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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
)	

**TWENTY-FOURTH 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 September 30, 2020 (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

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



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.

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 letters 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: November 11, 2020
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 September 30, 2020
(Unaudited)**

ResCap Liquidating Trust

Condensed Consolidated Statement of Net Assets in Liquidation

(Unaudited)

In thousands (except per unit)

Assets:	September 30, 2020	December 31, 2019
Cash and cash equivalents	\$ 98,052	\$ 100,869
Restricted cash	3,517	3,496
Mortgage assets	1,707	2,416
Other assets	6,425	730
Total assets	109,701	107,511
Liabilities:		
Estimated costs to operate Trust	56,030	78,246
Liability for undistributed funds	232	229
Total liabilities	56,262	78,475
Net assets in liquidation	\$ 53,439	\$ 29,036
Total units in the Trust	98,859,354	98,859,354
Net assets per authorized unit	\$ 0.54	\$ 0.29

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

	Quarter to date ended September 30, 2020	Year to date Ended September 30, 2020	Effective Date through September 30, 2020
Receipts			
Receipts on assets held for sale	\$ 741	\$ 1,314	\$ 642,923
Litigation / claim recoveries	52,095	53,970	1,312,057
Other receipts	122	4,352	169,913
Plan settlements	-	-	2,100,000
Total receipts	52,958	59,636	4,224,893
Disbursements			
Claims and settlement	-	-	(1,642,074)
DOJ / AG consent settlement	9	10	(88,201)
Costs to operate the Trust	(7,914)	(26,845)	(694,666)
Total disbursements	(7,905)	(26,835)	(2,424,941)
Distributions			
Total distributions	(35,597)	(35,597)	(3,375,862)
Net cash flow	9,456	(2,796)	(1,575,910)
Other non-cash changes affecting:			
Increase (decrease) in asset value assumptions	-	4	(55,026)
(Increase) decrease in costs to operate the Trust	57	(4,574)	(544,553)
(Increase) decrease in DOJ/AG consent settlement	-	(1)	(7,551)
Basis of assets/liabilities liquidated/resolved	(44,471)	31,773	(278,890)
(Increase) decrease in distributions held for Beneficiaries	(3)	(3)	(232)
Total non-cash changes	(44,417)	27,199	(886,252)
Total increase (decrease) in net assets	(34,961)	24,403	(2,462,162)
Net assets in liquidation, beginning of period	88,400	29,036	2,515,601
Net assets in liquidation, end of period	\$ 53,439	\$ 53,439	\$ 53,439

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") 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.

These Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto for the year ended December 31, 2019.

2. Assets

	September 30, 2020	December 2019
Cash and cash equivalents	\$ 98,052	\$ 100,869
Restricted cash	3,517	3,496
Mortgage assets	1,707	2,416
Other Assets	6,425	730
Total assets	<u>\$ 109,701</u>	<u>\$ 107,511</u>

Restricted cash includes a \$1.0 million liquidity escrow that will be released to the Trust 60 days post termination of the servicer contract, and an additional \$2.3 million supporting servicer potential incentive payable. The incentive payable balance is valued at \$1.2 million as of September 30, 2020. Any restricted cash not utilized for the incentive will be released to the Trust 60 days post termination of the servicer contract.

The remaining Mortgage assets have a carrying value of \$1.7 million representing the Trust's future expected recovery value. The resolution timelines are subject to asset specific hurdles, including final title approval from HUD, filing documentation for expense claims, and HUD review and approval.

Other assets includes primarily the receivable from a litigation settlement. The Trust records and values affirmative settlements or judgments when realized and collectability is reasonably anticipated.

ResCap Liquidating Trust

3. Estimated Costs to Operate the Trust

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

	September 30, 2020			December 31, 2019	
	Accrued	Future	Total	Total	
Professional fees (legal, expert, other professional costs)	\$ 8,350	\$ 33,853	\$ 42,202	\$	57,572
Compensation	2,355	5,110	7,465		8,844
Document management	9	960	969		5,134
Information technology	56	1,944	2,000		2,887
Other operating costs	1,130	2,263	3,394		3,809
Total costs to operate the Trust	\$ 11,900	\$ 44,130	\$ 56,030	\$	78,246

The estimated cost to operate the Trust is \$56.0 million including \$11.9 million of expenses that have been incurred but not yet paid (\$8.3 million professional fees, and \$3.6 million other operating costs) and \$44.1 million of expected future costs for October 2020 through June 2022. Of the future \$44.1 million cost, \$15.7 million supports the on-going RMBS litigation and insurance recovery case pending in Bankruptcy Court, SDNY and \$28.4 million represents contractual obligations and the future costs for the operations and winddown of the Trust. The Trust does not accrue contingent costs.

4. Commitments and Contingencies

Affirmative Matters

The Trust is pursuing various affirmative matters. These include:

- There is one pending indemnity claim against Primary Residential Mortgage, Inc., which was tried in Minnesota Federal Court in a bench trial. In August 2020, the Federal District Court in Minnesota entered a judgment of \$5.4 million in favor of the Trust in the matter of Primary Residential Mortgage Inc. Subsequent to the judgment, the trust filed a motion for an additional \$15.5 million for attorney fees, costs and pre-judgment interest in the same matter and is pending a ruling on the matter.
- Insurance Recovery Action. The Trust has an adversary proceeding case pending in the U.S. Bankruptcy Court for the Southern District of New York, Drennen, et al., and ResCap Liquidating Trust v. Certain Underwriters at Lloyd's, London, et al., Adv. Case No. 15-01025-shl. In December 2019, the Bankruptcy Court issued a partial Summary judgment in favor of the Trust. The Trust's claim is approximately \$40 million, exclusive of interest and fees. Per the Trust's accounting policy, the Trust has not recorded this estimate in these Condensed Consolidated Financial Statements.
- 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.

ResCap Liquidating Trust

5. Subsequent Events

Events subsequent to September 30, 2020 were evaluated through, November 10, 2020, the date on which these Condensed Consolidated Financial Statements were issued. Subsequent to September 30, 2020, the remaining receivable for \$6.4 million was received.

RESCAP

LIQUIDATING TRUST

ResCap Liquidating Trust

Q3 2020 Beneficiary Letter

November 10, 2020

RESCAP

LIQUIDATING TRUST

Dear Beneficiaries:

The Trust continued its efforts into Q3 2020 to generate value for the beneficiaries and effectively and efficiently wind down the Trust.

Distribution in the amount of \$35.6 million to holders of record as of August 14, 2020 was paid on August 31, 2020.

In August 2020, the Federal District Court in Minnesota entered a judgment of \$5.4 million in favor of the Trust in the matter of Primary Residential Mortgage Inc. Subsequent to the judgment, the Trust filed a motion for an additional \$15.5 million in attorney fees, costs and pre-judgment interest in the same matter and is awaiting a decision from the Court.

The Trust continues to pursue litigation in its insurance recovery action pending in the U.S. Bankruptcy Court for the Southern District of New York.

The Administrative Set Aside of \$44.1 million (net of costs incurred but not yet paid) reflects the extension of the Trust through June 2022 to support the continuing work with the insurance adversary action, correspondent RMBS litigation, and final wind down actions. A breakdown of the costs is shown in the accompanying financial statements.

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 third quarter 2020 financial report and certain tax information have been posted on our website at <http://www.rescapliquidatingtrust.com/#financial-statements>.

The Trust continues 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,



John Ray
Liquidating Trust Manager