

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
FIRST MERCHANTS ACCEPTANCE)
CORPORATION,)
) CASE NO. 97-1500 (JJF)
FIRST MERCHANTS RESIDENTIAL CREDIT)
CORPORATION) JOINTLY ADMINISTERED
)
DEBTORS.)

FIRST AND FINAL APPLICATION FOR COMPENSATION AND
FOR REIMBURSEMENT OF EXPENSES

Name of Applicant: Young Conaway Stargatt & Taylor, LLP

Authorized to Provide
Professional Services to: Debtors

Date of Retention: July 14, 199~~8~~⁷

Period for which compensation and
reimbursement is sought: July 11, 199~~8~~⁷ through March 16, 1998

Amount of Compensation sought
as actual, reasonable, and necessary: \$342,762.50

Amount of Expense Reimbursement sought
as actual, reasonable, and necessary: \$132,531.42

This application includes 1.60 hours with a value of \$331.50 for time incurred in connection with its preparation. Additional time related to the preparation of this application may be included in subsequent applications.

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This is the first and final application.

Name of Professional Person	Position with the app. and no. of years in that position	Hourly billing rate (incl. chgs)	Total billed hours	Total compensation
Laura Davis Jones, Esquire	Joined firm as associate in 1987; Became partner in 1992; Member Del. Bar since 1986	07/97 - 12/98 \$305.00	07/97 - 12/98 337.70	\$102,998.50
		01/98-03/98 \$315.00	01/98-03/98 117.40	\$36,981.00
Richard H. Morse, Esquire	Joined firm as associate in 1975; Became partner in 1981; Member of Del. Bar since 1975	07/97 - 12/98 \$280.00	07/97 - 12/98 2.10	\$588.00
		01/98-03/98 \$300.00	01/98-03/98 0.10	\$30.00
S. David Peress	Joined firm as associate in 1994; Became partner in 1997; Member of Delaware Bar since 1989	07/97 - 12/98 \$250.00	07/97 - 12/98 0.90	\$225.00
		01/98-03/98 \$270.00	01/98-03/98 0.00	\$0.00
Robert S Brady, Esquire	Joined firm as associate in 1990; Became Partner in 1998; Member of Del. Bar since 1990	07/97 - 12/98 \$220.00	07/97 - 12/98 311.30	\$68,486.00
		01/98-03/98 \$250.00	01/98-03/98 135.10	\$33,775.00
Janet Z. Charlton	Joined firm as associate in 1990; Member Del. Bar since 1989.	07/97 - 12/98 \$180.00	07/97 - 12/98 5.70	\$1,026.00
		01/98-03/98 \$200.00	01/98-03/98 17.70	\$3,540.00
Joel A. Waite, Esquire	Joined firm as associate in 1990; Member Del. Bar since 1990.	07/97 - 12/98 \$220.00	07/97 - 12/98 11.00	\$2,420.00
		01/98-03/98 \$230.00	01/98-03/98 0.00	\$0.00

Name of Professional Person	Position with the app. and no. of years in that position	Hourly billing rate (incl. chgs)	Total billed hours	Total compensation
Brendan Linehan Shannon, Esquire	Joined firm as associate in 1992; Member Del. Bar since 1992	07/97 - 12/98 \$190.00	07/97 - 12/98 0.00	\$0.00
		01/98-03/98 \$210.00	01/98-03/98 15.30	\$3,213.00
Scott D. Cousins, Esquire	Joined firm as associate in 1996; Member Del. Bar since 1992	07/97 - 12/98 \$190.00	07/97 - 12/98 140.90	\$26,771.00
		01/98-03/98 n/a	01/98-03/98 0.00	\$0.00
Victoria Watson Counihan, Esquire	Joined firm as associate in 1996; Member Del. Bar since 1996	07/97 - 12/98 \$130.00	07/97 - 12/98 36.70	\$4,771.00
		01/98-03/98 \$140.00	01/98-03/98 11.60	\$1,624.00
Edwin J. Harron, Esquire	Joined firm as associate in 1996; Member of Del. Bar since 1995	07/97 - 12/98 \$140.00	07/97 - 12/98 107.90	\$15,106.00
		01/98-03/98 \$150.00	01/98-03/98 47.50	\$7,125.00
Matthew G. Zaleski, Esquire	Joined firm as associate in 1996; Member of Del. Bar since 1996	07/97 - 12/98 \$130.00	07/97 - 12/98 0.00	\$0.00
		01/98-03/98 \$150.00	01/98-03/98 32.50	\$4,875.00
Timothy J. Szuhaj, Esquire	Joined firm as associate in 1997; Member of Pennsylvania bar since 1991 and New Jersey bar since 1992	07/97 - 12/98 \$180.00	07/97 - 12/98 0.00	\$0.00
		01/98-03/98 \$180.00	01/98-03/98 15.50	\$2,790.00
Craig D. Grear, Esquire	Joined firm as associate in 1996 Member of Del. Bar since 1990	07/97 - 12/98 \$180.00	07/97 - 12/98 0.90	\$162.00
		01/98-03/98 n/a	01/98-03/98 0.00	\$0.00

