

# ResCap Liquidating Trust

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**Q4 2019 Beneficiary Letter**

## LIQUIDATING TRUST

**Dear Beneficiaries:**

The Trust has made significant progress in reducing the correspondent cases to just one case, and substantially liquidated the mortgage portfolio. Some key highlights of the successful quarter are outlined below.

On June 21, 2019, the Court issued an order awarding the Trust a total of \$68.5 million dollars against Home Loan Center Inc. ("HLC"). On July 19, 2019, HLC filed an appeal of the order to the 8<sup>th</sup> circuit Court of Appeals. On July 21, 2019, HLC filed Chapter 11 in the Northern District of California (Case 19-51455). The case has now been converted to a Chapter 7. The jury verdict is now stayed with the filing of the HLC Bankruptcy. The Trust has filed suit against LendingTree LLC alleging, among other allegations, that LendingTree assumed the HLC liability. Per the Trust's accounting policy, the Trust has not recorded the HLC judgments in these Condensed Consolidated Financial Statements.

As of the date of this letter, the Trust is engaged in a bench trial against Primary Residential Mortgage, Inc in Federal District Court in Minnesota.

The ResCap Liquidating Trust has settlements totaling approximately \$1.2 billion since the inception of the Trust through December 31, 2019. The Trust has an insurance recovery action pending in the U.S. Bankruptcy Court for the Southern District of New York. In December 2019, the Bankruptcy Court issued a partial Summary judgement in favor of the Trust.

In the Q4 2019 financial statements, carrying value for the mortgage loan portfolio of \$2.4 million represents the Trust's future expected recovery based on the current path for disposition, including the payment of claims filed from HUD and the sale of REOs. As of the date of this letter, all loans have been conveyed to HUD and there are 2 REOs remaining. Timing of full recovery of the claims is based on the timing of HUD's review and concurrence with the claims filed.

The Administrative Set Aside of \$78.2 million reflects the extension of the Trust through December 2021 to support the continuing work with the correspondent RMBS litigation, insurance adversary action and final wind down actions. Of the total Administrative Set Aside expense, there is \$16.3 million of expenses incurred but not yet paid and \$61.9 million of expected future costs for January 2020 forward. Of the future \$61.9 million cost, \$38.2 million supports the on-going RMBS and other litigation and \$23.7 million represents contractual obligations and the future costs for the operations and winddown of the Trust.

To aid Beneficiaries in their tax reporting, the Trust is providing a year-end Tax Information Letter and tax information. The Tax Information Letter is being distributed along with this quarterly Beneficiary Letter. State Tax information will be posted at a later date and a notice will be filed.

## LIQUIDATING TRUST

The Trust's year end 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,



**John Ray**

Liquidating Trust Manager