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November 25, 2013

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The Honorable Martin Glenn
United States Bankruptcy Judge
United States Bankruptcy Court
Southern District of New York
One Bowling Green
New York, New York 10004

Re: In re Residential Capital, LLC, *et al.*, Chapter 11 Case No. 12-12020 (MG)

Dear Judge Glenn:

At the conclusion of Mark Renzi's cross-examination on Thursday, November 21, 2013, the JSNs moved to exclude six paragraphs (5, 6, and 28 through 32) of his Direct Testimony[1] on the ground they fall outside the subject matter of Mr. Renzi's rebuttal expert report dated November 1, 2013. (Nov. 21, 2013 Rough Tr. at 55.)[2] The six paragraphs in question concern the reasonableness of certain assumptions used by the JSNs' expert, Michael Fazio, to generate his "scenarios" regarding intercompany balances in his October 18, 2013 Expert Report (the "Fazio Report").

In the challenged paragraphs, Mr. Renzi concludes it was unreasonable for Mr. Fazio to assume the intercompany balances would be assumed "valid" and that the JSNs could assert liens over those intercompany balances without affecting the recoveries of all other claimants. (Renzi Direct ¶ 5.) Mr. Renzi also concludes it was unreasonable for Mr. Fazio to assume that Ally Financial, Inc ("AFI") would still contribute $2.1 billion "in the absence of releases that parallels the contribution it has agreed to make under the Plan." (*Id.* ¶ 6.) Mr. Renzi also concludes that other assumptions by Mr. Fazio — that AFI would still make its $2.1 billion contribution if RMBS claims, monoline claims, and securities claims were all subordinated, and if all previously-forgiven intercompany balances were reinstated in the JSNs' favor — were similarly unreasonable. In Mr. Renzi's opinion, "it is not reasonable to

[1] Mr. Renzi's Direct Testimony, dated November 12, 2013 [Dkt. No. 5702] ("Renzi Direct") had been admitted into evidence in its entirety, without objection, on November 20, 2013. (Nov. 20, 2013 Hr'g Tr. 203:16 ("Ms Miller: We have no objections.").)
[2] A copy of the Expert Report of Mark A. Renzi – Intercompany Balances, dated November 1, 2013, is attached hereto as Exhibit 1 (the "Rebuttal Report").

assume that these specific inputs into the Waterfall Model can be changed while the remaining assumptions used by the Debtors to determine recoveries under the Plan would remain static." (*Id.* ¶ 5.)

These topics were fairly previewed in Mr. Renzi's Rebuttal Report. That Report consists of waterfall scenarios prepared using different assumptions regarding intercompany balances than used by Mr. Fazio in his opening Report. Mr. Renzi's scenarios reject the premise of the Fazio Report — that assumptions about intercompany balances and AFI's contribution may reasonably be manipulated without affecting other model inputs. Mr. Renzi's Rebuttal Report states: "[a]ny scenario with an AFI contribution and intercompany balances allowed at face value would result in significant changes to other assumptions contained in the Plan's recovery analysis." (Rebuttal Report at 8.)

And even if all of Mr. Fazio's assumptions were not individually called out for criticism in Mr. Renzi's Rebuttal Report, these same topics were explored, at length, in Mr. Renzi's deposition, dated November 6, 2013. As a result, the JSNs have suffered no prejudice, and their motion should be denied.

<u>Argument</u>

Under Rule 26(a)(2)(B), an expert report is not required to "replicate every word that the expert might say on the stand but to convey the substance of the expert's opinion." *Joseph S. v. Hogan*, No. 06 CIV. 1042 BMC SMG, 2011 U.S. Dist. LEXIS 76762, 2011 WL 2848330, at *4 (E.D.N.Y. July 15, 2011) (quoting *Walsh v. Chez*, 583 F.3d 990, 994 (7th Cir. 2009)). An expert's trial testimony complies with this rule, and may not be precluded for purported nondisclosure, unless it "expound[s] a wholly new and complex approach designed to fill a significant and logical gap in the first [expert] report." *Cedar Petrochems., Inc. v. Dongbu Hannong Chem. Co.*, 769 F. Supp. 2d 269, 279 (S.D.N.Y. 2011) (citation omitted). Even then, expert testimony, if not fully disclosed, should not be excluded unless the opposing party has been prejudiced. *Softel, Inc. v. Dragon Med. & Sci. Commc'ns, Inc.*, 118 F.3d 955, 961 (2d Cir.1997) (citing *Outley v. City of New York*, 837 F.2d 587, 590-91 (2d Cir. 1988) (opposing party must show prejudice in order to have new expert opinions excluded); *Lore v. City of Syracuse*, No. 5:00-CV-1833, 2005 U.S. Dist. LEXIS 30328, 2005 WL 3095506, at *4 (N.D.N.Y. Nov. 17, 2005) ("[t]he touchstone for determining whether to exclude an untimely expert report is whether the party opposing [its] admission is prejudiced"); see also *ABB Air Preheater, Inc. v. Regenerative Envtl Equip. Co.*, 167 F.R.D. 668, 672 (D.N.J. 1996) ("the pivotal issue is whether admission of the evidence will result in incurable prejudice to the resisting party").

Here, the JSNs' attempt to preclude paragraphs 5, 6, and 28 through 32 of Mr. Renzi's testimony should be denied because: (1) Mr. Renzi's rebuttal report disclosed his opinions regarding reasonable waterfall assumptions and (2) in any event, the JSNs can show no prejudice because the substance of the paragraphs at issue were fully explored during Mr. Renzi's November 6, 2013 deposition.

I. MR. RENZI'S REBUTTAL REPORT DISCLOSED HIS OPINIONS REGARDING REASONABLE WATERFALL ASSUMPTIONS

Mr. Renzi concludes that Mr. Fazio used "flawed assumptions." (Renzi Direct ¶ 28.) For example, Mr. Renzi's direct testimony shows that Mr. Fazio's "scenarios" unreasonably assume the JSNs "would be entitled to obtain value" from the "reinstatement of forgiven" intercompany balances. (*Id.* ¶ 30.) This subject was properly covered in Mr. Renzi's Rebuttal Report. As that Report's introduction states: "In this Report, Mr. Renzi assumes in certain cases that the intercompany balances are either directly or indirectly part of the JSN collateral." (Rebuttal Report at 8.) Scenario 1 of Mr. Renzi's Rebuttal Report assumes the "[r]einstatement of balances on account of the avoidance of fraudulent conveyances related to the historical forgiveness of intercompany balances." (*Id.*)

Mr. Renzi also criticizes Mr. Fazio for assuming that AFI would make its $2.1 billion contribution "in circumstances where the Intercompany Balances are allowed in their full face amount . . . and no other assumptions change, including, for example, claim amounts and the allocation of expenses." (Renzi Direct ¶ 31.) Mr. Renzi notes that allowing the intercompany balances at face value "would likely negatively impact other creditors;" "therefore assuming that the amount of other claims that other creditors would assert would remain the same is not reasonable." (*Id.*) This topic, too, was addressed in Mr. Renzi's Rebuttal Report. In contrast to Mr. Fazio's proffered scenarios, Mr. Renzi's "Scenario 2" assumes that "intercompany balances on the Debtors' books and records as of the Petition Date are allowed at their face value" but without the AFI contribution. (Rebuttal Report at 14.) Mr. Renzi concludes this scenario "reflects various assumptions" "that would otherwise be unavailable absent the Global Settlement, for example, multiple settled claims levels." (*Id.*) Mr. Renzi concludes: "Therefore, Scenario 2 is purely for illustrative purposes and does not reflect a likely outcome." (*Id.*)

Mr. Renzi's Direct Testimony also criticizes Mr. Fazio's assumptions regarding subordination. Mr. Renzi notes that Mr. Fazio's "scenarios" assume that RMBS, monoline, and securities claims are subordinated and receive no recovery, but that AFI would still make its $2.1 billion contribution. (Renzi Direct ¶ 31.) Mr. Renzi points out that, if their claims were subordinated, RMBS, monoline, and securities claimants would likely not have consented to the global settlement, and "the holders of such claims would not agree to release their claims against AFI." (*Id.*) Because "AFI only agreed to contribute $2.1 billion . . . in order to obtain closure and broad releases . . . Mr. Fazio's assumptions underlying this scenario are unrealistic." (*Id.*) Mr. Renzi disclosed these opinions in his Rebuttal Report. His scenarios assume "no recovery on account of an AFI contribution" in the events that the JSNs' intercompany balance claims are allowed, and he concludes that "[a]ny scenario with an AFI contribution and intercompany balances allowed at face value would result in significant changes to other assumptions contained in the Plan's recovery analysis." (Rebuttal Report at 8.)

