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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
)	

**THIRTY-SEVENTH 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 period ending on December 31, 2023 (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 are available on the claims agent’s website at <https://www.kccllc.net/rescap>.

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: February 13, 2024
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

**Consolidated Financial Statements
as of and for the Period Ended December 31, 2023
(Unaudited)**

ResCap Liquidating Trust

Consolidated Statement of Net Assets in Liquidation

(Unaudited)

In thousands (except per unit)

Assets:	December 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 66,224	\$ 80,330
Restricted cash	-	-
Other assets	-	-
Total assets	66,224	80,330
Liabilities:		
Estimated costs to operate Trust	29,753	32,530
Liability for undistributed funds	-	-
Total liabilities	29,753	32,530
Net assets in liquidation	\$ 36,471	\$ 47,800
Total units in the Trust	98,853,649	98,853,649
Net assets per authorized unit	\$ 0.37	\$ 0.48

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

ResCap Liquidating Trust

Consolidated Statement of Changes in Net Assets in Liquidation

(Unaudited)

In thousands

	Quarter to date ended December 31, 2023	Year to date Ended December 31, 2023	Effective Date through December 31, 2023
Receipts			
Receipts on assets held for sale	\$ 3	\$ 13	\$ 645,869
Litigation / claim recoveries	-	22,000	1,340,462
Interest - MMF	709	2,638	15,214
Other receipts	10	2,736	162,627
Plan settlements	-	-	2,100,000
Total receipts	722	27,387	4,264,172
Disbursements			
Claims and settlement	-	-	(1,642,074)
DOJ / AG consent settlement	-	-	(88,201)
Costs to operate the Trust	(1,733)	(18,590)	(746,388)
Total disbursements	(1,733)	(18,590)	(2,476,663)
Distributions			
Total distributions	-	(22,904)	(3,398,766)
Net cash flow	(1,011)	(14,107)	(1,611,257)
Other non-cash changes affecting:			
Increase (decrease) in asset value assumptions	-	-	(55,026)
(Increase) decrease in costs to operate the Trust	(12)	(15,812)	(569,989)
(Increase) decrease in DOJ/AG consent settlement	-	-	(7,551)
Basis of assets/liabilities liquidated/resolved	1,733	18,590	(235,307)
(Increase) decrease in distributions held for Beneficiaries	-	-	-
Total non-cash changes	1,721	2,778	(867,873)
Total increase (decrease) in net assets	710	(11,329)	(2,479,130)
Net assets in liquidation, beginning of period	35,761	47,800	2,515,601
Net assets in liquidation, end of period	\$ 36,471	\$ 36,471	\$ 36,471

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

ResCap Liquidating Trust

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Description of Business and Significant Accounting Policies

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").

The Trust issued units of beneficial interest ("Units"). 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 Consolidated Financial Statements (the "Statements") reflect the accounts of the Trust and subsidiaries after eliminating all significant intercompany balances and transactions. The Statements reflect all adjustments that are, in management's opinion, necessary for the fair presentation of the results for the periods presented. 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. 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 to the end of its liquidation. The Trust currently accrues costs through December 31, 2025, however, the prosecution of the remaining litigation discussed below, and the corresponding timeline for resolving such litigation through trial or appeals may cause the Trust to be further extended beyond December 31, 2025, resulting in an increase to future accrued costs for such extended periods and a corresponding reduction in cash available. The Trust will record and value affirmative settlements or judgements when realized and collectability is reasonably anticipated. The Trust does not accrue contingent costs.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term deposits and governmental money market funds.

Affirmative Recoveries

The Trust will record and value affirmative settlements or judgments when realized and collectability is reasonably anticipated.

Estimated Costs to Operate the Trust

The Trust accrues for all costs it expects to incur during its lifetime based on approved strategic assumptions and the Trust's current estimates. These costs are estimated based on asset resolution strategies, litigation timelines and modeled wind-down expenses of the Trust's operations and are recorded as liabilities.

The estimated future legal cost includes current pre-trial, trial, and potential appeal costs for the pending litigation. Actual future costs could vary significantly depending upon a wide variety of factors due to the uncertainties inherent in complex litigation. On a periodic basis, the Trust evaluates such estimates to take into consideration the overall status of the litigation and any material changes in circumstances or factors affecting the litigation, including but not limited to updated scheduling of the cases, discovery, settlements, and other factors that may affect such estimates. The Trust will record and value affirmative settlements or judgments when realized and collectability is reasonably anticipated. The Trust does not accrue contingent costs.

ResCap Liquidating Trust

Income Taxes

The Trust is a Grantor Trust, treated as a flow-through entity for U.S. federal and state income tax purposes. The Trust is not subject to U.S. federal or state income taxes; therefore, no accrual for these taxes is made. The Trust files a federal return and multiple state returns. While there are no ongoing examinations, the federal returns dating to the 2020 calendar year remain open. State returns generally remain open for either three or four years after filing.

2. Estimated Costs to Operate the Trust

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

	December 31, 2023			December 31, 2022	
	Accrued	Future	Total	Total	
Professional fees (legal, expert, other professional costs)	\$ 488	\$ 26,476	\$ 26,964	\$	30,064
Compensation	375	-	375		375
Document management	-	148	148		135
Information technology	-	1,048	1,048		982
Other operating costs	-	1,218	1,218		974
Total costs to operate the Trust	\$ 863	\$ 28,890	\$ 29,753	\$	32,530

The estimated cost to operate the Trust is \$29.8 million including \$.9 million of expenses that have been incurred but not yet paid and \$28.9 million of expected future costs for the period January 2024 through December 2025. Of the future \$28.9 million cost, \$11.6 million supports the on-going insurance recovery case pending in Federal District court and \$17.3 million represents existing contractual obligations and the future costs for the operations and wind-down of the Trust.

3. Commitments and Contingencies

Affirmative Matters

The Trust is pursuing the following affirmative matter:

Insurance Recovery Action - The Trust has an adversary proceeding case pending in the Federal District Court, Southern District of New York, ResCap Liquidating Trust v. Certain Underwriters at Lloyd's, London, et al., Adv. Case No. 15-01025-dsj. In December 2019, the Bankruptcy Court issued a partial summary judgment in favor of the Trust. The Trust's claim is approximately \$73.0 million, exclusive of interest and fees. At the end of 2022, the Court issued a decision on the summary judgment motions and ruled in the Trust's favor on all major issues. The case has moved to the Federal District Court, southern District of New York pending trial proceedings expected in the Third Quarter 2024.

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

ResCap Liquidating Trust

4. Subsequent Events

Events subsequent to December 31, 2023, were evaluated through February 13, 2024, the date on which these Consolidated Financial Statements were issued.

RESCAP

LIQUIDATING TRUST

ResCap Liquidating Trust

Q4 2023 Beneficiary Letter



LIQUIDATING TRUST

February 13, 2024

Dear Beneficiaries:

The Trust continued its efforts to wind down the Trust effectively and efficiently.

The Trust continues to pursue litigation in its insurance recovery action. The case has moved to the Federal District Court, southern District of New York and trial is expected to be scheduled in Third Quarter 2024. The amounts at issue are discussed in the accompanying financial statements.

The Administrative Set Aside of \$28.9 million (net of costs incurred but not yet paid) reflects the extension of the Trust through December 2025 to support the continuing work with the insurance adversary action 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 is being distributed along with this quarterly Beneficiary Letter.

The Trust's quarter end Q4 2023 financial report has been filed with the bankruptcy court. The financial report along with certain tax information have been posted to the Kurtzman Carson Consulting website at <http://www.kccllc.net/rescap>.

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,

ResCap Liquidating Trust Board