

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

<hr/>)	
In re:)	Case No. 12-12020 (MG)
)	
RESIDENTIAL CAPITAL, LLC, <u>et al.</u> ,)	Chapter 11
)	
Debtors.)	Jointly Administered
<hr/>)	

**ORDER AUTHORIZING THE DEBTORS TO PROVIDE NOTICE
TO BORROWERS THAT THE DEBTORS WILL SUSPEND FUNDING DRAWS
UNDER CERTAIN HOME EQUITY LINES OF CREDIT**

Upon the motion (the “Motion”)¹ of the Debtors for an order under Bankruptcy Code section 105 and Bankruptcy Rule 2002(m) authorizing the Debtors to provide notice to borrowers under certain home equity lines of credit (“HELOCs”) that the Debtors will suspend funding any home equity borrowers’ draw requests under such lines; and upon the Whitlinger Affidavit; and it appearing that this Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that venue of these Chapter 11 cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that this proceeding on the Motion is a core proceeding pursuant to 28 U.S.C. §157(b); and sufficient notice of the Motion having been given under the particular circumstances; and it appearing that no other or further notice need be provided; and it appearing that the relief requested by the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and after due deliberation thereon; and sufficient cause appearing therefor, it is hereby:

ORDERED, ADJUDGED, AND DECREED THAT:

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion. Creditors and parties-in-interest with questions or concerns regarding the Debtors’ Chapter 11 cases or the relief granted herein may refer to <http://www.kccllc.net/rescap> for additional information.



1. The Motion is GRANTED as set forth herein.
2. The Debtors are authorized to send the notice attached hereto as Exhibit 1 to each HELOC borrower advising the borrowers of the Debtors' inability to honor any further HELOC advances on the loans and trusts identified on Exhibits C-1 to C-5 to the Motion.
3. GMAC Mortgage will continue to honor draws on certain HELOC loans originated and retained by Ally Bank in its held-for-investment portfolio pursuant to the Servicing Agreement between GMAC Bank (now known as Ally Bank) and GMAC Mortgage, dated August 21, 2001 and related amendments (the "Servicing Agreement") with funding provided by Ally Bank and sent to the Bank Of New York Mellon account to fund Ally Bank customers' HELOC draws. Ally Bank shall not seek a claim against the Debtors' estates for funding these advances.
4. Notwithstanding anything herein to the contrary, this Order shall not modify or affect the terms and provisions of, nor the rights and obligations under, (a) the Board of Governors of the Federal Reserve System Consent Order, dated April 13, 2011, by and among AFI, Ally Bank, ResCap, GMAC Mortgage, LLC, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation, (b) the consent judgment entered April 5, 2012 by the District Court for the District of Columbia, dated February 9, 2012, (c) the Order of Assessment of a Civil Money Penalty Issued Upon Consent Pursuant to the Federal Deposit Insurance Act, as amended, dated February 10, 2012, and (d) all related agreements with AFI and Ally Bank and their respective subsidiaries and affiliates.
5. Notwithstanding Bankruptcy Rule 6004(h), to the extent applicable, this Order shall be effective and enforceable immediately upon entry hereof.

6. Upon notice to the parties and no objection having been interposed, an affiliated debtor shall be deemed to be a “Future Debtor” upon the Court’s entry of an order authorizing the joint administration of such Future Debtor’s Chapter 11 case with the Chapter 11 cases of the Debtors. Upon notice to the parties and no objection having been interposed, the relief granted by this Order shall apply to the Future Debtor in these jointly-administered cases.

7. This Court shall retain jurisdiction with respect to all matters relating to the interpretation or implementation of this Order.

Dated: May 23, 2012
New York, New York

/s/Martin Glenn
MARTIN GLENN
United States Bankruptcy Judge

EXHIBIT 1

**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
-----)	

IMPORTANT INFORMATION REGARDING YOUR HOME EQUITY LINE OF CREDIT

1. On May 14, 2012 (the “Petition Date”), Residential Capital, LLC (“ResCap”) and certain of its affiliates (collectively, the “Debtors”) each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”).

2. On May [23], 2012, the U.S. Bankruptcy Court for the Southern District of New York approved the Debtors’ request to issue this notice to you (the “Notice”).

3. You are receiving this Notice because you are currently a borrower under a home equity line of credit mortgage loan (“HELOC”) with the Debtors. Prior to the Petition Date, the Debtors have been responsible for advancing draws on your HELOC.

4. **Effective as of May 14, 2012, the Debtors will no longer fund any draws on your HELOC. Therefore, you will no longer be able to borrow any funds that may have otherwise been available under your HELOC. Please be further advised that, if you have any pending draw requests under your HELOC, such requests will not be honored.**

5. Please note that if you previously received a communication from the Debtors suspending your credit line availability, any reinstatement rights or process contained in that prior communication are no longer available. Borrowers in the process of reinstatement will be further notified regarding the cessation of their reinstatement rights.

6. Please remember that your existing loan balance remains outstanding and must be repaid in accordance with the terms of your HELOC agreement. You should continue to send your HELOC payments in the same manner and to the same address as you did before receiving this notice.

7. **IN THE UPCOMING MONTHS, THE DEBTORS WILL ESTABLISH A BAR DATE FOR THE FILING OF PROOFS OF CLAIM BY CREDITORS. YOU WILL RECEIVE NOTIFICATION OF THE BAR DATE. WE ANTICIPATE THAT NOTIFICATION OF THE BAR DATE WILL BE BOTH PUBLISHED IN NATIONAL NEWSPAPERS, AND OUR CLAIMS AGENT WILL POST THE RELEVANT FILING INFORMATION ON ITS WEBSITE (WWW.KCCLLC.NET/RESCAP). TO THE EXTENT THAT YOU BELIEVE THAT YOU HAVE BEEN DAMAGED BY THE DEBTORS’ DECISION CONCERNING YOUR HOME EQUITY LINE OF CREDIT,**

YOU WILL HAVE AN OPPORTUNITY TO ASSERT A CLAIM AGAINST THE DEBTORS' ESTATES BY FILING A PROOF OF CLAIM. YOU CAN OBTAIN A PROOF OF CLAIM FORM BY GOING TO WWW.NYSB.USCOURTS.GOV AND CLICKING ON THE "FORMS" HYPERLINK ON THE LEFT-HAND COLUMN OF THE WEBSITE. YOU MAY HAVE CLAIMS THAT ARISE UNDER COMMON LAW (I.E., BREACH OF CONTRACT, SETOFF), STATE AND/OR FEDERAL STATUTES. YOU SHOULD CONSULT WITH LEGAL COUNSEL WHEN DECIDING UPON THE PROPER COURSE OF ACTION. IF YOU FAIL TO TIMELY FILE A CLAIM, YOU MAY LOSE YOUR RIGHT TO OBTAIN A RECOVERY FROM THE DEBTORS' ESTATES AND MAY BE BARRED FROM ASSERTING SUCH CLAIM AGAINST THE DEBTORS IN THE FUTURE.

8. If you have any questions regarding this notice or the status of your HELOC, please contact the ResCap HELOC Call Center, at (888) 926-3480 or your servicer at the number provided with your HELOC information. Additional information regarding the Debtors' restructuring can be found online at <http://www.kccllc.net/rescap>.

Dated: _____, 2012
New York, New York