The JSNs were fairly put on notice, by Mr. Renzi's Rebuttal Report, of the opinions expressed in paragraphs 5, 6, and 28 through 32 of Mr. Renzi's direct testimony. Those paragraphs should not be excluded. *See Cedar Petrochems.*, 769 F. Supp. 2d at 279 (exclusion unwarranted where expert's testimony was "more explicit about the chemistry upon which he based his initial conclusions, but he 'did not alter this position' and 'did not include a new opinion which had not been previously disclosed'") (quoting *Lore*, 2005 WL 3095506, at *4).

II. MR. RENZI'S DEPOSITION EXPLORED HIS OPINIONS REGARDING REASONABLE WATERFALL ASSUMPTIONS

The JSNs also fully explored these issues at Mr. Renzi's November 6, 2013 deposition.[3] In response to the JSNs' examination, Mr. Renzi explained that his rebuttal report presents the "analyses I thought were reasonable and got to the heart of the matter of intercompany balances." (Renzi Dep. 24:23-25:2.)[4] "We just tried to replicate Mr. Fazio's analysis in his scenarios and then ran some additional scenarios that I thought were reasonable." (*Id.* 26:2-14.)

Thus, the JSNs asked Mr. Renzi about whether AFI would contribute $2.1 billion in the absence of a global settlement affording "broad third party releases," and Mr. Renzi testified that "if it happens to be not a global settlement," it would not be reasonable to assume a $2.1 billion AFI contribution. (Renzi Dep. 60:9-61:6, 64:14-66:25.)

Similarly, the JSNs asked Mr. Renzi "if you had subordinated the Monoline claims or the RMBS claims, that would have resulted in higher recovery to the JSNs under the liquidation analysis, right?" (Renzi Dep. 173:4-7.) And Mr. Renzi again opined that it would be unreasonable to make that assumption without making changes to other assumptions used in the model:

[3] *See Lore,* 2005 WL 3095506, at *4 ("[t]he touchstone for determining whether to exclude an untimely expert report is whether the party opposing [its] admission is prejudiced"); *RMED Int'l, Inc. v. Sloan's Supermarkets, Inc*., No. 94Civ.5587, 2002 U.S. Dist. LEXIS 23829, 2002 WL 31780188, at *4 (S.D.N.Y. Dec. 11, 2002) ("any prejudice is easily cured by allowing plaintiff to depose [expert] if [it] so desire[s]"); *Virgin Enters. Ltd. v. Am. Longevity*, No. 99 Civ. 9854, 2001 U.S. Dist. LEXIS 2048, 2001 WL 34314729, at *2 (S.D.N.Y. Mar. 1, 2001) ("any prejudice will be remedied by the deposition of [the expert]").
[4] A copy of the relevant portions of Mr. Renzi's Deposition Transcript, dated November 6, 2013, are attached hereto as Exhibit 2.

> It depends. . . . if you move one lever such as if there is an AFI contribution in a liquidation analysis, there would be many other things that will change. . . . I mean, there have been assertions from the RMBS trustees of up to $44 billion in claims. I am sure under certain scenarios, they would argue and fight to get as big a claim as they possibly could under a liquidation analysis. But what is presented in the liquidation analysis, in my opinion, is reasonable.

(Renzi Dep. 173:4-174:3.)

As another example, the JSNs asked Mr. Renzi if "the inclusion of an AFI contribution [would] increase the recovery on intercompany balances." (Renzi Dep. 110:24-111:2.) Mr. Renzi responded "[i]t depends on which intercompanies are valid," and noted that Mr. Fazio's analysis "assume[d] that all intercompanies are valid at face value, if you added in the AFI – an AFI contribution value," "the JSNs would likely be oversecured." (*Id*. 111:13-14, 112:5-14.) But then Mr. Renzi went on to explain why Mr. Fazio's assumptions were not reasonable. (*Id*. 118:17-19.)

> We are in this hypothetical world where we assume . . . where nothing else changes. Meaning claims don't change, that from other constituents, and that there is a settlement, and the JSN intercompany balances are – the JSNs have a lien on the intercompany balances, and the intercompany balances are valid. So all of those things, I want to make sure that I caveat it, because . . . I think other things will change.

(Renzi Dep. 119:16-120:9.)

The JSNs thus fully explored, at Mr. Renzi's deposition, the topics that are the subjects of paragraphs 5, 6, and 28 through 32. They will not be prejudiced by the admission of those paragraphs into evidence and are not the victims of any unfair surprise.

CONCLUSION

For the reasons stated above, the Court should deny the JSNs' motion to exclude portions of Mr. Renzi's testimony.[5]

Sincerely,

/s/ Charles L. Kerr

Charles L. Kerr

cc: J. Christopher Shore, Esq. (by electronic delivery)
Gerard Uzzi, Esq. (by electronic delivery)
Daniel M. Perry (by electronic delivery)
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Gregory Horowitz (by electronic delivery)
Bradley P. O'Neill (by electronic delivery)
David M. Schlecker (by electronic delivery)
Gary S. Lee (by electronic delivery)

[5] The JSNs did not assert, or attempt to cure, any purported prejudice at or after Mr. Renzi's deposition, so they should not be heard to complain of any prejudice now. *See Berroyer v. Hertz,* 672 F.2d 334, 338-39 (3d Cir. 1982) (request to exclude denied where moving party "made no attempt to cure the alleged surprise or prejudice.").

Residential Capital, LLC

Expert Report of Mark A. Renzi – Intercompany Balances

11/1/2013

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Executive Summary

Disclaimer

This report ("Report") was prepared pursuant to the engagement of FTI Consulting, Inc. ("FTI") by Residential Capital, LLC and its debtor affiliates (collectively, "ResCap" or the "Debtors"). Mr. Renzi will explain how, under certain hypothetical scenarios, the allowance of intercompany balances reflected on the Debtors' books and records as of the Petition Date impacts the secured recovery of the JSN (as defined below)

FTI was last retained by the Debtors on 8/25/11 as its financial advisor to provide the Debtors with general restructuring and financial advisory services as more fully described in FTI's engagement letter, as amended, with the Debtors. The information contained herein is based upon information supplied by the Debtors and publicly available information, and portions of the information contained herein are based upon statements, estimates, allocations and forecasts provided by the Debtors

Mr. Renzi and FTI professionals at his direction have relied upon the accuracy and completeness of the foregoing information, including statements, estimates, allocations and forecasts, have not assumed any responsibility for any independent verification of such information and have assumed that such information has been reasonably prepared on bases reflecting the best estimates and judgments of the management of the Debtors

The analysis in this presentation is complex and is not necessarily susceptible to a partial analysis or summary description. Furthermore, selecting any portion of Mr. Renzi's analysis, without considering the analysis as a whole, would create an incomplete view of the process underlying the analysis

Mr. Renzi will not be responsible for and has not provided any tax, accounting, actuarial, legal or other specialist advice in this Report

Mark A. Renzi – Qualifications

Education

- B.A. in Economics, Washington College
- M.S. in Finance, Boston College
- Scuola di Administrazione Aziendale, University of Turin School of Business

Qualifications

- Mark Renzi is a senior managing director in the FTI Consulting Corporate Finance/Restructuring practice and is based in Boston. Mr. Renzi has nearly 20 years of business experience and more than twelve years of financial consulting experience, including liquidity and capital structure assessment, debt and equity restructuring advice and identification of reorganization alternatives. He has experience across a broad range of industries, including retail, manufacturing, distribution, derivative portfolio management, healthcare, financial services, consumer credit and telecommunications, among others

- Mr. Renzi has provided restructuring services on more than 25 engagements in both out-of-court workout situations and in Chapter 11 proceedings. Further, he has assisted distressed companies with day-to-day management activities, including development of pro forma financials, cash flow management and identification of liquidity enhancing activities. Mr. Renzi has also provided restructuring advice to portfolio companies of private equity firms

- Mr. Renzi is experienced in analyzing and implementing strategic and operational change, including the development of business plans and redeployment of capital to address changing industry conditions, as well as stabilizing and fixing noncore operations through plant, product and customer rationalization initiatives. He has developed options and solutions through detailed financial and operational analyses, while collaborating closely with management and other stakeholders. In addition to operational turnarounds, Mr. Renzi has assisted in financial restructurings, including refinancings, recapitalizations, debt-for-equity swaps and strategic mergers and acquisitions

- Mr. Renzi has been involved with many large and high profile national and international engagements, including: CIT; Residential Capital; Credit-Based Asset Servicing and Securitization (C-BASS), a large RMBS investor and loan servicer; The Education Resources Institute, the nation's largest guarantor of private loans for education; American Business Financial Services, an originator and servicer of home mortgage loans; Thaxton Financial; Oakwood Homes Financial Corporation; a $4 billion international chemical company and a $2 billion international recreational products company. Two of Mr. Renzi's engagements were selected as the turnaround of the year by various industry organizations

Mark A. Renzi – Qualifications

- Prior to joining FTI Consulting, Mr. Renzi worked at a boutique money management firm in New York evaluating derivative portfolios. He has also held various positions in financial analysis and planning and business plan development

