property owned by another person that the debtor holds or controls.

NAME AND ADDRESS OF OWNER	DESCRIPTION AND VALUE OF PROPERTY	LOCATION OF PROPERTY
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None **15. Prior address of debtor**

If debtor has moved within three years immediately preceding the commencement of this case, list all premises which the debtor occupied during that period and vacated prior to the commencement of this case. If a joint petition is filed, report also any separate address of either spouse.

ADDRESS	NAME USED	DATES OF OCCUPANCY
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None **16. Spouses and Former Spouses**

If the debtor resides or resided in a community property state, commonwealth, or territory (including Alaska, Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Puerto Rico, Texas, Washington, or Wisconsin) within eight years immediately preceding the commencement of the case, identify the name of the debtor's spouse and of any former spouse who resides or resided with the debtor in the community property state.

NAME

None **17. Environmental Information**

For the purpose of this question, the following definitions apply:

"Environmental Law" means any federal, state, or local statute or regulation regulating pollution, contamination, releases of hazardous or toxic substances, wastes or material into the air, land, soil, surface water, groundwater, or other medium, including, but not limited to, statutes or regulations regulating the cleanup of these substances, wastes, or material.

"Site" means any location, facility, or property as defined under any Environmental Law, whether or not presently or formerly owned or operated by the debtor, including, but not limited to, disposal sites.

"Hazardous Material" means anything defined as a hazardous waste, hazardous substance, toxic substance, hazardous material, pollutant, or contaminant or similar term under an Environmental Law.

a. List the name and address of every site for which the debtor has received notice in writing by a governmental unit that it may be liable or potentially liable under or in violation of an Environmental Law. Indicate the governmental unit, the date of the notice, and, if known, the Environmental Law:

SITE NAME AND ADDRESS	NAME AND ADDRESS OF GOVERNMENTAL UNIT	DATE OF NOTICE	ENVIRONMENTAL LAW
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None



b. List the name and address of every site for which the debtor provided notice to a governmental unit of a release of Hazardous Material. Indicate the governmental unit to which the notice was sent and the date of the notice.

<u>SITE NAME AND ADDRESS</u>	<u>NAME AND ADDRESS OF GOVERNMENTAL UNIT</u>	<u>DATE OF NOTICE</u>	<u>ENVIRONMENTAL LAW</u>
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None



c. List all judicial or administrative proceedings, including settlements or orders, under any Environmental Law with respect to which the debtor is or was a party. Indicate the name and address of the governmental unit that is or was a party to the proceeding, and the docket number.

<u>NAME AND ADDRESS OF GOVERNMENTAL UNIT</u>	<u>DOCKET NUMBER</u>	<u>STATUS OR DISPOSITION</u>
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None **18. Nature, location and name of business**



a. If the debtor is an individual, list the names, addresses, taxpayer identification numbers, nature of the businesses, and beginning and ending dates of all businesses in which the debtor was an officer, director, partner, or managing executive of a corporation, partner in a partnership, sole proprietor, or was self-employed in a trade, profession, or other activity either full- or part-time within six years immediately preceding the commencement of this case, or in which the debtor owned 5 percent or more of the voting or equity securities within six years immediately preceding the commencement of this case.

If the debtor is a partnership, list the names, addresses, taxpayer identification numbers, nature of the businesses, and beginning and ending dates of all businesses in which the debtor was a partner or owned 5 percent or more of the voting or equity securities, within six years immediately preceding the commencement of this case.

If the debtor is a corporation, list the names, addresses, taxpayer identification numbers, nature of the businesses, and beginning and ending dates of all businesses in which the debtor was a partner or owned 5 percent or more of the voting or equity securities within six years immediately preceding the commencement of this case.

<u>NAME</u>	<u>LAST FOUR DIGITS OF SOC. SEC. NO./ COMPLETE EIN OR OTHER TAXPAYER I.D. NO.</u>	<u>ADDRESS</u>	<u>NATURE OF BUSINESS</u>	<u>BEGINNING AND ENDING DATES</u>
People's Choice Funding III, LLC	Taxpayer ID# 37-1509377	7515 Irvine Center Drive Irvine, CA 92618	Holding residual CMS securities	March 2005 - present
People's Choice Funding IV, LLC	Taxpayer ID# 43-2088995	7515 Irvine Center Drive Irvine, CA 92618	Set up as SPE to hold loans for financing with Arlington/FBR repurchase facility	None (facility was never consummated)

None



b. Identify any business listed in response to subdivision a., above, that is "single asset real estate" as defined in 11 U.S.C. § 101.