Name of Professional Person	Position with the app. and no. of years in that position	Hourly billing rate (incl. chgs)	Total billed hours	Total compensation
Brian Murphy, Esquire	Joined firm as associate 1991 Member of Del. Bar since 1992	07/97 - 12/98 n/a	07/97 - 12/98 0.00	\$0.00
		01/98-03/98 \$190.00	01/98-03/98 0.50	\$95.00
Laura Brady, Paralegal	Paralegal 10 years	07/97-12/97 \$95.00	07/97 - 12/98 58.00	\$5,510.00
		01/98 - 03/98 \$95.00	01/98-03/98 27.60	\$2,622.00
Brenda Walters, Paralegal	Paralegal 15 years	07/97-12/97 \$85.00	07/97 - 12/98 15.80	\$1,343.00
		01/98 - 03/98 \$90.00	01/98-03/98 2.50	\$225.00
Matt Yovino, Paralegal	Paralegal 5 years	07/97-12/97 \$85.00	07/97 - 12/98 0.00	\$0.00
		01/98 - 03/98 \$90.00	01/98-03/98 60.30	\$5,427.00
Liana Shaw, Paralegal	Paralegal 2 years	07/97-12/97 \$85.00	07/97 - 12/98 125.80	\$10,693.00
		01/98 - 03/98 n/a	01/98-03/98 0.00	\$0.00
Allyson Lantolf, Paralegal	Paralegal 2 years	07/97-12/97 \$85.00	07/97 - 12/98 0.60	\$51.00
		01/98 - 03/98 n/a	01/98-03/98 0.00	\$0.00
Tammie Bello, Paralegal	Paralegal 7 years	07/97-12/97 \$85.00	07/97 - 12/98 0.00	\$0.00
		01/98 - 03/98 \$90.00	01/98-03/98 3.40	\$306.00

Grand Total	1,642.30 hours	\$342,762.50
Blended Rate:	\$208.71/hour	

Dated: May 7, 1997

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
FIRST MERCHANTS ACCEPTANCE)
CORPORATION,)
) CASE NO. 97-1500 (JJF)
FIRST MERCHANTS RESIDENTIAL CREDIT)
CORPORATION,) JOINTLY ADMINISTERED
)
DEBTORS.)

**FIRST & FINAL VERIFIED APPLICATION OF YOUNG CONAWAY
STARGATT & TAYLOR, LLP FOR ALLOWANCE
OF COMPENSATION AND REIMBURSEMENT OF EXPENSES**

Pursuant to 11 U.S.C. §§ 330 and 331 and Rule 2016 of the Federal Rules of Bankruptcy Procedure, the law firm of Young Conaway Stargatt & Taylor, LLP (hereinafter "YCS&T") hereby moves this Court for an order awarding it reasonable compensation with respect to the bankruptcy cases of First Merchants Acceptance Corporation and First Merchants Residential Credit Corporation collectively, (the "Debtors") for professional legal services rendered to the Debtors in the amount of \$342,762.50, together with reimbursement for actual and necessary expenses incurred in the amount of \$132,531.42 for the period from July 11, 1997 through and including March 16, 1998 (the "Fee Period"). In support of its application, YCS&T respectfully represents as follows:

1. Pursuant to an Order entered by this Court on July 14, 1997 (the "Retention Order"), YCS&T was employed under a general retainer to serve as bankruptcy counsel to the Debtors in connection with their Chapter 11 cases, nunc pro tunc to the Petition Date. The Retention Order authorized YCS&T to be compensated on an hourly basis and to be reimbursed for actual and necessary out-of-pocket expenses it incurred. At all relevant times,

YCS&T has been a disinterested person as that term is defined in § 101(14) of the Bankruptcy Code (the "Code") and has not represented or held any interest adverse to the interest of the Debtors.

2. All services for which compensation is requested by YCS&T were performed for or on behalf of the Debtors and not on behalf of any committee, creditor or other person.