- Mr. Renzi is a member of several professional organizations, including the Association of Insolvency & Restructuring Advisors and the Turnaround Management Association

- Mr. Renzi has provided testimony in The Education Resources Institute bankruptcy matter and has previously provided testimony in this matter

- In connection with the preparation of this Report, FTI is being compensated based on the time incurred providing such services, multiplied by FTI's standard hourly rates. FTI is also reimbursed for reasonable direct expenses incurred in connection with the rendition of FTI's services. Compensation payable to FTI is not contingent on the nature of Mr. Renzi's findings or on the outcome of this case

Introduction

Introduction

- The Report has been prepared at the request of counsel. Mr. Renzi will explain how, under certain hypothetical scenarios, the allowance of intercompany balances as reflected in the Debtors' books and records as of the Petition Date impacts the secured recovery of the JSN

- The JSN collateral recovery calculations contained herein are based on information available to and analysis conducted by Mr. Renzi and other FTI professionals at his direction as of the date of this Report

- FTI has developed a recovery model (the "Waterfall Model") in order to determine the distributable value of intercompany balances and resulting total recovery for the JSN based on scenarios provided by counsel. The Waterfall Model was developed by Mr. Renzi and FTI professionals at his direction during the pre-petition period and has since been maintained and refined as additional information becomes available and additional or different assumptions become relevant. The Waterfall Model and the model relied upon by the JSN (the "Fazio Model") are largely in agreement with one another

- In this Report, Mr. Renzi assumes in certain cases that the intercompany balances are either directly or indirectly part of the JSN collateral. Mr. Renzi does not opine on whether the JSN have valid and perfected liens on the intercompany balances

- FTI has been asked by counsel to provide sensitivity outputs for the following scenarios:
  - **Base Case** – Waterfall Model assumptions (e.g., claims and administrative expense allocation) are consistent with the Plan's recovery analysis, but the Base Case assumes no recovery on account of an AFI contribution. It also reflects, consistent with the Waterfall Model, that the intercompany balances are receiving no distribution, that the JSN do not have enforceable liens on the intercompany balances, that to the extent the JSN do have liens on the intercompany balances such liens have no value, and that the JSN will be unable to demonstrate an entitlement to adequate protection on account of the Plan's treatment of intercompany balances. The JSN will be undersecured and not be paid in full
  - **Scenario 1** – Waterfall Model assumptions are consistent with the Plan's recovery analysis, but without the AFI contribution and with allowed intercompany balances adjusted to reflect the impact of:
    - Avoidance of certain intercompany balances on account of the identified forgiveness of such balances as of the Petition Date
    - Reinstatement of balances on account of the avoidance of fraudulent conveyances related to the historical forgiveness of intercompany balances, which such avoidance actions the Court has determined are not subject to the JSN liens
    - Subordination of certain intercompany balances
  - **Scenario 2** – Waterfall Model assumptions are consistent with the Plan's recovery analysis and recognizes the intercompany balances at face value, but without the AFI contribution. This scenario is solely for illustrative purposes. Any scenario with an AFI contribution and intercompany balances allowed at face value would result in significant changes to other assumptions contained in the Plan's recovery analysis

1. The "Revolver" means that certain loan agreement by and among Debtors RFC and GMACM, as borrowers, various Debtor affiliates, as guarantors, and AFI, as agent and lender, dated as of December 30, 2009. The "JSN" mean the 9.625% Junior Secured Guaranteed Notes due 2015

Introduction (cont.)

- The Waterfall Model calculates the recovery for JSN at each legal entity and factors in the impact of allowance/disallowance of certain intercompany balances, equity pledges and deficiency claims

- The Waterfall Model also assumes the following:
  - Recoveries from certain international entities and CapRe are excluded, as any recoveries from these entities that might flow into the estate are speculative due to potential and ongoing litigation
  - Ally Revolver (including blanket lien) collateral and equity in DIP are used to pay the JSN secured claim before the General Unsecured Creditors (“GUC”)
  - JSN deficiency claims are asserted against the borrower and guarantor entities, including ResCap, and are pari passu with the GUC
  - Approximately $169.8M of projected administrative expenses are to be paid from the JSN cash collateral after 4/30/13

- Mr. Renzi has assumed the following when evaluating the results of the Waterfall Model:
  - The Debtors' tracking and allocation of the Revolver/JSN collateral is reliable and accurate
  - The Debtors’ assumptions as to the recoverability of assets remaining in the estate, which were included in the Disclosure Statement approved on 8/23/13, are reasonable
  - The Debtors’ assumptions as to the wind-down costs of the estate and the allocation of expenses on a debtor-by-debtor basis are reasonable and consistent with the Global Settlement
  - The potential impact of the UCC’s lien challenge on the JSN collateral is not considered in this analysis
  - Intercompany receivables between two Debtor entities can be offset with intercompany payables between those same two entities, and vice versa. Thus, the intercompany balances in this Report are presented on a net basis

Overview of Hypothetical Sensitivity Scenarios

JSN Secured Recovery

- As reflected below, the models utilized by FTI and the JSN are consistent and largely in agreement with one another[1]
- The schedule below reflects $1.745B in secured recovery for the JSN calculated based on the recovery value of the JSN collateral and equity pledges
- The analysis also reflects $169.8M for projected administrative expenses to be applied against the JSN collateral after 4/30/13
  - Of the $169.8M[2], approximately $27M[3] was actually paid from the JSN cash collateral under the terms of various stipulations for use of cash collateral between 5/1/13 and 8/31/13[4]. The remainder is related to the estimate of accrued and unpaid professional fees as of 7/11/13 plus $25M
- Based on the Ocwen sale true-up analysis, a favorable purchase price adjustment resulted in an additional $51M in recoveries allocated to the JSN collateral

($ millions)	JSN Secured Recovery					
	Fazio Model		FTI Model		Variance	
1 Cash and Remaining Assets	$	2,512	$	2,513	$	(1)
2 Equity Pledges		100		99		1
3 Pledged Intercompany Claims		-		-		-
4 Impact of Ocwen True-Up		51		51		-
5 Revolver Pay-Down		(747)		(747)		-
6 Additional Expense Allocation		(27)		(170)		143
7 **Total Secured Recovery**	**$**	**1,888**	**$**	**1,745**	**$**	**143**
8 *Additional Expenses*		*(143)*		n/a		(143)
9 **Total Secured Recovery**	**$**	**1,745**	**$**	**1,745**	**$**	**(0)**

1. FTI reserves the right to adjust this statement once the JSN model is produced
2. As noted above, the calculation of actual and projected expense allocation of $169.8M was based on estimated accrued and unpaid expenses. As such, it is subject to modification based on actual results
3. $27M was actually charged to the JSN collateral during the period from 5/1/13 to 8/31/13. Of this amount, $3.7M relates to pre 5/1 expenses paid prior to 5/1 but reimbursed by the JSN collateral post 5/1/13. $1.2M was charged in August 2013 following the expiration of the Cash Collateral Stipulation on 7/11/13 solely for the reimbursement of JSN professional fees
4. Additional amounts may have been charged against the JSN collateral since 8/31/13 pursuant to the limited authority granted in the cash collateral stipulation

Overview of Scenarios – Global Assumptions

- The table below provides an overview of the global assumptions FTI applied in each of the hypothetical scenarios included in this Report

Assumption	Comments
Waterfall Model Mechanics	■ Illustrative waterfall analysis based on the Debtors' trial balances as of 4/30/13 adjusted to reflect the Ocwen true-up and claims consistent with the provisions of the Plan ■ Obligations are satisfied at each subsidiary by the assets at the subsidiary. Remaining equity, if any, would flow up to the next ownership level ■ Key considerations include co-borrowing relationships, guarantees, and equity ownership structure ■ With the exception of the Base Case scenario, pre-petition intercompany balances are allowed and then adjusted for various hypothetical scenarios that could occur in light of the intercompany balances being asserted; hypothetical scenarios are discussed below ■ Consistent with the cash management order, post-petition intercompany balances are unwound and reflected in the 4/30/13 balances ■ Any value attributable to certain international entities and CapRe is excluded as any recoveries from these entities that might flow into the estate are speculative due to potential and ongoing litigation
Asset Recovery	■ The asset recovery estimates are as of April 30, 2013, with certain limited adjustments based on: ▪ Cash proceeds that might be realized from the orderly liquidation of the Debtors' remaining assets ▪ Presented on an undiscounted basis ▪ Assumed to occur over the course of up to seven years, with approximately 85% of the recoveries occurring over the first three years ▪ Assumed to include \$68M in additional proceeds from the Ocwen true-up; \$51M is attributed to the JSN collateral
AFI Contribution	■ Sensitivity scenarios outlined in this Report assume no AFI contribution. I have also been instructed by counsel not to include any value for purported liens by the JSN on alleged causes of action by the estates against Ally or its affiliates.
Wind-down Costs	■ \$826M allocated to the GMACM and approximately \$10M allocated to ETS ■ \$250M allocated to RFC
GUC	■ Amount and allocation of the GUC is consistent with the Disclosure Statement and includes Monoline Claims, RMBS Claims, Senior Unsecured Claims, Other GUC, and the JSN Deficiency Claims ■ The JSN Deficiency Claims are asserted against the borrower and guarantor entities, including ResCap, and are pari passu with GUC

