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**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.)	Jointly Administered
)	

**NINETEENTH POST-CONFIRMATION STATUS
REPORT OF THE RESCAP LIQUIDATING TRUST**

The ResCap Liquidating Trust (the “**Liquidating Trust**”), as successor in interest to the debtors (collectively, the “**Debtors**”) in the above-captioned cases (the “**Chapter 11 Cases**”), hereby submits this post-confirmation status report for the quarterly period ending on March 31, 2019 (the “**Reporting Period**”), and respectfully represents as follows:

STATUS REPORT

1. On December 11, 2013, the Court entered the *Order Confirming Second Amended Joint Chapter 11 Plan Proposed by Residential Capital, LLC et al. and the Official Committee of Unsecured Creditors* (the “**Confirmation Order**”) [Docket No. 6065] approving the terms of the Chapter 11 plan, as amended (the “**Plan**”), filed in these Chapter 11 Cases [Docket No. 6065-1].¹

2. On December 17, 2013, the Effective Date of the Plan occurred (the “**Effective Date**”), and the Liquidating Trust was established [Docket No. 6137]. Pursuant to the Plan, the Liquidating Trust was established to wind down the affairs of the Debtors. *See* Plan, Art. VI.

¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.



3. On August 13, 2014, the Liquidating Trust filed an application for entry of a post-confirmation order (the “**Post-Confirmation Order**”) [Docket No. 7385]. On August 26, 2014, the Court entered an amended Post-Confirmation Order [Docket No. 7431]. Pursuant to the Post-Confirmation Order, the Liquidating Trust is required to file quarterly and annual status reports detailing the actions taken by the Liquidating Trust and the progress made toward the consummation of the Plan.

4. Attached hereto as **Exhibit A** is a copy of the Liquidating Trust’s consolidated financial statements and letter to beneficiaries (collectively, the “**Financial Statements**”) detailing the Liquidating Trust’s activity during the Reporting Period. The Financial Statements have been posted to the Liquidating Trust’s website at <http://rescapliquidatingtrust.com>.

NOTICE

5. Notice of this Status Report has been provided to the parties identified on the Special Service List and General Service List, as those terms are defined in the Notice, Case Management, and Administrative Procedures approved by the Court [Docket No. 141], including the Office of the U.S. Trustee for the Southern District of New York.

Dated: May 13, 2019
New York, New York

KRAMER LEVIN NAFTALIS & FRANKEL LLP

/s/ Joseph A. Shifer _____
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Counsel for the ResCap Liquidating Trust

Exhibit A

ResCap Liquidating Trust

ResCap Liquidating Trust

**Condensed Consolidated Financial Statements
as of and for the Period Ended March 31, 2019
(Unaudited)**

ResCap Liquidating Trust

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ResCap Liquidating Trust

Condensed Consolidated Statement of Net Assets in Liquidation

(Unaudited)

In thousands (except per unit)

Assets:	March 31, 2019	December 31, 2018
Cash and cash equivalents	\$ 103,030	\$ 146,942
Restricted cash	12,824	12,907
Mortgage assets	9,451	13,532
Other receivables	31,587	26,804
Other assets	1,422	1,321
Total assets	158,314	201,506
Liabilities:		
Claims and settlements	-	-
DOJ/AG consent settlement	9,376	9,444
Estimated costs to operate Trust	93,505	110,282
Liability for undistributed funds	214	204
Total liabilities	103,095	119,930
Net Assets in Liquidation	\$ 55,219	\$ 81,576
Total units in the Trust	98,859,354	98,859,354
Net assets per authorized unit	\$ 0.56	\$ 0.83

The Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

ResCap Liquidating Trust

Condensed Consolidated Statement of Cash Receipts and Disbursements

(Unaudited)

In thousands

	Quarter and year to date ended March 31, 2019	Effective Date through March 31, 2019
Receipts		
Receipts on assets held for sale	3,664	635,880
Litigation / claim recoveries	45,541	1,223,969
Other receipts	2,573	161,606
Plan settlements	-	2,100,000
Total receipts	51,778	4,121,455
Disbursements		
Claims and settlement	-	(1,642,074)
DOJ / AG consent settlement	(65)	(88,212)
Costs to operate the Trust	(20,718)	(637,515)
Total disbursements	(20,783)	(2,367,801)
Distributions		
Declared distribution	(75,000)	(3,345,000)
Recaptured distribution	-	29,506
Change in undistributed funds	10	214
Total distributions	(74,990)	(3,315,280)
Net cash flow	(43,995)	(1,561,626)
Cash and restricted cash, beginning of period	159,849	1,677,480
Cash and restricted cash, March 31, 2019	115,854	115,854

The Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

ResCap Liquidating Trust

Condensed Consolidated Statement of Changes in Net Assets in Liquidation

(Unaudited)

In thousands (except per unit)

	Quarter and year to date ended March 31, 2019	Effective Date through March 31, 2019
Net cash flow	\$ (43,995)	\$ (1,561,626)
Other non-cash changes:		
Increase (decrease) in asset value assumptions	(381)	(53,001)
(Increase) in costs to operate the Trust	(3,914)	(524,623)
(Increase) decrease in DOJ/AG consent settlement	2	(16,928)
Basis of assets/liabilities liquidated/resolved	21,941	(303,990)
(Increase) decrease in distributions held for Beneficiaries	(10)	(214)
Total non-cash changes	17,638	(898,756)
Total increase (decrease) in net assets	(26,357)	(2,460,382)
Net assets in liquidation, beginning of period	81,576	2,515,601
Net assets in liquidation, March 31, 2019	\$ 55,219	\$ 55,219

Per unit information:

	\$ per Unit	\$ per Unit
Net assets per unit, beginning of period	\$ 0.83	\$ 25.16
Impact of cancelled units on beginning balance	-	0.29
Revised beginning of period balance	0.83	25.45
Recognition of cancelled unit prior period distributions	-	-
Increase in net assets per unit	0.49	8.65
Declared distributions per unit	(0.76)	(33.54)
Net asset per unit, March 31, 2019	\$ 0.56	\$ 0.56

The Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

ResCap Liquidating Trust

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Description of Business and Basis of Presentation

The ResCap Liquidating Trust ("Trust") was formed in connection with the Plan of Reorganization under chapter 11 of the United States Bankruptcy Code ("Plan") in the bankruptcy case of Residential Capital, LLC ("ResCap"). The Plan became effective on December 17, 2013 ("Effective Date").

Units of beneficial interest ("Units") were issued by the Trust. The Units entitle their holders ("Beneficiaries") to receive a proportionate amount of cash distributions ("Declared Distributions") made by the Trust.

Basis of Presentation

The unaudited Condensed Consolidated Financial Statements (the "Statements") reflect the accounts of the Trust and subsidiaries after eliminating all significant intercompany balances and transactions. The Statements have not been prepared in accordance with generally accepted accounting principles; rather they have been prepared using a liquidation basis of accounting, which the Trust considers an appropriate basis of accounting at this time. The assets are stated at their estimated net realizable value, which is the amount of cash into which an asset is expected to be converted during the liquidation period. The Trust also accrues costs that it expects to incur through the end of its liquidation. The Trust will record and value affirmative settlements or judgments when realized and collectability is reasonably anticipated. The Trust does not accrue contingent costs.

These Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto for the year ended December 31, 2018.

2. Restricted Cash

Restricted cash is comprised of the following (in \$000's):

	March 31, 2019	December 31, 2018
DOJ/AG consent settlement reserve	\$ 9,376	\$ 9,444
Servicer Escrow	3,234	3,259
Distributions held for Beneficiaries	214	204
Other (APSC and DCR)	-	-
Total restricted cash	<u>\$ 12,824</u>	<u>\$ 12,907</u>

ResCap Liquidating Trust

3. Mortgage Assets

Mortgage assets are comprised of the following (in \$000's):

	March 31, 2019		December 31, 2018	
	Gross Balance	Carry Value	Gross Balance	Carry Value
Mortgage insurance claims (FHA/VA)	\$ 24,572	\$ 9,351	\$ 33,623	\$ 12,219
Non-insured mortgage loans	1,936	-	1,926	-
Real estate owned	522	100	1,854	1,313
Trading Securities	205	-	217	-
Total mortgage assets	\$ 27,235	\$ 9,451	\$ 37,620	\$ 13,532

Mortgage insurance claims gross balances are mainly comprised of \$8.5 million of mortgage principal and \$15.6 million of servicing advances. The Trust is actively marketing all real estate owned assets. The Trust carrying value reflects the net present value of the cash flows expected to be received over the lifetime of the mortgage assets. Because of the uncertainties associated with estimating the amounts, timing and likelihood of possible outcomes, actual results could differ from the Trust's estimates.

Mortgage Insurance Claims resolution timelines are subject to asset specific hurdles, including but not limited to eviction, litigation, property preservation work to place the property in conveyable condition, and HUD review and approval. During this period, the Trust will continue to advance property related expenses (e.g. legal, taxes, preservation) which are subject to curtailment by HUD.

