

ResCap Liquidating Trust

**Consolidated Financial Statements
as of and for the Period Ended March 31, 2022
(Unaudited)**

ResCap Liquidating Trust

Consolidated Statement of Net Assets in Liquidation

(Unaudited)

In thousands (except per unit)

Assets:	March 31, 2022	December 31, 2021
Cash and cash equivalents	\$ 85,955	\$ 86,827
Restricted cash	-	3,306
Mortgage assets	-	-
Other assets	4	273
Total assets	85,959	90,406
Liabilities:		
Estimated costs to operate Trust	35,498	37,830
Liability for undistributed funds	-	-
Total liabilities	35,498	37,830
Net assets in liquidation	\$ 50,461	\$ 52,576
Total units in the Trust	<u>98,853,649</u>	<u>98,853,649</u>
Net assets per authorized unit	<u>\$ 0.51</u>	<u>\$ 0.53</u>

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	Year to date Ended	Effective Date through
	March 31, 2022	March 31, 2022	March 31, 2022
Receipts			
Receipts on assets held for sale	\$ 82	\$ 82	\$ 645,831
Litigation / claim recoveries	-	-	1,318,462
Other receipts	391	391	171,522
Plan settlements	-	-	2,100,000
Total receipts	473	473	4,235,815
Disbursements			
Claims and settlement	-	-	(1,642,074)
DOJ / AG consent settlement	-	-	(88,201)
Costs to operate the Trust	(4,651)	(4,651)	(721,203)
Total disbursements	(4,651)	(4,651)	(2,451,478)
Distributions			
Total distributions	-	-	(3,375,862)
Net cash flow	(4,178)	(4,178)	(1,591,525)
Other non-cash changes affecting:			
Increase (decrease) in asset value assumptions	-	-	(55,026)
(Increase) decrease in costs to operate the Trust	(2,317)	(2,317)	(550,545)
(Increase) decrease in DOJ/AG consent settlement	-	-	(7,551)
Basis of assets/liabilities liquidated/resolved	4,380	4,380	(260,493)
(Increase) decrease in distributions held for Beneficiaries	-	-	-
Total non-cash changes	2,063	2,063	(873,615)
Total increase (decrease) in net assets	(2,115)	(2,115)	(2,465,140)
Net assets in liquidation, beginning of period	52,576	52,576	2,515,601
Net assets in liquidation, end of period	\$ 50,461	\$ 50,461	\$ 50,461

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

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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”).

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 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. 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 currently accrues costs through December 31, 2023, 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, 2023 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.

These Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto for the year ended December 31, 2021.

2 Restricted Cash

At December 31, 2021, there was \$3.3 million held in two servicer escrow accounts. This servicing arrangement was terminated during the quarter ended March 31, 2022 and approximately \$2.3 million released to the Trust and \$1.2 million paid to the servicer on account of servicer incentive amounts earned.

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3. Estimated Costs to Operate the Trust

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

	March 31, 2022			December 31, 2021	
	Accrued	Future	Total	Total	
Professional fees (legal, expert, other professional costs)	\$ 7,950	\$ 24,886	\$ 32,835	\$	32,538
Compensation	375	-	375		375
Document management	-	132	132		775
Information technology	12	1,141	1,153		1,632
Other operating costs	-	1,003	1,003		2,510
Total costs to operate the Trust	\$ 8,337	\$ 27,162	\$ 35,498	\$	37,830

The estimated cost to operate the Trust is \$35.5 million including \$8.3 million of expenses that have been incurred but not yet paid (\$7.9 million professional fees, and \$.4 million other operating costs) and \$27.2 million of expected future costs for the period April 2022 through December 2023. Of the future \$27.2 million cost, \$11.8 million supports the on-going insurance recovery case pending in the Bankruptcy Court, SDNY and RMBS litigation and \$15.4 million represents existing contractual obligations and the future costs for the operations and wind-down of the Trust.

4. Commitments and Contingencies

Affirmative Matters

The Trust is pursuing various affirmative matters. These include:

- Indemnity Claim Action - There is one pending indemnity claim against Primary Residential Mortgage, Inc., ("PRMI") 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 PRMI. In April 2021, the Federal District Court in Minnesota granted the Trust \$16.6 million in attorney fees, costs, pre-judgment interest and post judgment interest on the award plus pre-award interest increasing the total award to \$22.0 million. PRMI appealed the decision to the United States Court of Appeals for the 8th Circuit and posted the requisite appeal bond which stays the enforcement of the award pending the appeal. Oral argument was heard on February 15, 2022.
- 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 \$73.0 million, exclusive of interest and fees. Briefing on cross motions for summary judgment will be complete in April 2022 and oral argument will be heard in May 2022.

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

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5. Subsequent Events

Events subsequent to March 31, 2022 were evaluated through May 5, 2022, the date on which these Consolidated Financial Statements were issued.