Overview of Scenarios – Sensitivity Assumptions

Base Case

- Projected and allowed claims in the Base Case scenario are consistent with the Plan's Waterfall Model, but the distributions to the JSN are not supplemented by the AFI contribution
- Assuming no AFI contribution and disallowance of intercompany balances, the JSN recover approximately $1,745M in secured recovery calculated based on the recovery value of the JSN collateral and equity pledges
- By asserting deficiency claims, the JSN recover an additional $217M
- Combined JSN recovery in the Base Case scenario is $1,963M (88% of the total JSN asserted claim of $2,223M)

Scenario 1

- Scenario 1 utilizes assumptions from the Base Case scenario. In addition, it is assumed that the intercompany balances are allowed and adjusted to reflect the impact of:

A Intercompany balances identified for forgiveness

- The impact of reducing the total intercompany balances on the Debtors' books and records as of the Petition Date by the amount of those balances that were identified to be forgiven as of the Petition Date reduces the total intercompany balance by approximately $2.6B (from $8.2B to $5.6B). As a result of allowing these adjusted intercompany balances, the JSN secured recovery in scenario 1A is $1,757M (79% of the total JSN asserted claim of $2,223M)

B Reinstatement of balances on account of avoidance of fraudulent conveyances

- Reinstatement of certain balances on account of the avoidance of fraudulent conveyances reduces the total intercompany balance by approximately $2.0B (from $8.2B to $6.2B). As a result of allowing these adjusted intercompany balances, the JSN secured recovery in scenario 1B is $1,870M (84% of the total JSN asserted claim of $2,223M)

C Subordination of certain intercompany balances

- The impact of subordinating certain intercompany balances to GUC reduces the total intercompany balance by approximately $2.2B (from $8.2B to $6.0B). As a result of allowing these adjusted intercompany balances, the JSN secured recovery in scenario 1C is $1,768M (80% of the total JSN asserted claim of $2,223M)

D The Aggregation of 1A, 1B, and 1C

- Assuming no AFI contribution and the aggregation of intercompany balance adjustments highlighted in 1A, 1B, and 1C, the JSN secured recovery in scenario 1D is $1,751M (79% of the total JSN asserted claim of $2,223M)

Overview of Scenarios – Sensitivity Assumptions (cont.)

Scenario 2

- Scenario 2 utilizes assumptions from the Base Case scenario. In addition, it is assumed that the intercompany balances on the Debtors' books and records as of the Petition Date are allowed at their face value
- The allowance of pre-petition intercompany balances on the Debtors' books and records as of the Petition Date improves the JSN secured recovery by approximately $130M over the Base Case scenario
- Without the AFI contribution, the JSN will not recover their asserted claim of $2,223M even if the intercompany balances are allowed at face value. Nonetheless, as a result of allowing the aforementioned intercompany balances the JSN secured recovery in Scenario 2 is $1,876M (84% of the total JSN asserted claim of $2,223M)
- Scenario 2, however, still reflects various assumptions from the Plan recovery analysis that would otherwise be unavailable absent the Global Settlement, for example, multiple settled claims levels. Absent the Global Settlement, claims would be significantly higher, further reducing the JSN recovery. Therefore, Scenario 2 is purely for illustrative purposes and does not reflect a likely outcome

Overview of Scenarios – Results

- The table below shows the recovery available to the JSN under the scenarios discussed herein

	($ millions)	Base Case	Scenario 1 A	Scenario 1 B	Scenario 1 C	Scenario 1 D	Scenario 2
1	JSN Secured Recovery	$ 1,745	$ 1,745	$ 1,745	$ 1,745	$ 1,745	$ 1,745
2	Total Improvement in JSN Recovery	-	12	125	22	6	130
3	Total Secured Recovery	1,745	1,757	1,870	1,768	1,751	1,876
4	*% of Total Claim ($2,223M)*	*79%*	*79%*	*84%*	*80%*	*79%*	*84%*
5	Unsecured Recovery	217	211	189	210	216	186
6	Total Recovery	$ 1,963	$ 1,969	$ 2,060	$ 1,977	$ 1,967	$ 2,062
7	*% of Total Claim ($2,223M)*	*88%*	*89%*	*93%*	*89%*	*88%*	*93%*

A Intercompany balances identified for forgiveness
B Reinstatement of balances on account of avoidance of fraudulent conveyances
C Subordination of certain intercompany balances
D The aggregation of 1A, 1B, and 1C

Scenario 1 A – Impact of Intercompany Balances Identified for Forgiveness

- Historically, the Debtors forgave intercompany balances in the normal course of business. On occasions including when the existence of an intercompany payable on a Debtor's balance sheet threatened certain solvency and net worth thresholds under external financing agreements and/or federal or state regulations, the intercompany balance was forgiven. Additionally, intercompany balances were forgiven among the Debtors and certain non-Debtor subsidiaries in connection with the Debtors' international transactions and the dissolution of entities
- The Debtors forgave approximately $16.6B of intercompany balances between the 2008 and the Petition Date
- In addition to the $16.6B of balances forgiven prior to the Petition Date, an additional $2.6B of intercompany balances that were on the Debtors' books and records as of the Petition Date were identified for forgiveness in the first half of 2012. But for the bankruptcy filing, it is appropriate to assume these balances would have been forgiven in the ordinary course of business
- The schedule below provides a summary of intercompany balances that the Debtors had identified for forgiveness in the first half of 2012

Impact of Intercompany Balances Identified for Forgiveness

($ millions)

		Top Intercompany Balances		Net Interco Balance as of May 14, 2012 (1)	Anticipated Intercompany Balance Forgiveness	Adjusted Net Interco Balances
		Paying Entity	Receiving Entity			
Impact of Intercompany Balances Identified for Forgiveness	1	GMAC Residential Holding Co., LLC	Residential Capital, LLC	$ 3,334	$ -	$ 3,334
	2	Residential Capital, LLC	Residential Funding Co., LLC	1,955	-	1,955
	3	Residential Funding Co., LLC	Homecomings Financial, LLC	1,252	(1,249)	3
	4	GMAC Mortgage, LLC	Passive Asset Transactions, LLC	697	(652)	45
	5	GMAC Mortgage, LLC	Executive Trustee Services, LLC	265	(265)	0
	6	RFC Asset Holdings II, LLC	Residential Funding Co., LLC	232	(214)	18
	7	GMAC Mortgage, LLC	Residential Funding Co., LLC	140	-	140
	8	GMAC Residential Holding Co., LLC	Home Connects Lending Serv., LLC	55	(55)	-
	9	GMAC Mortgage, LLC	GMAC Residential Holding Co., LLC	51	-	51
	10	Home Connects Lending Serv., LLC	GMACRH Settlement Services, LLC	50	(50)	-
	11	Residential Funding Co., LLC	RFC Asset Management, LLC	46	(46)	-
	12	RFC Asset Management, LLC	RFC SFJV-2002, LLC Pre	36	(36)	-
	13	Residential Funding Co., LLC	RCSFJV2004, LLC	17	(17)	0
	14	RFC Asset Holdings II, LLC	Homecomings Financial, LLC	12	(12)	-
	15	GMACRH Settlement Services, LLC	GMAC Mortgage, LLC	10	(10)	-
	16	Other	Other	41	(17)	24
	17	**Total**		**$ 8,192**	**$ (2,623)**	**$ 5,569**

1. Excludes the intercompany balance between GMAC Res Fund of Canada (Non-debtor) and Residential Funding Co., LLC

Scenario 1 B - Impact of Reinstatement of Intercompany Balances on Account of Fraudulent Conveyances

- Certain of the intercompany balances reflected on the Debtors' books and records as of the Petition Date could be reduced if actions were brought to avoid certain instances of the historical forgiveness of intercompany balances. That is because creditors of a Debtor entity that forgave a balance would likely argue that the Debtor entity did not receive reasonably equivalent value for the extinguishment of the receivable
- The schedule below reflects the impact of reinstating the balances that were forgiven that offset the intercompany balances on the Debtors' books and records as of the Petition Date

Impact of Reinstatement of Balances on Account of Avoidance of Fraudulent Conveyances (1)

($ millions)

