

UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

-----X	:	Chapter 11
In Re:	:	
CONTIFINANCIAL CORPORATION,	:	Case No. 00 B 12184 (AJG)
et al.	:	
	:	
Debtors	:	(Jointly Administered)
-----X	:	

SECOND AND FINAL APPLICATION FOR COMPENSATION AND FOR REIMBURSEMENT OF  
EXPENSES OF THE AUDITORS, TAX ADVISORS, AND CONSULTANTS TO CONTIFINANCIAL  
CORPORATION, ET AL.

Name of Applicant: Arthur Andersen LLP

Authorized to Provide Professional Services to: ContiFinancial Corporation, et al.

Date of Retention: July 18, 2000 effective as of the  
Petition Date (May 17, 2000)

Period for which compensation  
and reimbursement is sought: September 1, 2000 through  
December 19, 2000

Amount of Compensation sought  
as actual, reasonable and necessary: \$ 182,771.98

Amount of Expense Reimbursement sought  
as actual, reasonable and necessary: \$ 3,793.43

This is an:       \_\_ interim       \_\_X\_\_ final application.

Applicant is requesting compensation for the preparation of its first interim application within this application. Applicant expended 46.2 hours to prepare its First Interim Application.

This is Applicant's Second and Final Application for Professional Fees.

On June 21, 2000, an Administrative Order under 11 U.S.C. Section 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses was entered. Pursuant to this Order, Applicant has received the following amounts:

	Compensation	Billings At 80%	Reimbursement of Expenses	Interim Billings	Amount Received
First Monthly Statement of Fees and Expenses	\$152,092.10	\$121,673.68	\$ 8,685.77	\$130,359.45	\$130,359.45
Second Monthly Statement of Fees and Expenses	\$199,589.80	\$159,671.84	\$10,890.92	\$170,562.76	\$170,562.76
Third Monthly Statement of Fees and Expenses	\$73,072.50	\$58,458.00	\$3,488.58	\$61,946.58	\$61,946.58
Fourth Monthly Statement Of Fees and Expenses	\$38,339.50	\$30,671.60	\$ 474.42	\$31,146.02	\$ -
Previously Unbilled Fees <sup>1</sup>	\$4,500.00				
Adjustment <sup>2</sup>	\$(57,243.28)				
<b>TOTAL</b>	<b>\$410,350.62</b>	<b>\$370,475.12</b>	<b>\$23,539.69</b>	<b>\$394,014.81</b>	<b>\$362,868.79</b>

<sup>1</sup> Included in the First Interim Application for Compensation and for the Reimbursement of Expenses

<sup>2</sup> Pursuant to the Notice of Presentment of the Proposed Order dated May 26, 2000, Andersen has arranged to bill its Audit and Tax Compliance Services, incurred during the Subject Period, at a base agreed upon fee which represents a 20% discount from Andersen's normal rates.

**SUMMARY OF AUDITORS, TAX ADVISORS AND CONSULTANTS  
RATES AND TOTAL CHARGES FOR THE PERIOD BEGINNING  
SEPTEMBER 1, 2000 AND ENDING DECEMBER 19, 2000**

NAME OF PROFESSIONAL(S)	HOURS	RATES	TOTAL
<b><u>Audit and Tax Compliance Services</u></b>			
<b>Partners</b>			
Donald H. MacNeal	2.8	\$ 562	\$ 1,573.60
<b>Managers</b>			
Michael Mascis	7.0	531	3,717.00
<b>Seniors</b>			
Meredith J. Lawless	10.0	298	2,980.00
Lori F. Kessler	10.0	266	2,660.00
<b>Staff/Other Professionals</b>			
William J. Burt	5.0	125	625.00
Mattia Leone	7.5	125	937.50
Ryan M. Nash	1.0	125	125.00
 <b><u>Audit and Tax Compliance Services</u></b>			
<b><u>Pre Adjustment</u></b>	43.3		12,618.10
Adjustment <sup>2</sup>			(2,523.62)
 <b><u>SubTotal: Audit and Tax Compliance Services</u></b>			
	43.3		\$10,094.48
 <b><u>Tax Consulting Services</u></b>			
<b>Partners</b>			
David I. Berman	23.2	593	13,757.60
David Schmutter	11.0	593	6,523.00
<b>Managers/Principals</b>			
Anthony J. Donadio	81.9	555	45,454.50
Keith D. Eisenstein	8.5	500	4,250.00
<b>Seniors</b>			
Amy D. Chen	155.6	290	45,124.00
Jennifer M. Mele	0.5	301	150.50
Scott A. Rock	2.5	301	752.50
R.M. Stevens	2.0	301	602.00
Jamie C. Yesnowitz	1.0	250	250.00

<sup>2</sup> Pursuant to the Notice of Presentment of the Proposed Order dated May 26, 2000, Andersen has arranged to bill its Audit and Tax Compliance Services, incurred during the Subject Period, at a base agreed upon fee which represents a 20% discount from Andersen's normal rates.