<u>NAME</u>	<u>ADDRESS</u>
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The following questions are to be completed by every debtor that is a corporation or partnership and by any individual debtor who is or has been, within six years immediately preceding the commencement of this case, any of the following: an officer, director, managing executive, or owner of more than 5 percent of the voting or equity securities of a corporation; a partner, other than a limited partner, of a partnership, a sole proprietor, or self-employed in a trade, profession, or other activity, either full- or part-time.

(An individual or joint debtor should complete this portion of the statement only if the debtor is or has been in business, as defined above, within six years immediately preceding the commencement of this case. A debtor who has not been in business within those six years should go directly to the signature page.)

19. Books, records and financial statements

None

a. List all bookkeepers and accountants who within two years immediately preceding the filing of this bankruptcy case kept or supervised the keeping of books of account and records of the debtor.

<u>NAME AND ADDRESS</u>	<u>DATES SERVICES RENDERED</u>
Brad Plantiko 7515 Irvine Center Drive Irvine, CA 92618	September 2002 - present
Howard Weitzman 7515 Irvine Center Drive Irvine, CA 92618	October 2005 - October 2006
Amy Dickerson 7515 Irvine Center Drive Irvine, CA 92618	November 2004 - March 2007
Scott Yamanaka 7515 Irvine Center Drive Irvine, CA 92618	February 2006 - present
John Varner 7515 Irvine Center Drive Irvine, CA 92618	October 2005 - March 2007

None

b. List all firms or individuals who within two years immediately preceding the filing of this bankruptcy case have audited the books of account and records, or prepared a financial statement of the debtor.

<u>NAME</u>	<u>ADDRESS</u>	<u>DATES SERVICES RENDERED</u>
Grant Thorton LLP	18400 Von Karman Avenue Suite 700 Irvine, CA 92612-0513 (949) 553-1600	2006 - 3/13/2007

Audit completed in connection with People's Choice Financial Corporation and Subsidiaries Consolidated Financial Statements as of December 31, 2005 and for the years ended December 31, 2005, 2004 and 2003

None

c. List all firms or individuals who at the time of the commencement of this case were in possession of the books of account and records of the debtor. If any of the books of account and records are not available, explain.

NAME

ADDRESS

The debtor maintains possession of all books and records at 7515 Irvine Center Drive, Irvine, CA

None

d. List all financial institutions, creditors and other parties, including mercantile and trade agencies, to whom a financial statement was issued by the debtor within two years immediately preceding the commencement of this case.

NAME AND ADDRESS	DATE ISSUED
Abner Figueroa Societe Generale abner.figueroa@sgcib.com	February 2007
Adrian Sam PricewaterhouseCoopers LLP adrian.sam@us.pwc.com	March 2007
Ms. Julia Stannard Comerica Bank Julia_L_Stannard@comerica.com	May 2006
Ms. ThuHa Phan Wells Fargo Bank phantt@wellsfargo.com	May 2006
Ms. Stéphanie Ferrieu AXA Investment Managers Stephanie.FERRIEU@axa-im.com	May 2006
Mr. Michel Fryszman AXA Investment Managers Michel.FRYSZMAN@axa-im.com	May 2006
EMC Mortgage Corporation 2780 Lake Vista Drive Lewisville, TX 75067	May 2006
Mr. Derek A. Lewis HSBC Mortgage Services Regional Sales Manager	May 2006
Bill Moulton HSBC Mortgage Services bill.g.moulton@us.hsbc.com	May 2006
Mr. John Paradisi CIT Consumer Finance John.Paradisi@cit.com	May 2006
Mr. Ed Tomasso CIT Consumer Finance eddie.tomasso@cit.com	May 2006
U.S. Department of HUD 451 7th St. SW, Room 2250 Washington DC 20410	Various Dates
Fannie Mae	Various Dates
Mr. Nathan Capehart Washington Mutual Mortgage 3929 W. John Carptener Freeway Irving, TX 75063	Various dates, through January 2007
Mr. Raymond Sullivan IXIS Real Estate Capital, Inc. 9 West 57th Street, 36th Floor New York, NY 10019	Various dates, through January 2007