		Top Intercompany Balances		Net Interco Balance as of May 14, 2012 (2)	Avoidance of Fraudulent Conveyances	Adjusted Net Interco Balances
		Paying Entity	Receiving Entity			
Impact of Reinstatement of Balances on Account of Avoidance of Fraudulent Conveyances	1	GMAC Residential Holding Co., LLC	Residential Capital, LLC	$ 3,334	$ -	$ 3,334
	2	Residential Capital, LLC (3)	Residential Funding Co., LLC (3)	1,955	(1,955)	-
	3	Residential Funding Co., LLC	Homecomings Financial, LLC	1,252	-	1,252
	4	GMAC Mortgage, LLC	Passive Asset Transactions, LLC	697	(44)	653
	5	GMAC Mortgage, LLC	Executive Trustee Services, LLC	265	-	265
	6	RFC Asset Holdings II, LLC	Residential Funding Co., LLC	232	-	232
	7	GMAC Mortgage, LLC	Residential Funding Co., LLC	140	-	140
	8	GMAC Residential Holding Co., LLC	Home Connects Lending Serv., LLC	55	-	55
	9	GMAC Mortgage, LLC	GMAC Residential Holding Co. LLC	51	-	51
	10	Home Connects Lending Serv., LLC	GMACRH Settlement Services, LLC	50	-	50
	11	Residential Funding Co., LLC	RFC Asset Management, LLC	46	-	46
	12	RFC Asset Management, LLC	RFC SFJV-2002, LLC Pre	36	-	36
	13	Residential Funding Co., LLC	RCSFJV2004, LLC	17	-	17
	14	RFC Asset Holdings II, LLC	Homecomings Financial, LLC	12	-	12
	15	GMACRH Settlement Services, LLC	GMAC Mortgage, LLC	10	-	10
	16	Other	Other	41	-	41
	17	**Total**		**$ 8,192**	**$ (1,999)**	**$ 6,193**

1. For illustrative purposes, the impact of avoidance of fraudulent conveyance has been applied to intercompany balances higher than $10M
2. Excludes the intercompany balance between GMAC Res Fund of Canada (Non-debtor) and Residential Funding Co., LLC

Scenario 1C – Impact of Subordination of Certain Intercompany Balances

- Certain of the intercompany agreements identified by the Debtors contain bankruptcy standstill provisions that subordinate balances accrued under these agreements to GUC (see Homecomings Intercompany Advance Agreement, PATI Intercompany Advance Agreement, and RAHI Intercompany Advance Agreement). The Debtors do not believe that the intercompany balances on the Debtors' books and records as of the Petition Date accrued pursuant to these agreements; however, to the extent the holders of JSN seek to argue that these agreements govern the intercompany balances, the bankruptcy standstill provisions contained in these agreements would similarly apply
- The schedule below reflects the impact of subordination pursuant to bankruptcy standstill provisions on certain intercompany balances

Impact of Subordination of Certain Intercompany Balances

($ millions)		Top Intercompany Balances		Net Interco Balance as of May 14, 2012 (1)	Subordinated Intercompany Balances	Adjusted Net Interco Balances
		Paying Entity	Receiving Entity			
Impact of Subordination of Intercompany Balances	1	GMAC Residential Holding Co., LLC	Residential Capital, LLC	$ 3,334	$ -	$ 3,334
	2	Residential Capital, LLC	Residential Funding Co., LLC	1,955	-	1,955
	3	Residential Funding Co., LLC	Homecomings Financial, LLC	1,252	(1,252)	-
	4	GMAC Mortgage, LLC	Passive Asset Transactions, LLC	697	(697)	-
	5	GMAC Mortgage, LLC	Executive Trustee Services, LLC	265	-	265
	6	RFC Asset Holdings II, LLC	Residential Funding Co., LLC	232	(232)	-
	7	GMAC Mortgage, LLC	Residential Funding Co., LLC	140	-	140
	8	GMAC Residential Holding Co., LLC	Home Connects Lending Serv., LLC	55	-	55
	9	GMAC Mortgage, LLC	GMAC Residential Holding Co., LLC	51	-	51
	10	Home Connects Lending Serv., LLC	GMACRH Settlement Services, LLC	50	-	50
	11	Residential Funding Co., LLC	RFC Asset Management, LLC	46	-	46
	12	RFC Asset Management, LLC	RFC SFJV-2002, LLC Pre	36	-	36
	13	Residential Funding Co., LLC	RCSFJV2004, LLC	17	-	17
	14	RFC Asset Holdings II, LLC	Homecomings Financial, LLC	12	-	12
	15	GMACRH Settlement Services, LLC	GMAC Mortgage, LLC	10	-	10
	16	Other	Other	41	-	41
	17	**Total**		**$ 8,192**	**$ (2,180)**	**$ 6,012**

1. Excludes the intercompany balance between GMAC Res Fund of Canada (Non-debtor) and Residential Funding Co., LLC

Scenario 1D – Aggregate Adjusted Intercompany Balances

- Aggregating scenarios 1A, 1B, and 1C, results in a decrease to the total amount of intercompany balances of $4.6B. Adjustments are indicated on the right hand side of the chart and indicate whether the adjustment was due to intercompany balances identified for forgiveness, reinstatement of balances on account of avoidance of fraudulent conveyances or subordination of certain intercompany balances

Impact of Adjustments to the Intercompany Balances

($ millions)

Impact of Adjustments to the Intercompany Balances

	Top Intercompany Balances		Net Interco Balance as of May 14, 2012 (1)	Aggregate Adjustments	Adjusted Net Interco Balances	Adjustments
	Paying Entity	Receiving Entity				
1	GMAC Residential Holding Co., LLC	Residential Capital, LLC	$ 3,334	$ -	$ 3,334	
2	Residential Capital, LLC	Residential Funding Co., LLC	1,955	(1,955)	-	B
3	Residential Funding Co., LLC	Homecomings Financial, LLC	1,252	(1,252)	-	A C
4	GMAC Mortgage, LLC	Passive Asset Transactions, LLC	697	(697)	-	A B C
5	GMAC Mortgage, LLC	Executive Trustee Services, LLC	265	(265)	0	A
6	RFC Asset Holdings II, LLC	Residential Funding Co., LLC	232	(232)	-	A C
7	GMAC Mortgage, LLC	Residential Funding Co., LLC	140	-	140	
8	GMAC Residential Holding Co., LLC	Home Connects Lending Serv., LLC	55	(55)	-	A
9	GMAC Mortgage, LLC	GMAC Residential Holding Co., LLC	51	-	51	
10	Home Connects Lending Serv., LLC	GMACRH Settlement Services, LLC	50	(50)	-	A
11	Residential Funding Co., LLC	RFC Asset Management, LLC	46	(46)	-	A
12	RFC Asset Management, LLC	RFC SFJV-2002, LLC Pre	36	(36)	-	A
13	Residential Funding Co., LLC	RCSFJV2004, LLC	17	(17)	0	A
14	RFC Asset Holdings II, LLC	Homecomings Financial, LLC	12	(12)	-	A
15	GMACRH Settlement Services, LLC	GMAC Mortgage, LLC	10	(10)	-	A
16	Other	Other	41	(17)	24	A
17	**Total**		**$ 8,192**	**$ (4,643)**	**$ 3,549**	

A Intercompany balances identified for forgiveness
B Reinstatement of balances on account of avoidance of fraudulent conveyances
C Subordination of certain intercompany balances
D The Aggregation of 1A, 1B, and 1C

1. Excludes the intercompany balance between GMAC Res Fund of Canada (Non-debtor) and Residential Funding Co., LLC

Impact of Intercompany Balances on the JSN Recovery

- The schedule below provides a detailed breakdown of the JSN recoveries from allowed intercompany balances in each sensitivity scenario

($ millions)		Interco Relationships		Net Interco Balance	Base Case	Scenario 1				Scenario 2
		Receiving Entity	Paying Entity			A	B	C	D	
Impact of Intercompany Balances	1	ResCap	GMAC Resi Holdings	$ 3,334	$ -	$ -	$ -	$ -	$ -	$ -
	2	RFC	ResCap	1,955	-	5	-	5	-	5
	3	Homecomings	RFC	1,252	-	0	95	-	-	95
	4	PATI	GMACM	697	-	1	14	-	-	15
	5	ETS	GMACM	265	-	0	6	7	0	6
	6	RFC (1)	RAHI (1)	232	-	-	-	-	-	-
	7	RFC	GMACM	140	-	4	3	4	4	3
	8	Other	Other	318	-	2	7	7	2	7
	9	**Subtotal**		**$ 8,192**	**$ -**	**$ 12**	**$ 125**	**$ 22**	**$ 6**	**$ 130**
JSN Recovery	10	JSN Secured Recovery - Base Case (2)			1,745	1,745	1,745	1,745	1,745	1,745
	11	Total Secured Recovery			$ 1,745	$ 1,757	$ 1,870	$ 1,768	$ 1,751	$ 1,876
	12	*% of Total Claim ($2,223M)*			*79%*	*79%*	*84%*	*80%*	*79%*	*84%*
	13	Unsecured Recovery			217	211	189	210	216	186
	14	Total Recovery			$ 1,963	$ 1,969	$ 2,060	$ 1,977	$ 1,967	$ 2,062
	15	*% of Total Claim ($2,223M)*			*88%*	*89%*	*93%*	*89%*	*88%*	*93%*