4. Other Receivables

Other receivables is comprised of the following (in \$000's):

	March 31, 2019	December 31, 2018
Affirmative Matters, net	\$ 31,317	\$ 25,157
Other Receivables	270	1,647
Total other receivables	\$ 31,587	\$ 26,804

5. Estimated Costs to Operate the Trust

Estimated costs to operate the Trust are comprised of the following (in \$000's):

	March 31, 2019	December 31, 2018
Professional fees (legal, expert, other professional costs)	\$ 55,677	\$ 76,161
Compensation	10,396	12,223
Document management	14,322	11,719
Information technology	6,280	4,089
Other operating costs	6,830	6,090
Total costs to operate the Trust	\$ 93,505	\$ 110,282

The estimated cost to operate the Trust of \$93.5 million and is comprised of \$40.1 million for RMBS litigation and \$53.4 million for other fixed obligations through its expected life. Of the total \$93.5 million, \$16.0 million of expenses have been incurred but not yet paid, leaving the future expected costs at \$77.5

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million. The future costs of \$77.5 million include \$35.8 million for RMBS, reflecting a reduction in professional fees of \$19.0 million from the prior quarter due to the settlement of a number of open cases. The reduction in the RMBS cost to operate was offset by an increase in the amount of \$17.0 million to other Trust costs expense with respect to the extension of the Trust through 2020 necessitated by the continued prosecution of the correspondent cases and collection of other assets. The total of these future costs is \$41.7 million consisting of contractually based costs, including severance, compensation, data storage and destruction and other expenses expected to be incurred and paid to operate and be compliant with management of the Trust and is not solely dependent upon the number of RMBS cases pending.

6. Commitments and Contingencies

DOJ/AG Consent Settlement

The Trust maintains a liability for its DOJ/Consent Settlement obligations and related costs and expenses of \$9.4 million and \$9.4 million as of March 31, 2019, and December 31, 2018, respectively.

Litigation

From time to time claims may be asserted against the Trust. At this time, the Trust cannot estimate the possible financial effect of these claims.

Affirmative Matters

The Trust is pursuing various affirmative matters. These include:

- Indemnity and breach of contract claims (the "Correspondent Litigation") against correspondent lenders that sold loans to Residential Funding Company LLC ("RFC") (a subsidiary of ResCap) have been brought in various court jurisdictions, seeking recovery of liabilities and losses that RFC incurred by virtue of its purchase from the defendants of residential mortgage loans that breached the defendants' representations and warranties through litigation and non-litigation processes.

During the quarter ended March 31, 2019, the Trust settled and recognized a total of \$51.7 million. The agreements provide for the full and final resolution of any pending or future litigation against the correspondents and a mutual release of all claims relating to residential mortgage loans that the correspondents sold to RFC.

In November, the jury reached a verdict in favor of the Trust in the litigation against Home Loan Center Inc., awarding the Trust \$28.7 million. Additionally, the Trust filed motions to recover interest, fees and costs in the amount of \$42.4 million associated with the Home Loan Center case, which motions were heard by the court in February 2019. The Court issued an order on March 18, 2019 awarding \$14.1 million of interest upon the award through November 18, 2018, plus post judgment interest upon the total damages and interest award. The Trust awaits the Court's order related to the fee petition, and consequently has not reflected the verdict, or the interest, fees and costs in these Condensed Consolidated Financial Statements.

Two additional cases remain outstanding which are in the pre-trial stages.

- Other affirmative matters. The Trust is party to certain other affirmative matters, including an action against certain insurers for failure to cover certain settlement costs.

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- Reservation of rights. The Trust has reserved its rights with respect to other affirmative claims it may bring in the future.

At this time, the Trust cannot predict the outcome of these matters or estimate the possible financial effect of these matters on the Condensed Consolidated Financial Statements, and as such, neither contingent gains nor any contingent costs to pursue these matters are currently recorded.

Since the Effective Date, through March 31, 2019 and excluding subsequent events, the Trust settled a total of \$1,260.1 million in affirmative matters including \$1,207.5 million in Correspondent Litigation, \$9.7 million in International, and \$42.9 million in other matters. Of the total, \$31.3 million has not yet been received and is recorded in Other Receivables, net of a reserve for uncollectible amounts.

7. Subsequent Events

Events subsequent to March 31, 2019 were evaluated through May 10, 2019, the date on which these Condensed Consolidated Financial Statements were issued.