<u>NAME AND ADDRESS</u>	<u>DATE ISSUED</u>
Ms. Desiree Reese GMAC Residential Funding Corp. 1646 No. California Blvd., #400 Walnut Creek, CA 94596	Various dates, through January 2007
Mr. Justin Zakocs Wachovia Securities 301 So. College Street Charlotte, NC 28288-0610	Various dates, through January 2007
Ms. Eileen Albus Bear Stearns Mortgage Capital Corp. 383 Madison Avenue, 10th Floor New York, NY 10179	Various dates, through January 2007
Mr. Timothy Gilbert Credit Suisse First Boston Mortgage Capital 302 Carnegie Center, Suite 200 Princeton, NJ 08540	Various dates, through January 2007
Mr. Mitch Nomura GMAC Residential Funding Corp. 1646 No. California Blvd., #400 Walnut Creek, CA 94596	Various dates, through July 2006
Various other recipients Friedman, Billings, Ramsey and Company, Inc. 1001 Nineteenth Street North, 19th Floor Arlington, VA 22209	Various dates, through March 2007
Mr. Don Kutch Lehman Commercial Paper, Inc. 745 7th Avenue, 7th Floor New York, NY 10019	Various dates, through May 2006
Mr. Fred Madonna Lehman Commercial Paper, Inc. 745 7th Avenue, 7th Floor New York, NY 10019	Various dates, through May 2006
Mr. Russell Albers Friedman, Billings, Ramsey and Company, Inc. 1001 Nineteenth Street North, 19th Floor Arlington, VA 22209	Various dates, through September 2006
Various state agencies for licensing purposes	Various dates

In the ordinary course of business, the debtor has provided financial information to other parties for which a permanent record was not maintained. Consequently, the above list may not be complete.

None **20. Inventories**

a. List the dates of the last two inventories taken of your property, the name of the person who supervised the taking of each inventory, and the dollar amount and basis of each inventory.

<u>DATE OF INVENTORY</u>	<u>INVENTORY SUPERVISOR</u>	<u>DOLLAR AMOUNT OF INVENTORY</u> (Specify cost, market, or other basis)
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None

- b. List the name and address of the person having possession of the records of each of the inventories reported in a., above.

DATE OF INVENTORYNAME AND ADDRESSES OF CUSTODIAN
OF INVENTORY RECORDS

None

21 . Current Partners, Officers, Directors and Shareholders

- a. If the debtor is a partnership, list the nature and percentage of partnership interest of each member of the partnership.

NAME AND ADDRESSNATURE OF INTERESTPERCENTAGE OF INTEREST

None

- b. If the debtor is a corporation, list all officers and directors of the corporation, and each stockholder who directly or indirectly owns, controls, or holds 5 percent or more of the voting or equity securities of the corporation.

NAME AND ADDRESSTITLENATURE AND PERCENTAGE
OF STOCK OWNERSHIP

People's Choice Financial Corporation
7515 Irvine Center Drive
Irvine, CA 92618

Shareholder

100%

Neil Kornswiet
7515 Irvine Center Drive
Irvine, CA 92618

President, Chief Executive Officer, Director

None

Brad Plantiko
7515 Irvine Center Drive
Irvine, CA 92618

Executive Vice President - Finance and
Strategic Planning

None

Dan Sussman
7515 Irvine Center Drive
Irvine, CA 92618

Executive Vice President & Chief Operating
Officer

None

Robert Harris
7515 Irvine Center Drive
Irvine, CA 92618

Director

None

None

22 . Former partners, officers, directors and shareholders

- a. If the debtor is a partnership, list each member who withdrew from the partnership within one year immediately preceding the commencement of this case.

NAMEADDRESSDATE OF WITHDRAWAL

None

- b. If the debtor is a corporation, list all officers, or directors whose relationship with the corporation terminated within one year immediately preceding the commencement of this case.

NAME AND ADDRESS

TITLE

DATE OF TERMINATION

None

23. Withdrawals from a partnership or distributions by a corporation

- If the debtor is a partnership or corporation, list all withdrawals or distributions credited or given to an insider, including compensation in any form, bonuses, loans, stock redemptions, options exercised and any other perquisite during one year immediately preceding the commencement of this case.