A Intercompany balances identified for forgiveness
B Reinstatement of balances on account of avoidance of fraudulent conveyances
C Subordination of certain intercompany balances
D The aggregation of 1A, 1B, and 1C

1. For illustrative purposes, recoveries from the RAHI intercompany balances are included in the equity pledge portion of the JSN secured recovery
2. For comparative purposes the $1,745M is reflected on a consistent basis. The JSN secured recovery varies between scenarios based on assumptions applied to the intercompany balances

Appendix

Pre-Petition Intercompany Balances[1]

($ in millions)

	Paying Entity			Receiving Entity			
	LE	Name	D/ND	LE	Name	D/ND	Net Payable Balance
1	SS033	GMAC Residential Holding Co LL	Debtor	50000	Residential Capital, LLC	Debtor	$ 3,334
2	50000	Residential Capital, LLC	Debtor	10010	Residential Funding Co., LLC	Debtor	1,955
3	10010	Residential Funding Co., LLC	Debtor	10011	Homecomings Financial, LLC	Debtor	1,252
4	SS001	GMAC Mortgage LLC	Debtor	SS095	Passive Asset Transactions LLC	Debtor	697
5	SS001	GMAC Mortgage LLC	Debtor	SS002	Executive Trustee Services LLC	Debtor	265
6	10015	RFC Asset Holdings II, LLC	Debtor	10010	Residential Funding Co., LLC	Debtor	232
7	SS001	GMAC Mortgage LLC	Debtor	10010	Residential Funding Co., LLC	Debtor	140
8	SS033	GMAC Residential Holding Co LL	Debtor	SS067	Home Connects Lending Serv LLC	Debtor	55
9	SS001	GMAC Mortgage LLC	Debtor	SS033	GMAC Residential Holding Co LL	Debtor	51
10	SS067	Home Connects Lending Serv LLC	Debtor	SS066	GMACRH Settlement Services LLC	Debtor	50
11	10010	Residential Funding Co., LLC	Debtor	10300	RFC Asset Management, LLC	Debtor	46
12	10300	RFC Asset Management, LLC	Debtor	10301	RFC SFJV-2002, LLC Pre	Debtor	36
13	10010	Residential Funding Co., LLC	Debtor	10302	RCSFJV2004, LLC	Debtor	17
14	10015	RFC Asset Holdings II, LLC	Debtor	10011	Homecomings Financial, LLC	Debtor	12
15	SS066	GMACRH Settlement Services LLC	Debtor	SS001	GMAC Mortgage LLC	Debtor	10
16	10301	RFC SFJV-2002, LLC Pre	Debtor	10010	Residential Funding Co., LLC	Debtor	6
17	10302	RCSFJV2004, LLC	Debtor	10300	RFC Asset Management, LLC	Debtor	6
18	10022	Equity Investment I, LLC	Debtor	10010	Residential Funding Co., LLC	Debtor	5
19	16220	DOA Holding Properties, LLC	Debtor	10010	Residential Funding Co., LLC	Debtor	4
20	SS067	Home Connects Lending Serv LLC	Debtor	SS001	GMAC Mortgage LLC	Debtor	3

1. Excludes the intercompany balance between GMAC Res Fund of Canada (Non-debtor) and Residential Funding Co., LLC

Pre-Petition Intercompany Balances (cont.) [1]

($ in millions)

	Paying Entity			Receiving Entity			
	LE	Name	D/ND	LE	Name	D/ND	Net Payable Balance
21	10011	Homecomings Financial, LLC	Debtor	SS001	GMAC Mortgage LLC	Debtor	3
22	SS001	GMAC Mortgage LLC	Debtor	50000	Residential Capital, LLC	Debtor	3
23	10302	RCSFJV2004, LLC	Debtor	10301	RFC SFJV-2002, LLC Pre	Debtor	3
24	SS001	GMAC Mortgage LLC	Debtor	SS026	Ditech.com LLC	Debtor	3
25	10010	Residential Funding Co., LLC	Debtor	10550	GMAC Model Home I, LLC	Debtor	2
26	10015	RFC Asset Holdings II, LLC	Debtor	50000	Residential Capital, LLC	Debtor	2
27	SS002	Executive Trustee Services LLC	Debtor	SS019	ETS of Virginia, Inc.	Debtor	1
28	SS001	GMAC Mortgage LLC	Debtor	SS009	GMAC Mortgage USA Corporation	Debtor	1
29	SS001	GMAC Mortgage LLC	Debtor	SS007	Residential Consumer Serv LLC	Debtor	0
30	10010	Residential Funding Co., LLC	Debtor	30003	RFC Construction Funding LLC	Debtor	0
31	10010	Residential Funding Co., LLC	Debtor	SS002	Executive Trustee Services LLC	Debtor	0
32	SS095	Passive Asset Transactions LLC	Debtor	10015	RFC Asset Holdings II, LLC	Debtor	0
33	16269	DOA Properties IX, LLC	Debtor	10010	Residential Funding Co., LLC	Debtor	0
34	SS018	ETS of Washington Inc	Debtor	SS001	GMAC Mortgage LLC	Debtor	0
35	SS001	GMAC Mortgage LLC	Debtor	SS019	ETS of Virginia, Inc.	Debtor	0
36	SS018	ETS of Washington Inc	Debtor	SS002	Executive Trustee Services LLC	Debtor	0
37	SS067	Home Connects Lending Serv LLC	Debtor	10010	Residential Funding Co., LLC	Debtor	0
38	10300	RFC Asset Management, LLC	Debtor	10011	Homecomings Financial, LLC	Debtor	0
39	10011	Homecomings Financial, LLC	Debtor	10301	RFC SFJV-2002, LLC Pre	Debtor	0
40	**Total**						**$ 8,192**

1. Excludes the intercompany balance between GMAC Res Fund of Canada (Non-debtor) and Residential Funding Co., LLC

Balance of Pending Forgiveness

($ millions)

Forgiven By	In Favor Of	Amount of Pending Balance Forgiveness
Homecomings Financial, LLC	Residential Funding Co., LLC	$ 1,249
	RFC Asset Holdings II, LLC	12
	Subtotal	**$ 1,261**
Passive Asset Transactions, LLC	GMAC Mortgage LLC	$ 652
Executive Trustee Services, LLC	GMAC Mortgage LLC	$ 265
Residential Funding Co., LLC	RFC Asset Holdings II, LLC	$ 214
	RFC SFJV-2002, LLC Pre	6
	Subtotal	**$ 220**
Home Connects Lending Serv., LLC	GMAC Residential Holding Co LLC	$ 55
RFC Asset Management, LLC	Residential Funding Co., LLC	$ 46
	RCSFJV2004, LLC	6
	Subtotal	**$ 52**
GMACRH Settlement Services, LLC	Home Connects Lending Serv LLC	$ 50
RFC SFJV-2002, LLC Pre	RFC Asset Management, LLC	$ 36
	RCSFJV2004, LLC	3
	Subtotal	**$ 39**
RCSFJV2004, LLC	Residential Funding Co., LLC	$ 17
GMAC Mortgage, LLC	GMACRH Settlement Services LLC	$ 10
	Home Connects Lending Serv LLC	3
	Subtotal	**$ 13**
Grand Total		**$ 2,623**

Actual Balance Forgiveness

($ in millions)