3. Except to the extent of the retainer paid to YCS&T as described in the application seeking approval of YCS&T's employment by the Debtors and the interim payments made by the Debtors pursuant to the "Administrative Order Under 11 U.S.C. §§ 105(a) and 331 Establishing Procedure For Interim Compensation And Reimbursement of Expenses For Professionals" entered by this Court on July 14, 1998, during the period covered by this Application, YCS&T has received no payment and no promises for payment from any source for services rendered or to be rendered in any capacity whatsoever in connection with these cases. There is no agreement or understanding between YCS&T and any other person, other than members of the firm, for the sharing of compensation to be received for services rendered in these cases.

4. Attached hereto as Exhibit A is a detailed statement of fees incurred and services rendered from July 11, 1997 through March 16, 1998, showing the amount of \$132,531.42 due for fees.

SUMMARY OF SERVICES RENDERED

5. The attorneys of YCS&T who have rendered professional services in this case during the Fee Period are Laura Davis Jones, Richard H. Morse, S. David Peress, Robert S. Brady, Janet Z. Charlton, Joel A. Waite, Scott D. Cousins, Edwin J. Harron, Matthew G. Zaleski, Timothy J. Szuhaj, Victoria Watson Counihan, Craig D. Grear and Brian R. Murphy.

Paraprofessional services were provided by Liana Shaw, Laura Brady, Matthew J. Yovino, Allyson Lantolf, Brenda Walters and Tammie Bello.

6. YCS&T, by and through the above-named persons, has investigated the acts, conduct and property of the Debtors, and has advised the Debtors on a regular basis with respect to legal matters in connection with the operation and reorganization of their business and with respect to all other matters arising in the performance of their duties as debtors-in-possession. Further, YCS&T has prepared and/or assisted in the preparation of various motions, applications, orders and other pleadings submitted to the Court for consideration and has performed all necessary professional services which are described and narrated in detail hereinafter.

SUMMARY OF SERVICES BY PROJECT

7. The services rendered by YCS&T during the Fee Period have been grouped into the categories set forth below. The attorneys and paralegals who rendered services relating to each category are identified, along with the number of hours for each individual and the total compensation sought for each category, in the attachments hereto.

A. Case Administration/Miscellaneous Matters

(Fees -\$19,896.50; Total Hours - 165.30)

8. This category includes a number of different tasks which were necessary to avoid or lessen the disruption to the Debtors' business caused by the bankruptcy filing or to comply with the requirements of this Court, the office of the United States Trustee or the Bankruptcy Code, including without limitation, maintaining dockets and case calendar, scheduling of hearings with the Bankruptcy Court, filing and service of pleadings and preparation of affidavits of mailing and service lists as well as other miscellaneous tasks.

B. Court Hearings (including Preparation)

(Fees - \$66,500.50 ; Total Hours - 276.60)

9. This category includes time spent attending hearings before this Court as well as the time spent preparing for hearings, including review of documents, witness preparation, strategy meetings with the Debtors' representatives, preparation of hearing presentation and preparation of hearing notebooks and hearing agenda letters. The hearings held during the Fee Period, include among others, hearings on (i) debtor-in possession financing and the use of cash collateral, (ii) abandonment of the Debtor's interest in certain lease agreements with its customers, (iii) approval of the sale of substantially all of FMRCC's assets (iv) approval of the sale of FMAC's owned loan portfolio (v) approval of procedures for the transfer of claims or equity interests which were necessary to preserve the Debtor's net operating loss carry forward (vi) adequacy of the disclosure statement, (vii) confirmation of the Debtor's Chapter 11 Plan and (viii) approval of various claim settlements between the Debtors and their creditors.

C. Cash Collateral/Debtor in Possession Financing

(Fees - \$30,448.00; Total Hours - 130.30)

10. This category includes time spent in connection with negotiating and obtaining approval of a \$10 million debtor in possession financing facility and an amendment thereto which increased availability to \$21.5 million. YCS&T also obtained approval for the Debtors continued use of cash collateral.

D. Schedules & Statements, U.S. Trustee Reporting

(Fees - \$4,335.00; Total Hours - 25.40)

11. This category includes time expended in connection with the preparation of the Debtors' schedules of assets and liabilities and statement of financial affairs, as well as

reviewing and commenting on the Debtors' monthly operating reports (required by the Office of the United States Trustee).