**SUMMARY OF AUDITORS, TAX ADVISORS AND CONSULTANTS  
RATES AND TOTAL CHARGES FOR THE PERIOD BEGINNING  
SEPTEMBER 1, 2000 AND ENDING DECEMBER 19, 2000 (CONTINUED)**

**Staff**

Melissa A. Toleno	61.0	\$175	10,675.00
Melissa J. Dahlquist	81.5	137	11,165.50
Malgorzata M. Stroie	3.0	137	411.00

**SubTotal: Tax**

<b><u>Consulting Services</u></b>	<u>431.7</u>		<u>\$ 139,115.60</u>
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**Bankruptcy Consulting Services**

**Partners**

James M. Lukenda	22.7	475	\$ 10,782.50
Donald H. MacNeal	1.2	562	674.40

**Managers**

Chad J. Shandler	20.5	360	7,380.00
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**Seniors**

Meredith J. Lawless	20.5	298	6,109.00
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**Staff/Other Professionals**

Brian K. Murphy	47.0	178	8,366.00
William J. Burt	2.0	125	250.00

**SubTotal: Bankruptcy**

<b><u>Consulting Services</u></b>	<u>113.9</u>		<u>\$33,561.90</u>
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<b>TOTAL</b>	<u><b>588.9</b></u>		<u><b>\$ 182,771.98</b></u>
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UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X		
In Re:	:	Chapter 11
	:	
CONTIMORTGAGE CORPORATION,	:	Case No. 00 B 12184 (AJG)
et al.	:	
	:	
Debtors	:	(Jointly Administered)
-----X		

**SECOND AND FINAL APPLICATION FOR**  
**COMPENSATION AND REIMBURSEMENT OF EXPENSES TO ARTHUR ANDERSEN LLP**  
**AS AUDITORS, TAX ADVISORS, AND CONSULTANTS TO**  
**CONTIFINANCIAL CORPORATION, ET AL.**

TO THE HONORABLE ARTHUR J. GONZALEZ, UNITED STATES BANKRUPTCY JUDGE:

COMES NOW Arthur Andersen LLP ("Andersen"), the duly appointed auditors, tax advisors and consultants for ContiFinancial Corporation, et al. (collectively the "Debtors"), as debtors and debtors-in-possession in the above titled and numbered chapter 11 bankruptcy cases, and files this its Second and Final Interim Application for Compensation and Reimbursement of Expenses and in support thereof would respectfully show the following:

I.

Andersen makes this Second and Final Application for Allowance of Compensation for professional services, in the amount of \$ 182,771.98 which was rendered by Andersen from September 1, 2000 through December 19, 2000, "the Subject Period", as well as for reimbursement of actual and necessary costs in the amount of \$ 3,793.43 incurred by Andersen during the Subject Period.

Andersen seeks allowance of compensation for professional services performed by Andersen during the Subject Period, during which time Andersen expended a total of 588.9 hours of professional time in the performance of services rendered on behalf of the Debtors. An accounting of the time expended, the nature of the services rendered, the respective employees of Andersen providing the services and the hourly rate charged by each employee is set forth in Exhibit 2 and related Tab A and incorporated herein for all purposes.

## II.

On May 17, 2000 (the "Petition Date"), the Debtors filed their voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their properties and assets as debtors and debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

On June 23, 2000 this Court entered an interim order (the "Interim Order") allowing the Debtors to retain Arthur Andersen in response to the Debtors' motion for an order, pursuant to sections 327 and 328 of the Bankruptcy Code and Rules 2014 and 2016 of The Federal Rules of Bankruptcy Procedure, authorizing the retention of Arthur Andersen LLP, as of the Petition Date, as auditors, tax advisors, and consultants to the Debtors (the "Motion", a copy of which is included herein as Exhibit 1). On July 18, 2000, this Court entered a final order (the "Final Order") for the continued retention of Arthur Andersen pursuant to the Motion. A copy of the Interim Order and the Final Order are also attached hereto as Exhibit 1.

