

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:	)	
	)	Case No. 12-12020 (MG)
RESIDENTIAL CAPITAL, LLC, <u>et al.</u> ,	)	
	)	Chapter 11
Debtors.	)	Joint Administration Pending
	)	
RESIDENTIAL CAPITAL, LLC, <u>et al.</u> ,	)	Case No. 12-ap-01671 (MG)
	)	
Plaintiffs,	)	Bankruptcy Case No. 12-12020 (MG)
	)	
v.	)	Jointly Administered
	)	
ALLSTATE INS. CO., THE OTHER	)	
PARTIES LISTED ON EXHIBIT A TO THE	)	
COMPLAINT, JOHN DOES 1-1000,	)	
	)	
Defendants.	)	

**DECLARATION OF TAMMY HAMZEHPOUR**

I, Tammy Hamzhepour, hereby declare:

1. I am the General Counsel of Residential Capital, LLC (“ResCap”), a debtor and debtor in possession in the above-captioned Chapter 11 cases. ResCap is the ultimate parent of the other debtors and debtors in possession in the above-captioned Chapter 11 cases (collectively with ResCap, the “Debtors”). I have held my current title since October 2007. Since joining ResCap in 1998, I have held various legal positions covering both Mergers & Acquisitions and ResCap’s International Business Group.



2. I submit this declaration in support of the *Debtors' Motion to Extend the Stay and Enjoin Prosecution of the Western & Southern Action Against Debtors' Non-Debtor Affiliates* (the "Motion").<sup>1</sup>

3. In my capacity as General Counsel, I am familiar with the Debtors' business and day-to-day affairs during this bankruptcy. All statements in this Declaration are based upon my personal knowledge, the files of the Debtors, and/or my discussions with employees and advisors of the Debtors. If I were called to testify as a witness in this matter, I would testify competently to the facts set forth herein.

4. I understand that Western & Southern has asserted before this Court that it cannot prosecute its claims against the Non-Debtor Affiliates without discovery from the Debtors. Currently, producing discovery to securities claimants such as Western & Southern—discovery that ostensibly involves laborious loan file and other production—would be burdensome for the Debtors.

5. The Debtors and their key employees are in the midst of closing the sales of the servicing, consumer lending and capital markets platforms, as well as their legacy whole loan portfolio, the most pressing tasks in these bankruptcy cases. In addition, the Debtors are participating in Plan Mediation, continuing to cooperate with the Examiner in his investigation, preparing for and participating in the hearing on the proposed \$8.7 billion RMBS settlement agreement, and getting the claims process fully under way.

6. In many instances, the personnel necessary to complete these tasks are the very same employees who would be shouldered with responding to any new discovery. In order to

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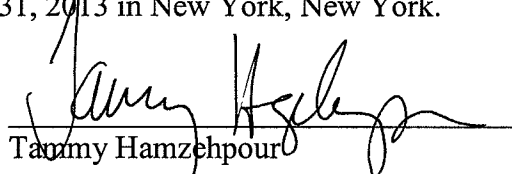
<sup>1</sup> Unless otherwise defined, capitalized terms used herein have the meanings ascribed to them in the Motion.

meet the demands required in these Chapter 11 cases, minimizing extraneous demands on these employees is critical.

7. Discovery burdens, although significant, are not the Debtors' only concern. The Debtors share insurance coverage with their corporate parent (and other non-debtor affiliates). A copy of the shared insurance policy that may cover the Western & Southern case was previously submitted to the Court in connection with the Debtors' original Motion to Extend the Stay. (*See* Ex. C to the Declaration of James Whitlinger, May 25, 2012, ECF No. 7.) That policy provides entity coverage to Ally Financial Inc. and its subsidiaries, including Ally Securities and the Debtors, and it is a wasting policy, meaning that every dollar of policy proceeds spent on defending the Western & Southern case reduces the amount available for claims by the Debtors.

8. The Debtors also have contractual indemnification obligations arising from their operating agreements to both Ally Securities and former directors and officers. Specifically, the Amended and Restated Limited Liability Company Agreement of ResCap provides for indemnification to current and former directors and officers, and the Amended and Restated Operating Agreement between ResCap and AFI provides for indemnification to non-debtor affiliate entities for losses arising out of the business operations of ResCap. (*See* Exs. A & B to the Declaration of James Whitlinger, May 25, 2012, ECF No. 7.) Both agreements require the Debtors to pay defense costs as incurred on an ongoing basis. Continued litigation in the Western & Southern case will therefore increase the Debtors' current liabilities.

I declare under the penalty of perjury under the laws of the United States that the foregoing is true and correct. Executed on January 31, 2013 in New York, New York.

  
Tammy Hamzehpour