E. Lease/Executory Contract Issues

(Fees - \$25,566.50; Total Hours - 138.50)

12. This category includes, among other things, time expended in preparing, filing and obtaining approval of various motions to (i) extend the time to assume or reject non-residential real property leases, (ii) reject burdensome or unnecessary leases and executory contracts and (iii) assume the remaining leases and executory contracts. YCS&T also assisted with the negotiation of claim resolutions with certain of the Debtors' landlords and corresponded with others providing them with periodic status reports on the bankruptcy proceeding.

F. Use, Sale or Lease of Property

(Fees - \$43,628.00; Total Hours - 204.00)

13. This category includes time related to preparing, filing and obtaining approval of various out of the ordinary course of business transactions and agreements. Specifically, YCS&T prepared the motion, conducted the auction and obtained Court approval for the sale of substantially all of FMRCC's assets. In addition, YCS&T participated in the negotiation and obtained Court approval of the sale of the Debtor's owned loans to UDC and related servicing agreements.

G. Claims Analysis, Objections and Resolutions

(Fees - \$16,060.00; Total Hours - 80.60)

14. This category includes time related to claim administration. YCS&T prepared and obtained approval of a motion to establish a bar date. Thereafter, YCS&T reviewed and evaluated the claims in conjunction with representatives of the Debtors and prepared objections to claims where appropriate. YCS&T also assisted with negotiations to

resolve several large claims by stipulation thereby saving the estate the expense and uncertainty of litigation.

H. Meetings

(Fees - \$25,435.00; Total Hours - 92.60)

15. This category includes time expended in connection with conferences and meetings with clients and co-counsel to address case strategy and related issues.

I. Stay Relief Matters

(Fees -\$3,252.50; Total Hours - 15.30)

16. This category includes time expended in connection with various requests for modification of the automatic stay, including preparing and filing objections to such requests where appropriate.

J. Other Contested Matters

(Fees - \$11,783.50; Total Hours - 47.20)

17. This category includes time related to work on contested matters such as the settlement of the Bank Group claim and the Debtor's motion to approve debtor-in-possession financing.

K. Plan and Disclosure Statement

(Fees - \$63,501.50; Total Hours - 282.10)

18. YCS&T assisted in the preparation, negotiation, solicitation and confirmation of a consensual plan and disclosure statement supported by the major creditor constituencies in these cases. Throughout the case, YCS&T also prepared and obtained approval of several motions to extend the Debtors' exclusive periods to file a plan and solicit acceptances thereto.

L. General Corporate Matters

(Fees - \$ 286.00; Total Hours - 1.70)

19. This category includes time expended reviewing and filing certain documents with the Secretary of State to implement the Chapter 11 plan.

M. Creditor Inquiries

(Fees - \$9,318.50; Total Hours - 69.90)

20. This category includes time expended responding to letters and telephone inquiries from creditors and their counsel regarding the status of the case, claims filed against the Debtors and various miscellaneous issues including the deadline for filing claims.

N. Employee Matters

(Fees \$5,846.00; Total Hours - 25.10)

21. This category includes time expended in connection with claims by employees against the Debtors, issues regarding the payment of employee wages and benefits and responding to inquires by the Debtors' employees. YCS&T also prepared and obtained approval of a key employee retention plan.

O. Asset Analysis

(Fees \$1,111.00; Total Hours - 7.70)

22. This category includes time related to work on the evaluation of whether certain retail installment contracts were property of the Debtor's estate.

P. Retention of Professionals/Fee Issues

(Fees - \$13,803.00; Total Hours - 68.10)

23. This category includes time expended in connection with obtaining approval of the retention of various professionals necessary for the administration of these cases.

Q. Fee Applications

(Fees - \$1,144.50; Total Hours - 5.70)

24. This category includes time expended in connection with preparing monthly invoices and fee applications.

S. Utility Services

(Fees - \$846.50; Total Hours - 4.10)

25. This category includes time expended in resolving issues of providing adequate assurance to utility companies for postpetition utility services, including drafting, reviewing and obtaining court approval of various utility orders and stipulations.

DISBURSEMENTS

26. YCS&T has incurred out-of-pocket disbursements during the Fee Period in the amount of \$132,531.42. This disbursement sum is broken down into categories of charges and a complete review of the expenses incurred is included in the schedule attached hereto as Exhibit C.

27. Costs incurred for secretarial overtime are not included in YCS&T's normal hourly billing rates and, therefore, are itemized and included in YCS&T's disbursements. Pursuant to Order No. 32, YCS&T represents that for the Fee Period its rate for duplication is \$.20 per page, its rate for outgoing telecopier transmissions is \$1.00 per page (plus related toll charges)¹ and there is no charge for incoming telecopier transmissions.