			Year					
Forgiven By	**In Favor Of**	**Entity Status**	**2008**	**2009**	**2010**	**2011**	**2012**	**Grand Total**
Residential Capital, LLC	Residential Funding Co., LLC	Debtor	$ 2,000	$ 151	$ -	$ -	$ -	$ 2,151
	GMAC RFC Europe Limited	Non Debtor/Active	1,800	-	-	-	-	1,800
	GMAC - RFC (UK) Limited	Sold 9/30/2010	725	371	80	-	-	1,176
	GMAC RFC Investment B.V.	Sold 10/01/2010	154	435	-	-	-	589
	Investments BV GX1	SPE/Active	-	165	285	3	-	452
	RFC UK Ltd Viaduct	SPE/Active	15	175	231	-	-	420
	GMAC Res Fund of Canada	Non Debtor/Active	154	5	-	-	-	159
	Australia GMAC RFC	Sold 7/02/2009	23	122	-	-	-	145
	Viaduct (no.7)	SPE/Active	-	-	-	-	134	134
	Financiera Auritec, S.A.	Non Debtor/Active	-	39	-	-	-	39
	GMAC-RFC Property Finance Ltd	Non Debtor/Active	-	33	-	-	-	33
	PREEMAC 2 NL NETH B.V.	SPE/Active	-	-	19	3	-	22
	Subtotal		**4,871**	**1,495**	**615**	**5**	**134**	**7,120**
GMAC Residential Holding Co LLC	GMAC Mortgage LLC	Debtor	-	2,520	-	-	-	2,520
Residential Funding Co., LLC	RFC Asset Holdings II, LLC	Debtor	1,228	-	-	-	-	1,228
	GMAC Model Home Finance, LLC	Sold 6/2008	481	-	-	-	-	481
	Equity Investment I, LLC	Debtor	392	-	-	-	-	392
	RC Properties I, LLC	Dissolved 12/30/2011	-	88	-	-	-	88
	CMH Holdings, LLC	Non Debtor/Active	48	-	-	-	-	48
	DOA Properties IX, LLC	Debtor	-	-	-	45	-	45
	DOA Holding Properties, LLC	Debtor	43	0	-	-	-	43
	DOA Properties I, LLC	Dissolved 8/09/2011	31	-	-	-	-	31
	Equity Investment IV	Dissolved 8/09/2011	-	21	-	-	-	21
	KBOne, LLC	Sold 6/2008	18	-	-	1	-	18
	DOA Properties II, LLC	Dissolved 8/09/2011	14	-	-	-	-	14
	RFC-GSAP Servicer Advance, LLC	Debtor	7	-	-	-	-	7
	DOA Properties IV, LLC	Dissolved 12/30/2011	-	-	-	7	-	7
	Developers of Hidden Springs	Dissolved 12/30/2011	6	-	-	-	-	6
	DOA Holdings NoteCo, LLC	Dissolved 4/12/2012	-	-	-	5	-	5
	REG-PFH, LLC	Dissolved 12/30/2001	5	-	-	-	-	5
	LenOne, LLC	Sold 6/2008	4	-	-	0	-	4
	RFC Construction Funding LLC	Debtor	-	-	-	2	-	2

Actual Balance Forgiveness (cont.)

($ in millions)

Forgiven By	In Favor Of	Entity Status	2008	2009	2010	2011	2012	Grand Total
			Year					
Residential Funding Co., LLC	Hidden Springs Sewer Company	Sold 9/23/2009	2	-	-	-	-	2
	GMAC Model Home I, LLC	Debtor	-	1	-	-	-	1
	Ameriland LLC	Dissolved 12/30/2011	1	-	-	-	-	1
	GMCMTH, LLC	Sold 6/2008	0	-	-	0	-	1
	DOA Properties IIIB, LLC	Sold 9/30/2008	-	-	-	0	-	0
	DOA Properties V, LLC	Dissolved 12/30/2011	0	-	-	-	-	0
	DOA Properties VIII, LLC	Cancelled 6/06/2008	-	0	-	-	-	0
	RFC Resort Funding LLC	Sold 7/23/2008	-	-	-	0	-	0
	DOA Properties VII, LLC	Dissolved 8/09/2011	0	-	-	-	-	0
	Subtotal		**2,280**	**111**	**-**	**61**	**-**	**2,452**
Passive Asset Transactions LLC	Flume (no.8)	SPE/Active	-	-	351	-	53	404
	GX CE Funding II B.V.	SPE/Active	-	-	311	-	-	311
	Subtotal		**-**	**-**	**662**	**-**	**53**	**715**
RFC Asset Holdings II, LLC	GMAC Model Home Finance, LLC	Sold to CMH 6/2008	**-**	**-**	**-**	**209**	**-**	**209**
GMAC Mortgage LLC (1)	PATI, LLC (1)	Debtor	**44**	**-**	**-**	**-**	**-**	**44**
GMACRH Settlement Services LLC	Home Connects Lending Serv LLC	Debtor	**5**	**-**	**-**	**-**	**-**	**5**
Homecomings Financial, LLC	GMAC Model Home Finance, LLC	Sold 6/2008	-	-	-	0	-	0
	DOA Properties IIIB, LLC	Sold 9/30/2008	-	-	-	0	-	0
	KBOne, LLC	Sold 6/2008	-	-	-	0	-	0
	LenOne, LLC	Sold 6/2008	-	-	-	0	-	0
	Subtotal		**-**	**-**	**-**	**0**	**-**	**0**
	Subtotal of Top Interco Notes		**7,199**	**4,126**	**1,277**	**275**	**187**	**13,064**
GMAC Model Home Finance, LLC	Various		636	-	-	503	-	1,139
CMH Holdings, LLC	Various		-	-	-	457	-	457
Flume (no.8)	Various		-	-	351	-	53	404
GX CE Funding II B.V.	Various		-	-	311	-	-	311
DOA Holding Properties, LLC	Various		-	-	-	268	-	268
Remaining	Various		84	-	-	773	134	992
	Total		**$ 7,920**	**$ 4,126**	**$ 1,938**	**$ 2,276**	**$ 374**	**$ 16,633**

1. The Fazio Report referenced the debt forgiveness schedule produced by the Debtors. Since the production, the debt forgiveness schedule has been updated to reflect an additional balance of $44M between GMAC Mortgage, LLC and PATI, LLC

Source Documents

- April 30, 2013 Trial Balances (RENZI0000001)
- Estimated Recovery On Remaining Assets (RENZI00000002)
- Ocwen True-Up Summary (RENZI00000003)
- ResCap – Intercompany Transactions Presentation Dated April 4, 2013 (EXAM00345894)
- Post-Petition Intercompany Claims (RCUCCJSN00012496)
- Forgiven Intercompany Claim Balances (RCUCCJSN11270924)
- Intercompany Balances Identified for Forgiveness (RCJSNII00003625)
- Expert Report of Michael Fazio – Recovery Analysis Dated October 18, 2013
- Debtors' SOALs (ECF #s 548-595)
- Corrected Solicitation Version of the Disclosure Statement and Joint Chapter 11 Plan (ECF # 4819)
- Homecomings Intercompany Advance Agreement (EXAM00107030-EXAM00107035)
- PATI Intercompany Advance Agreement (EXAM00107300-EXAM00107307)
- RAHI Intercompany Advance Agreement (EXAM00107022-EXAM00107029)

Signature Page

I reserve the right to update or modify this Report for additional information that may come to my attention, including information that was unavailable to me as of the date of this Report. I declare under penalty of perjury that foregoing is true and correct to the best of my knowledge and belief as of the date of this Report

Dated: November 1, 2013

Mark A. Renzi
Senior Managing Director
FTI Consulting Inc.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
---------------------------------------X
IN RE:
RESIDENTIAL CAPITAL, LLC, et al.

Civil Action No. 12-12020 (MG)
---------------------------------------X

HIGHLY CONFIDENTIAL

VIDEO DEPOSITION OF MARK RENZI

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Q. So I will get to that.

A. So if you're more specific.

Q. When I say "expert report," I will be referring to your opening expert report. And when I say "rebuttal report," I am going to be referring to your rebuttal report, which is the second expert report that you filed in Phase 2.

A. Okay.

Q. Does that help?

MR. KERR: Just so the record is really clear. The opening report is the October 18, 2013, report that was filed in connection with Phase 2, and I believe the rebuttal report is November 1st, 2013, rebuttal report filed in connection with Phase 2. Just so we can tie it by date.

Q. Now I forgot the question.

How did you decide which analyses to include in your rebuttal report?

A. The rebuttal report, the analyses that were presented were analyses I thought were reasonable and got to the heart of the

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matter of intercompany balances.

Q. How did you determine that they were reasonable?

A. I worked with counsel.

Q. And what direction did you get from counsel?

A. When working with counsel, we talked about the merits of the variety of scenarios that were run and presented in the expert report and the validity of the intercompany balances and a variety of legal aspects to the intercompany balances that should be considered.

Q. When you said that you "talked about the merits of the variety of scenarios that were run," were you referring to -- what scenarios were you referring to?

A. The four scenarios -- sorry, I guess there are five scenarios presented. Six, sorry. So for Scenarios 1A through 1B, more specific.

Q. Were there other scenarios that you run that you determined -- sorry. Let me take that back.

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After you received Mr. Fazio's expert report on October 18th, did you review it?

A. I did.

Q. And did you run any scenarios, other than the ones included in your rebuttal report, after looking at Mr. Fazio's report?

A. Yes.

Q. And what scenarios did you run?

A. They don't have names. We just tried to replicate Mr. Fazio's analysis in his scenarios and then ran some additional scenarios that I thought were reasonable.

Q. Did you run any scenarios that reflected a value for the Ally -- for settlement with Ally?

A. Yes.

Q. Did you present any of those in your rebuttal report?

A. No.

MS. MILLER: I would like to mark as Renzi Exhibit 1, the expert report of Mark Renzi dated October 18, 2012.

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A. No.

Q. Okay. Looking at page 9 of your expert report, you state that the liquidation analysis doesn't attempt to estimate estate recoveries arising from affirmative damages claims against third parties.

A. I am sorry; is that a question?

Q. No, that's not a question. That's a statement. Why did you -- sorry, why did you not attempt to estimate estate recoveries from affirmative damages claims against third parties?