On April 9, 2019, the DOJ issued a letter stating that based on the efforts the Trust and its administrators have conducted to-date, the United States concluded it can close the matter related to the SCRA remediation. The reserve related to this matter was released in the amount of \$9.4 million.

Subsequent to quarter end, the Trust received cash from prior settlements of correspondent litigation in the amount of \$30.9 million, paying down the Other receivables reflected on the Trust balance sheet as of March 31, 2019.

On May 10, 2019, the Trust announced a cash distribution of \$.2528 per unit to holders of units of beneficial interest in the Trust, totaling \$25 million. The distribution will be paid on June 4, 2019 with a record date of May 20, 2019.

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Q1 2019 Beneficiary Letter



May 10, 2019

LIQUIDATING TRUST

Dear Beneficiaries:

The Trust continued its efforts into Q1 2019 to generate value for the beneficiaries and effectively and efficiently continue to wind down the Trust. Some key highlights of the successful quarter are outlined below.

On February 26, 2019, the Trust announced a cash distribution of \$.7586 per unit to holders of units of beneficial interest in the Trust, totaling \$75 million. The distribution was paid on March 25, 2019 with a record date of March 8, 2019.

On May 10, 2019, the Trust announced a cash distribution of \$.2528 per unit to holders of units of beneficial interest in the Trust, totaling \$25 million. The distribution will be paid on June 4, 2019 with a record date of May 20, 2019. This distribution brings the total distributions since inception of the Trust to \$ 3.3 billion, or \$33.7900 per unit.

In November, a jury in Minnesota federal court awarded a favorable trial verdict for contractual indemnification against Home Loan Center Inc. for \$28.7 million in damages exclusive of interest, fees and costs. The Trust filed a motion for recovery of interest in the amount of \$14.1 million and legal fees and costs in the amount of \$28.3 million. The interest and fee petitions were heard by the court in February, 2019. The Court issued an order on March 18, 2019 awarding \$14.1 million of interest upon the award through November 18, 2018, plus post judgment interest upon the total damages and interest award. The Trust awaits the Court's order related to the fee petition. As of the date of this letter, the Trust is litigating two cases against correspondent lenders of Residential Funding Company LLC, for indemnity and breach of contract which are pending in Federal District Court in Minnesota. The Trust has reached settlements totaling approximately \$1.2 billion since the inception of the Trust through March 31, 2019.

The Trust continues to work with LoanCare and HUD to pursue claim recoveries with respect to our remaining insured loan portfolio and the sale of our Real Estate Owned (REO) properties. As of March 31, 2019, there are fewer than 27 assets pending filing of the initial claim with HUD, with 21 of those still actively being worked to clear various hurdles for HUD claims. Carrying value for the mortgage loan portfolio of \$9.5 million represents the Trust's future expected recovery. Timing of full recovery of the mortgage loan portfolio is affected by the inherent nature of the troubled assets. We continue to see a delay resulting from the government shutdown on HUDs review of claims.

On April 9, 2019, the DOJ issued a letter stating that based on the efforts of ResCap Liquidating Trust and its administrators conducted to-date, the United States concluded it can close the matter related to the SCRA remediation. As a result, subsequent to quarter end, the Board agreed to release the DOJ reserve for \$9.4 million.

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LIQUIDATING TRUST

The Administrative Expenses Set Aside holds cash for the payment of Trust operating expenses. As of March 31, 2019, the Administrative Expenses Set Aside consists of \$93.5 million, of which \$40.1 million relates to the future potential cost of the correspondent litigation, and \$53.4 million relates to other fixed obligations of the Trust throughout its current expected life. In Q1, the Board reduced the RMBS expected costs by \$19.0 million to reflect settlement of a number of the open cases. The reduction in the RMBS cost to operate was offset by an increase in the amount of \$17.0 million to other Trust costs expense with respect to the extension of the Trust through 2020 necessitated by the continued prosecution of the correspondent cases and collection of other assets. The balance of the Administrative Expense Set Aside has been funded with available cash on hand as of March 31, 2019 to cover the total \$93.5 million.

To aid Beneficiaries in their tax reporting, the Trust is providing a quarterly Tax Information Letter and estimated quarterly tax information. The Tax Information Letter is being distributed along with this quarterly Beneficiary Letter.

The Trust's first quarter 2019 financial report and certain tax information have been posted on our website at <http://www.rescapliquidatingtrust.com/#financial-statements>.

The Board and management of the Trust continue to work diligently towards the goal of maximizing value for Beneficiaries in the most efficient manner possible. We look forward to reporting on the results of our efforts.

Sincerely,



Liquidating Trust Manager