¹ YCS&T normally charges its clients for outgoing telecopier transmissions at the rate of \$5.00 for the first page and \$1.00 for each additional page (plus related toll charges). For the Fee Period in this case, YCS&T has decided to reduce its telecopier transmission charges to \$1.00 per page (plus related toll charges).

VALUATION OF SERVICES

28. Attorneys and paraprofessionals of YCS&T have expended a total of 1,642.30 hours in connection with this matter during the Fee Period, as follows:

<u>ATTORNEYS</u>	<u>07/11/97 - 12/97</u>	<u>01/98 - 03/16/98</u>
Laura Davis Jones	337.70	117.40
Richard H. Morse	2.10	0.10
S. David Peress	0.90	0.00
Robert S Brady	311.30	135.10
Janet Z. Charlton	5.70	17.70
Joel A. Waite	11.00	0.00
Brendan L. Shannon	0.00	15.30
Scott D. Cousins	140.90	0.00
Edwin J. Harron	107.90	47.50
Matthew G. Zaleski	0.00	32.50
Timothy J. Szuhaj	0.00	15.50
Victoria Watson Counihan	36.70	11.60
Craig D. Gear	0.90	0.00
Brian R. Murphy	0.00	0.50
<u>PARAPROFESSIONALS</u>	<u>07/11/97 - 12/97</u>	<u>01/98 - 03/16/98</u>
Matthew J. Yovino	0.00	60.30
Liana Shaw	125.80	0.00
Laura Brady	58.00	27.60
Allyson Lantolf	0.60	0.00
Brenda Walters	15.80	2.50
Tammie Bello	0.00	3.40

The hourly rates for these services are as follows:

<u>ATTORNEYS</u>	<u>07/11/97 - 12/97</u>	<u>01/98 - 03/16/98</u>
Laura Davis Jones	\$340.00	\$350.00
Richard H. Morse	\$280.00	\$300.00
S. David Peress	\$250.00	\$270.00
Robert S Brady	\$220.00	\$250.00
Janet Z. Charlton	\$180.00	\$200.00
Joel A. Waite	\$220.00	\$230.00
Brendan L. Shannon	\$190.00	\$210.00
Scott D. Cousins	\$190.00	n/a
Edwin J. Harron	\$140.00	\$150.00

Matthew G. Zaleski	\$120.00	\$150.00
Timothy J. Szuhaj	\$180.00	\$180.00
Victoria Watson Counihan	\$130.00	\$140.00
Craig D. Grear	\$	\$ n/a
Brian R. Murphy	\$ n/a	\$190.00

<u>PARAPROFESSIONALS</u>	<u>07/11/97 - 12/97</u>	<u>01/98 - 03/16/98</u>
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Matthew J. Yovino	\$85.00	\$90.00
Liana Shaw	\$85.00	\$ n/a
Laura Brady	\$95.00	\$95.00
Allyson Lantolf	\$85.00	\$ n/a
Brenda Walters	\$85.00	\$90.00
Tammie Bello	\$85.00	\$90.00

29. The nature of the work performed by these persons is fully set forth in the attachments hereto. These are YCS&T's normal hourly rates for work of this character. The reasonable value of the services rendered by YCS&T to the Debtors during the Fee Period is \$342,762.50.

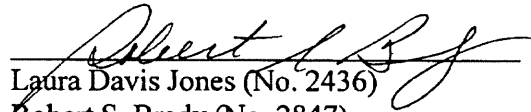
30. YCS&T believes that the time entries included in the attachments hereto are in compliance with the requirements of Attachment C to Order No. 32.

31. In accordance with the factors enumerated in 11 U.S.C. § 330, the amount requested is fair and reasonable given (a) the complexity of this case, (b) the time expended, (c) the nature and extent of the services rendered, (d) the value of such services, and (e) the costs of comparable services other than in a case under this title.

WHEREFORE, YCS&T requests (i) that final allowance be made to it in the sum of \$342,762.50 as compensation for necessary professional services rendered to the Debtors for the Fee Period, and the sum of \$132,531.42 for reimbursement of actual necessary costs and expenses incurred during that period, (ii) that final allowance be made to it for all fees and

expenses previously and/or approved, and (iii) and further requests such other and further relief as this Court may deem just and proper.

YOUNG CONAWAY STARGATT & TAYLOR, LLP



Laura Davis Jones (No. 2436)

Robert S. Brady (No. 2847)

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(302) 571-6600

Attorneys for the Debtors and Debtors-In-Possession

Dated: May 7, 1998