NAME AND ADDRESS
OF RECIPIENT,
RELATIONSHIP TO DEBTORDATE AND PURPOSE
OF WITHDRAWALAMOUNT OF MONEY
OR DESCRIPTION
AND VALUE OF PROPERTY

People's Choice Financial Corporation made distributions to officers and directors who are insiders within the year immediately preceding the commencement of this case on behalf of the debtor. Please see the response to Item 3c in the Statement of Financial Affairs for People's Choice Financial Corporation (Case No. 07-10772). See Exhibit 3c to this Statement of Financial Affairs for payments to the debtor's affiliates.

None

24. Tax Consolidation Group

- If the debtor is a corporation, list the name and federal taxpayer identification number of the parent corporation of any consolidated group for tax purposes of which the debtor has been a member at any time within six years immediately preceding the commencement of the case.

NAME OF PARENT CORPORATION

TAXPAYER IDENTIFICATION NUMBER (EIN)

People's Choice Financial Corporation

20-1157100

None

25. Pension Funds

- If the debtor is not an individual, list the name and federal taxpayer identification number of any pension fund to which the debtor, as an employer, has been responsible for contributing at any time within six years immediately preceding the commencement of the case.

NAME OF PENSION FUND

TAXPAYER IDENTIFICATION NUMBER (EIN)

3c Payments to Insiders

Name of Creditor	Date of Payment/Transfer	Amount Paid or Value of Transfer	Transaction Type
People's Choice Home Loan, Inc.	3/24/2006	123,987.48	WIRE # 016435 BNF PEOPLES CHOICE HOME LOAN
	3/31/2006	258,360.51	WIRE # 026431 BNF PEOPLES CHOICE HOME LOAN
	3/31/2006	543,712.70	WIRE # 026427 BNF PEOPLES CHOICE HOME LOAN
	4/5/2006	454,710.00	WIRE # 015040 BNF PEOPLES CHOICE HOME LOAN
	4/14/2006	71,110.24	WIRE # 013338 BNF PEOPLES CHOICE HOME LOAN
	4/27/2006	199,990.07	WIRE # 007394 BNF PEOPLES CHOICE HOME LOAN
	5/31/2006	4,935.52	WIRE # 018906 BNF PCHLI - PCFI S FED # 005286
	6/16/2006	74,120.31	WIRE # 012878 BNF PCHLI - PCFI S FED # 003860
	6/16/2006	177,006.04	WIRE # 012877 BNF PCHLI - PCFI S FED # 003859
	6/29/2006	6,125,652.52	WIRE # 012673 BNF PCHLI-PCFI SEC FED # 003625
	6/30/2006	92,263.83	WIRE # 026994 BNF PCHLI-PCFI 200 FED # 007965
	7/3/2006	2.92	PEOPLES CHOICE PCHLI LEFT 060630 92917
	7/7/2006	27,182.98	PEOPLES CHOICE PCHLI LEFT 060706 92917
	7/10/2006	755.69	PEOPLES CHOICE PCHLI LEFT 060707 92917
	7/11/2006	1,725.39	PEOPLES CHOICE PCHLI LEFT 060710 92917
	8/24/2006	4,606.27	WIRE # 010292 BNF PCHLI - PCFI S FED # 002952
	8/28/2006	55,103.02	WIRE # 011908 BNF PCHLI - PCFI S FED # 002901
	9/15/2006	321,433.78	WIRE # 012677 BNF PCHLI - PCFI S FED # 003264
	10/31/2006	446,966.76	WIRE # 024111 BNF PCHLI - PCFI S FED # 006619
	12/27/2006	4,439.40	WIRE # 012436 BNF PCHLI - PCFI S FED # 003344
		8,988,065.43	
People's Choice Financial Corporation	4/27/2006	10,000,000.00	WIRE # 007399 BNF PEOPLES CHOICE FINANCIAL
	5/3/2006	20,000,000.00	WIRE # 010188 BNF PEOPLES CHOICE FINANCIAL
	5/26/2006	10,000,000.00	WIRE # 006544 BNF PEOPLES CHOICE FINANCIAL
	7/12/2006	10,000,000.00	WIRE # 013474 BNF PEOPLES CHOICE FINANCIAL
	7/27/2006	10,000,000.00	WIRE # 013919 BNF PEOPLES CHOICE FINANCIAL
	8/14/2006	20,000,000.00	WIRE # 008449 BNF PEOPLES CHOICE FINANCIAL
	9/21/2006	10,000,000.00	WIRE # 009478 BNF PEOPLES CHOICE FINANCIAL
	11/28/2006	5,000,000.00	WIRE # 009279 BNF PEOPLES CHOICE FINANCIAL
	12/15/2006	8,000,000.00	WIRE # 017384 BNF PEOPLES CHOICE FINANCIAL
	12/27/2006	4,000,000.00	WIRE # 015220 BNF PEOPLES CHOICE FINANCIAL
	1/25/2007	4,000,000.00	WIRE # 014700 BNF PEOPLES CHOICE FINANCIAL
	2/15/2007	1,400,000.00	WIRE # 015557 BNF PEOPLES CHOICE FINANCIAL
	2/28/2007	1,300,000.00	WIRE # 014503 BNF PEOPLES CHOICE FINANCIAL
	3/15/2007	500,000.00	WIRE # 008794 BNF PEOPLES CHOICE FINANCIAL
		114,200,000.00	
		8,988,065.43	PCFI Payments to PCHLI
		114,200,000.00	PCFI Payments to PCFC