## III.

All services for which compensation is requested were performed for and on behalf of the Debtors and their estates and not on behalf of any other entity or party in interest.

IV.

GENERAL DESCRIPTION OF SERVICES PERFORMED

Andersen was engaged, broadly speaking and from a billing perspective, to provide two types of services: those that Andersen was providing before the bankruptcy on a normal course basis and for which technical and professional standards and requirements exist, and consulting services that are the direct result of the bankruptcy filing and restructuring. The normal course services include the audits of the annual financial statements of various debtor companies and compliance tax services. The consulting services, as further described herein include assistance with reporting and analyses such as advising the Debtors on the preparation of the monthly operating reports, the statements of financial affairs, and the schedules of assets and liabilities.

For the normal course services Andersen provides, referred to as the "Audit Services" and "Tax Compliance Services" in the Motion, Andersen has had agreements with the Debtors to bill for these services at an agreed upon base fee that represents a discount from Andersen's normal rate schedule. Because of the cost benefit of continuing these arrangements, the Debtors provided for Andersen's retention for these services in the traditional manner. Accordingly, Andersen's billing for these services herein is presented in an abbreviated form as to the audit or tax area of work, the hours spent per individual and the total time and fees before and after discount.

For all other services, Andersen believes that the detail provided herein is in compliance with the form required by the Bankruptcy Court Guidelines.

a. Audit and Tax Compliance Services

The Application before this court is Andersen's request for allowance and payment of its fees in connection with our retention to audit the consolidated financial statements of ContiMortgage Corporation ("ContiMortgage") and subsidiaries and Resource One Consumer Discount Company,

Inc. ("Resource One", collectively referred to as the "Companies") and subsidiaries for the two years ended March 31, 2000. As of September 1, 2000, Andersen has largely completed its service relating to the audits of the Companies. During the current Billing Period the audit compliance services consisted mainly of engagement team meeting, concluding procedures relating to our services performed in a preceding period and the preparation, review and filing of our first interim fee application.

Andersen values the audit and tax compliance services rendered to the Debtors included in this Application at \$12,618.10. Pursuant to the Notice of Presentment of the Proposed Order dated May 26, 2000, pending court approval these services are billed at 80% of normal rates. Such discount is equal to \$2,523.62. The fee associated with these services, net of the discount, equals \$10,094.48.

b. Tax Consulting Services

From time to time, ContiFinancial Corporation ("CFN") and its Subsidiaries (the "Subsidiaries") have been in discussions with prospective purchasers of the assets or the stock of the Subsidiaries. In connection with this contemplated disposition, certain information has been requested by potential purchasers as well as required in order for the attorneys to advise the most advantageous disposition of the assets. Andersen has been engaged to perform tax consulting services relating to certain information that either has been requested or is deemed necessary in order for certain business decisions to be made. The Attorneys, either in connection with their continuing consulting arrangement with respect to the options available to CFN, or in connection with questions arising in the potential sale negotiations have identified the specific items for which information has been requested.

In addition, certain specific items of information have also been requested by the business people of CFN. Andersen has assisted in gathering the information to the extent available and



performing the requested calculations based on the available information. In certain instances, the information is not available or is in the process of being revised. As revised data is received by Andersen, we update the calculations and schedules that have been requested. For example, among the items requested is a schedule reflecting which CFN entities have current ownership of certain asset – backed and mortgage – backed investments. We have commonly referred to this as the “ESR Ownership Schedules”. Our work has entailed reconciling several different schedules provided by various parties in order to identify together the specific entity within the CFN group that holds current ownership. As information becomes available from different sources, these schedules are updated and inconsistencies are identified and attempted to be resolved.

We are also attempting to identify and quantify any consolidated tax return transactions, recorded and unrecorded that potentially could be triggered upon a disposition of the ESRs or the stock of subsidiaries that have engaged in these transactions. We have reviewed the tax returns and attempted to trace the transfer of the ESRs, recorded and unrecorded, through their ownership history in order to identify such transactions. We have also performed calculations and analyses relating to what we have commonly been referred to as deferred intercompany transactions, (“DIT”) as defined in the consolidated tax rules. We have attempted to quantify the amount of the deferred gain/(loss) that could be triggered by compiling tax information reporting schedules in order to estimate the tax basis in the ESR at the time of the transfer. We have also gathered information to allow us to estimate the fair market value of the ESRs at the time of the transfers. As this information is revised, we have revised the projected deferred gain/(loss).