A. This is for the purposes of the liquidation analysis. The global settlement -- as opposed to the global settlement. The global settlement, there is proceeds coming in to the estates of approximately $2.1 billion for -- that is due to broad third-party releases. I would think that if there is -- if it happens to be not a global settlement, then Ally has been on record, Michael Carpenter is on record saying "I am doing this for global peace." If it is not global peace and there is not broad

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third-party releases, then there won't be a settlement and we will fight tooth and nail. So I believe that it's very difficult to estimate recoveries from Ally based on those two main issues.

Q. But you're not suggesting that the claims have no value?

A. No, I am not suggesting the claims have no value.

Q. Have you done anything to determine what -- to estimate what the value would be?

MR. KERR: Objection.

A. You mean other than what's presented in the global settlement and what's presented by the examiner?

Q. Right.

A. No.

Q. Have you reviewed the examiner report?

A. I have. Let me be more clear. It is a very long document. I would have said it is over a thousand pages because I remember seeing it stacked, but I have read

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Q. And sometimes the piecemeal settlements can collectively result in a value higher or lower than a global settlement, right?

MR. KERR: Objection.

A. We are in a hypothetical world right now, right?

Q. A hypothetical world based on your experience in litigations.

A. I suspect it is possible.

Q. And you understand -- and, Mr. Carpenter -- sorry. Strike that.

You understand that if ResCap went out and litigated against Ally, there would be some value attributed to that claim that it could assert against Ally in a litigation, right?

MR. KERR: Objection.

MR. MARINUZZI: Objection.

A. I think ResCap couldn't litigate against Ally but the extent, the time period, you know, whether or not they could be effective over an extended period of time, is speculative to me. I know there are a number of different issues involved in litigation and this estate without a 2 -- infusion of $2.1 billion could theoretically be administrative insolvent before it could be done with litigation. So, yes, I understand that ResCap could fight extensively in a liquidation scenario, could fight extensively to the -- limited to the amount of money that the estate would have.

Q. Do you also understand that there are lawyers who work on contingency fees?

A. Yes, I understand that.

Q. And the likely outcome of Ally -- sorry, of ResCap litigating -- fighting extensively is probably not zero value attributed to any claim, right?

MR. KERR: Objection.

A. I think that there are so many different components that go into that calculus that it is hard to say. There could be value. Undeniably, there could be value. Whether or not it is unlocked and the net value is positive, that's entirely possible. But you're talking about a very complex case

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where you have the entity that's willing under global settlement to provide funds, has gone on record saying we are providing it for global peace, broad third-party releases, and if we don't have those, then we are not going to -- we are going to fight. So I have no reason to doubt a very senior, Mr. Carpenter on his word.

Q. Did you ever ask Mr. Carpenter whether he would -- what amount he would pay if he didn't get a broad third-party release?

MR. KERR: Has Mr. Renzi ever asked Mr. Carpenter that?

MS. MILLER: Yes, has Mr. Renzi ever asked Mr. Carpenter.

A. Other than reading and reviewing some of his comments, no, I have not directly spoken to Mr. Carpenter.

Q. So did you ever hear Mr. Carpenter -- did Mr. Carpenter ever directly tell you that he would not settle if he didn't have a global settlement or broad third-party releases?

A. I believe that's on record.

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A. Not for the expert report.

Q. After you received Mr. Fazio's expert report, did you review that? Did you run that model?

MR. KERR: Objection.

A. I would have to look at his expert report. There are a few of them. And there are many scenarios. So the answer is, we checked to see if we were close under one or two scenarios, but I didn't try to replicate all of his scenarios. Again, I didn't have full information for his analysis, but I have nothing -- what I have stated here in my expert report is still consistent with my belief.

Q. What impact would including a recovery on account of AFI -- of an AFI settlement be on the intercompany balances that you have identified?

MR. KERR: Objection.

Q. Sorry, let me restate that.

A. It is broad.

Q. Would the inclusion of an AFI contribution increase the recovery on

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intercompany balances?

A. It depends.

Q. What does it depend on?

A. If all the intercompany balances were valid.

Q. If all the intercompany balances are valid, would the AFI contribution increase the recovery on the intercompany balances?

A. It depends.

Q. It depends on what?

A. It depends on which intercompanies are valid.

Q. Like I said, if all the intercompany balances are valid, would the AFI contribution increase the recovery on the intercompany balances?

A. Sorry, if all were valid it would increase -- if all intercompany balances are valid, it would increase the value of the intercompany balances.

Q. And do you know by how much?

A. Under what scenario?

Q. Under Scenario 2.

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MR. KERR: You are talking about Scenario 2 of Mr. Renzi's rebuttal report?

Q. Under Scenario 2 of your rebuttal report, in which you assume that all intercompanies are valid at face value, if you added in the AFI -- an AFI contribution value, what impact would that have on the intercompany balance recovery?

A. Under Scenario 2, I think Mr. Fazio has run this analysis, the JSNs would be -- if there is an AFI contribution, the JSNs would likely be oversecured.

Q. And do you know how much of -- how much of a payment by Ally would be needed to render the JSNs oversecured in Scenario 2?

A. I haven't run it incrementally in the way you are asking it. So you are asking if I -- if I have taken it like Mr. Fazio has done, he's gone from 250 to, I don't remember, 350 to 450, 550, et cetera, et cetera, up to and beyond, I think beyond $3 billion. I haven't done it the way he has done it.

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A. Yes.

Q. I think we are all on page 12 of Exhibit 5, which is the Renzi rebuttal report, which is titled "Overview of Scenarios Global Assumptions." And on the left-hand column, it says "AFI Contribution."

And you state that, "Sensitivity scenarios outlined in this report assume no AFI contribution." And then you state, "I have also been instructed by counsel not to include any value for purported liens by the JSNs on alleged causes of action by the estates against Ally or its affiliates."

Do you know why you were instructed to assume no liens?

A. Because it wasn't -- when I discussed it with counsel, we didn't feel that it was a reasonable assumption.

Q. And what impact would the JSNs having a lien have on the recovery analysis, if it also included some value for the AFI contribution?

A. What assumptions do you want me to make? I can't answer -- that's, like, too

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broad of a question.

Q. I want you to assume Scenario 2, where you take all the intercompanies at face value, but assume that there is an AFI contribution and that the junior secured note holders have a lien on that, or at least on some portion of that contribution.

A. And your question is?

Q. What impact does that have on the JSN recovery?

A. It improves their recovery.

Q. Do you know how much of -- what value they, the JSNs, need to have a lien on to render them oversecured?

A. I mean, I just want to back up. We are in this hypothetical world where we assume, like center is powerless, everything else equal, Scenario 2, where nothing else changes. Meaning claims don't change, that from other constituents, and that there is a settlement, and the JSN intercompany balances are -- the JSNs have a lien on the intercompany balances, and the intercompany balances are valid.

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So all of those things, I want to make sure I caveat it, because Scenario 2, I don't necessarily think would be -- if we turn on value for Scenario 2, I think other things will change. I don't think -- I just want to make sure that -- I don't know that Scenario 2 would exist if you turn on an AFI contribution.

Q. I understand. We are going to talk about that.

A. Okay.

Q. What I want to know now is, if there is, assume Scenario 2 where intercompanies are on at face value as recorded in the books and records of the debtors, and you assume that there is a payment by Ally, it may be more, it may be less than the -- what is being termed the Ally -- the AFI contribution, there is a payment by Ally and settlement of claims, including some of which the JSNs have a lien on.

Do you know what value of -- what value the lien -- the JSN lien on Ally

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I thought it was reasonable to present the information in the way it was presented.

Q. And if you had subordinated the Monoline claims or the RMBS claims, that would have resulted in higher recovery to the JSNs under the liquidation analysis, right?

A. No.

Q. No?

A. It depends.

Q. What does it depend on?

A. Well, I mean, if you move one lever, let's say, just for argument's sake, there are 100 levers, 100 meaningful levers, if you move one lever such as if there is an AFI contribution in a liquidation analysis, there would be many other things that will change. Because -- and there are how long to recover, what the claims of other constituents could be. I mean, there have been assertions from the RMBS trustees of up to $44 billion in claims. I am sure under certain scenarios, they would argue and fight to get as big a claim as they possibly could under a liquidation analysis. But what is

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presented in the liquidation analysis, in my opinion, is reasonable.

Q. Looking at the Disclosure Statement, which is Renzi Exhibit 6.

A. Could I just open one of the smaller ones?

MR. KERR: No, it is in this big one.

Q. Looking at page 51 of 201 on the top.

A. Further back?

Q. No, to the front. 51 in the first count.

A. First count, 51 of 201. Almost there.

Q. Mr. Renzi, did you review the section of the Disclosure Statement related to -- sorry, the discussion in the Disclosure Statement relating to the compromise of intercompany balances?

MR. KERR: Objection. Reviewed at any time?

MS. MILLER: Yes.

A. Yes.