11. Closed Financial Accounts

Name of Institution	Address1	Address2	City-State Zip	Type of Account	Account #	Closing Balance	Closing Date
Comerica Bank - California	PO Box 7324	Service Unit 12	San Francisco, CA 94120	PCFI - Lehman WH - Impound	1892740703	0	May-2006
Comerica Bank - California	PO Box 7324	Service Unit 12	San Francisco, CA 94120	PCFI - CDC WH - Impound	1892740729	0	May-2006
Comerica Bank - California	PO Box 7324	Service Unit 12	San Francisco, CA 94120	PCFI - RFC WH - Impound	1892740745	0	May-2006
Comerica Bank - California	PO Box 7324	Service Unit 12	San Francisco, CA 94120	PCFI - DB WH - Impound	1892740760	0	May-2006
Comerica Bank - California	PO Box 7324	Service Unit 12	San Francisco, CA 94120	PCFI - Wachovia WH - Impound	1892740786	0	May-2006
Comerica Bank - California	PO Box 7324	Service Unit 12	San Francisco, CA 94120	PCFI - BS WH - Impound	1892740802	0	May-2006
Comerica Bank - California	PO Box 7324	Service Unit 12	San Francisco, CA 94120	PCFI - WH CSFB - Impound	1892740968	0	May-2006
Comerica Bank - California	PO Box 7324	Service Unit 12	San Francisco, CA 94120	PCFI - Investor Trust - Impound	1892740828	0	May-2006
Comerica Bank - California	PO Box 7324	Service Unit 12	San Francisco, CA 94120	PCFI - Lehman WH - P&I	1892740695	0	May-2006
Comerica Bank - California	PO Box 7324	Service Unit 12	San Francisco, CA 94120	PCFI - CDC WH - P&I	1892740711	0	May-2006
Comerica Bank - California	PO Box 7324	Service Unit 12	San Francisco, CA 94120	PCFI - RFC WH - P&I	1892740737	0	May-2006
Comerica Bank - California	PO Box 7324	Service Unit 12	San Francisco, CA 94120	PCFI - DB - WH - P&I	1892740752	0	May-2006
Comerica Bank - California	PO Box 7324	Service Unit 12	San Francisco, CA 94120	PCFI - Wachovia - WH - P&I	1892740778	0	May-2006
Comerica Bank - California	PO Box 7324	Service Unit 12	San Francisco, CA 94120	PCFI - BS - WH - P&I	1892740794	0	May-2006
Comerica Bank - California	PO Box 7324	Service Unit 12	San Francisco, CA 94120	PCFI - Investor Trust P&I	1892740810	0	May-2006

In re: People's Choice Funding, Inc.
Debtor

Case No. 07-10767

**Declaration Under Penalty of Perjury
On Behalf of a Corporation or Partnership**

I, Brad Plantiko, Executive Vice President, Finance and Strategic Planning of People's Choice Funding, Inc., named as the debtor in this case, declare under penalty of perjury that I have read the answers contained in the foregoing Statement of Financial Affairs and any attachments thereto and that they are true and correct to the best of my knowledge, information, and belief.

Date: April 25, 2007

/s/ BRAD PLANTIKO

Brad Plantiko
Executive Vice President, Finance and
Strategic Planning