We have compiled information, to the extent available, relating to the balances of intercompany accounts, the Net Operating Loss (“NOL”) carryovers attributable to each company, the tax basis in the stock of the Subsidiaries, the tax basis in the investment partnerships, and certain other information. Much of this information is and has been in various forms of revision, and we have revised our calculations and compilations as the information has been revised.

Andersen values the tax consulting services rendered to the Debtors included in this Application at \$139,115.60

c. Bankruptcy Consulting Services

As consultants to the Companies, Andersen assisted the Companies with creditor negotiations, formulating of a Plan of Reorganization, preparing a summary analysis of potential preferential transfers and consulted in preparing the monthly operating reports. Andersen also prepared its First Interim Application for Compensation. Andersen values the bankruptcy consulting services rendered to the Debtors included in this Application at \$33,561.90.

In connection with rendering professional services during the Subject Period, Andersen has expended the time of its accountants, consultants and para-professionals shown in Exhibit 2. Andersen values these services rendered to the Debtors included in this Second and Final Interim Application at \$182,771.98. Such amount represents Andersen's usual and customary charges for services of a similar nature performed for other clients of the firm.

V.

During the Subject Period, and as more specifically set forth in Exhibit 3, Andersen recorded unreimbursed expenses incurred in connection with its representation of the Debtors totaling \$3,793.43. Each expenditure was a necessary and reasonable cost incident to the performance of Andersen's services for the Debtors. An itemized accounting of the nature and cost of the expenses incurred by Andersen is set forth in Exhibit 3 and related Tab B.

VI.

Section 330(a) of the Bankruptcy Code provides that a bankruptcy court may award to a professional person employed under Sections 327 or 1103:

"reasonable compensation for actual, necessary services rendered by such ... attorney based on the nature, the extent, and the value of such services, time spent on such services, and the cost of comparable services other than in a case under this title."

Although the United States Supreme Court has not ruled on the proper method for determining reasonable fees under § 330(a) of the Bankruptcy Code, it has established guidelines generally applicable to awards of attorneys' fees under other federal statutes, which require that the fee awarded be reasonable. See Pennsylvania v. Delaware Valley Citizens' Council for Clean Air, 478 U.S. 546 (1986) (construing standards for award of fees under § 304(d) of the Clean Air Act) ("Delaware Valley I"); Pennsylvania v. Delaware Valley Citizens' Council for Clean Air, 483 U.S. 711 (1987) ("Delaware Valley II"). In Delaware Valley I, the Supreme Court concluded that the "lodestar" approach to determining fees for services performed, as articulated in Lindy Bros. Builders, Inc. of Phila. et al. v. American Radiator & Standard Sanitary Corp., 487 F.2d 161 (3rd Cir. 1973), remand 540 F.2d 102 (3rd Cir. 1976), was preferable to other, more subjective methods: "[T]he 'lodestar' figure includes most, if not all, of the relevant factors comprising a reasonable attorney's fees." 478 U.S. at 565.

Under the lodestar calculation, a reasonable hourly rate is set by the court based on a number of factors, including the difficulty of the task, the prevailing market rate for counsel of the petitioner's experience, counsel's normal billing rate, and the rates awarded by other courts in similar circumstances. In City of Detroit v. Grinnell Corp., 560 F. 2d. 1093, 1098 (2nd Cir. 1977), the United States Court of Appeals for the Second Circuit calculated attorneys' fees by "multiplying the number of hours expended by each attorney involved in each type of work on the case by the hourly rate normally charged for similar work by attorneys of like skill in the area." 560 F.2d at 1098. Once the base or "loadstar" rate is established, "other less objective factors such as the risk of litigation, the complexity of the issues, and the skill of the attorneys, could be introduced to determine a final fee amount." Id.

The American Bankruptcy Institute similarly favors the lodestar approach as "giving the courts a simple mathematical formula to apply as the starting point for the analysis, with the reasonableness

inquiry narrowed principally to the hourly rate and time spent factors." American Bankruptcy Institute National Report on Professional Compensation in Bankruptcy Cases (G.R. Warner rep. 1991) p.144 (hereinafter cited as "American Bankruptcy Institute Survey").

The first step to be taken in a lodestar analysis is to determine the nature and extent of services rendered. As is set forth more fully in the foregoing paragraphs and in Exhibit 2 hereto, Andersen professionals and paraprofessionals have expended a total of 588.9 hours in rendering accounting and financial advisory services to and on behalf of the Debtors. Andersen respectfully submits that the hours worked by Andersen personnel were reasonable and necessary, given the circumstances of these cases.

The next step to be taken is to establish a reasonable hourly rate. Section 330(a) of the Bankruptcy Code provides for the award of reasonable compensation for actual and necessary services performed by professionals employed pursuant to §§ 327 or 1103 of the Bankruptcy Code "based on the time, the nature, the extent, and the value of comparable services other than in a case under this title." See also Collier on Bankruptcy, ¶ 332095.42, p. 330-2-5 (15th ed. 1989). The Bankruptcy Code thus rejects the "principle of economy" which existed under the predecessor Bankruptcy Act of 1898 (as amended). In that vein, it has been said that "[n]otions of economy of the estate in fixing fees are outdated and have no place in a bankruptcy code." See 124 Cong. Rec. 11,089 (daily ed. Sept. 28, 1978) (Statement of Congressman Edwards on policies underlying Section 330). Accord In re Bible Deliverance Evangelistic Church, 39 B.R. 768, 774 (Bankr. E.D. Pa. 1984); In re Penn-Dixie Industries, Inc., 18 B.R. 834, 838 (Bankr. S.D.N.Y. 1982).

Indeed, Congress has made clear that the fees paid in bankruptcy cases must be no less than those paid in other cases involving legal specialties with comparable complexities and responsibilities: "Bankruptcy specialists, ... if required to accept fees in all of their cases that are consistently lower than fees they could receive elsewhere, will not remain in the bankruptcy field." H.R. Rep. No. 595, 95th Cong. & Admin. News, p.5787. Consistent with the intent of Congress as expressed in the legislative history of the Bankruptcy Code, it is "necessary to compensate bankruptcy attorneys, whenever possible, at the highest rate of compensation available for their efforts." In re Bible Deliverance Evangelistic Church, supra, 39 B.R. at 773. See also In Re Penn-

Dixie Industries, Inc., *supra*, 18 B.R. at 838 (a liberal standard of compensation is needed to "encourage successful administration of estates by attracting bankruptcy specialists of high quality"). In sum, Congress intended that allowance of professional fees in bankruptcy cases should be at market rates in the market in which they customarily practice. In re Jenson-Farley Pictures, Inc., 47 B.R. 557, 578-79 (Bankr. D. Utah 1985).

The rates being charged by Andersen are commensurate with those typically charged by Andersen and other firms in its practice locale (New York City), as well as those of other nationally recognized firms specializing in bankruptcy and restructuring matters. Accordingly, the lodestar amount of fees sought by Andersen (its customary hourly billing rate multiplied by the reasonable and necessary amount of time spent) is both reasonable and appropriate in these cases, and represents the method by which Andersen has calculated the aggregate amount of its Third interim fee request.

The lodestar calculation has largely supplanted the twelve factor test of Johnson v. Georgia Highway Express, Inc., 488 F.2d 714 (5th Cir. 1974), which had gained prominence under the Bankruptcy Act. See Pennsylvania v. Delaware Valley Citizens' Council for Clean Air, 478 U.S. at 546 ("the lodestar figure includes most, if not all, of the relevant factors comprising a 'reasonable' attorney's fee"); In re Cena's Fine Furniture, Inc., 109 B.R. 575, 581 (Bankr. E.D.N.Y. 1990) (the Supreme Court makes clear that the lodestar amount is presumed to subsume the twelve factors articulated by Johnson); In re Paster, 119 B.R. 468, 469 (E.D.Pa. 1990) (the lodestar method of fee calculation is the appropriate method of determining attorney's fees in all federal courts, including the bankruptcy courts). Recently, the Supreme Court, in another context, acknowledged that the lodestar was the "centerpiece" for the computation of a reasonable hourly rate; however, the Court suggested that the twelve Johnson factors could be considered for adjustments to the lodestar calculation. Blanchard v. Beraeron, 489 U.S. 67, 74 (1989).

A number of courts still adhere to the Johnson test, or combine the two tests by using the lodestar calculation and adjusting the resulting figure by reference to the relevant Johnson factors. See, e.g., In re Nine Associates, Inc., 76 B.R. 943 (Bankr. S.D.N.Y. 1987); In re Cuisine Magazine,

Inc., 61 B.R. 210 (Bankr. S.D.N.Y. 1986); In re Affinito & Son, Inc., 63 B.R. 495 (Bankr. W.D. Pa. 1986).

Accordingly, a brief description of certain of the Johnson factors follows:

A. Novelty and Difficulty of Questions. As this Court is well aware, and as set forth herein, these cases involves a number of novel and/or complex questions.

B. Preclusion of Other Employment. Adequate representation of the Debtors in these chapter 11 cases has required a substantial commitment of the resources of Andersen, especially as a result of the acquisition and financial analysis and tax issues involved. Had Andersen not accepted this engagement, the time spent by it on these cases could have been devoted to other employment.

C. Time Limitations or Other Circumstances. Many of the matters in these cases have required and at times continue to require attention on an expedited basis.

D. Amounts Involved and Results Obtained. From the outset of these cases, in order to ensure the highest possible dividend to unsecured creditors, a detailed analysis of complex pre-petition transactions was required. Andersen, through its services and with the assistance of the management, has endeavored to ensure the preservation and maximization of assets. Inasmuch as this case is at a critical stage, the results in terms of available dividend to unsecured creditors cannot be predicted. Only through the continued concerted efforts of Andersen, the Debtors' management and the other professionals and their constituents in the Debtors' cases can the recovery to all creditors be maximized.

E. Fee Awards in Similar Cases. The fees requested by Andersen are reasonable and comparable to the fees sought and awarded in many similar cases.

The various professionals and firms involved in this case have needed and will need to continue to confer to coordinate their activities, exchange ideas, evaluate strategies, pool their skills, and review each others' efforts. During certain critical periods and on discrete issues, Andersen did utilize more than one consultant and is seeking compensation for those services. Courts have held that it is not appropriate to apply a per se rule reducing or disallowing compensation for conference time. See In Re Metro Transportation Co., 107 B.R. 50, 53 (E.D.Pa.

1989); In re National Paragon Corp., 87 B.R. 11, 13 (E.D. Pa. 1988). Upon showing of the necessity for such conferences, conference time has been compensated. See, e.g., In re Citrone Development Corp., 106 B.R. 359, 362 (Bankr. S.D.N.Y. 1989); In re Mayes, 101 B.R. 494, 497 (Bankr. W.D. Mich. 1988). While Andersen has avoided unnecessary conferences, a certain amount of conference time was unavoidable. In addition these conferences enabled Andersen to utilize the specific knowledge and talents of certain members of the Andersen advisor team. Andersen respectfully submits that it should be compensated for that time.

#### VII.

During the period Andersen has rendered and provided services in this proceeding, all of the time and effort of Andersen has been devoted to the affairs of the Debtors. The accounting, tax and consulting services rendered have been beneficial to the Debtors.

#### VIII.

There is no agreement or understanding of the existence between Andersen and any other party for the sharing of compensation, except that various members and professionals associated with Andersen may share in such compensation.

WHEREFORE, PREMISES CONSIDERED, Andersen prays that an allowance be approved to it for professional services rendered during the Subject Period in the amount of \$182,771.98 together with reimbursement of costs and out-of-pocket expenses in the amount of \$3,793.43 and that the Court authorizes Andersen to be paid out of the Debtors' estates as administrative expenses pursuant to Section 503 (b) (2) of the Bankruptcy Code; that the Court approve a final allowance of all fees and expenses in the amounts of \$556,134.12 and \$26,858.70, respectively and inclusive of the amounts already requested herein, and that Andersen have such other and further relief to which Andersen may show itself to be justly entitled.

Respectfully submitted this 1<sup>st</sup> day of February, 2001.

ARTHUR ANDERSEN LLP

By: *Donald H. MacNeal*

Donald H. MacNeal  
Arthur Andersen LLP  
1345 Avenue of the Americas  
New York, NY 10105  
(212) 708-4000

Auditors, Tax Advisors and Consultants for  
Contifinancial Corporation, et al.  
Debtors and Debtors-in-Possession



I certify that a) in providing a reimbursable service, Andersen does not make a profit on that service, b) in charging for a particular service, Andersen does not include in the amount for which reimbursement is sought the amortization of the cost of any investment, equipment, or capital outlay and c) in seeking reimbursement for a service which the applicant justifiably purchased or contracted for from a third party, Andersen requests reimbursement only for the amount billed to Andersen by the third party vendor and paid by Andersen to such vendor.

Arthur Andersen LLP

By: Donald H. MacNeal  
Donald H. MacNeal  
Certifying Professional

February 1, 2001