

RESCAP

LIQUIDATING TRUST

ResCap Liquidating Trust

Q2 2018 Tax Information Letter

Tax Information Letter

As of June 30, 2018

2018 ESTIMATED TAX ITEMS

This Tax Information Letter provides information regarding the *estimated* Trust Tax Items through June 30, 2018 allocated by Unit using the accrual method of accounting.

In general, a Beneficiary that held all of its Units from January 1, 2018 through June 30, 2018 would calculate its allocable share of each Tax Item by multiplying the number of Units held by the Beneficiary by the Tax Item amount per Unit. Beneficiaries that acquired Units after January 1, 2018, or that sold Units before June 30, 2018, may have a different calculation. A Beneficiary's taxable income depends in part on the Beneficiary's tax basis in its Units (which information the Trust does not have) and thus its indirect tax basis in the Trust's assets. A Beneficiary that did not acquire its Units as of December 17, 2013, may have a different tax basis in its share of the Trust's assets than the tax basis used to determine the Tax Items set forth below. All Beneficiaries should seek advice from their own tax advisors based upon their particular circumstances as to the calculation of their allocable portion of Trust Tax Items and the tax consequences arising from the cancellation of Units, as discussed below.

Estimated Tax Worksheet for U.S. Federal Income Tax Purposes for Q2 and year-to-date 2018 is as follows *:

		Estimated Q2 2018 Amount per Unit ²	Estimated YTD 2018 Amount per Unit ³
A	Interest Income	0.01310426	0.03137215
B	Net Short-term Capital Gains/(Losses)	(0.01115391)	(0.01980976)
C	Net Long-term Capital Gains/(Losses)	(0.02947612)	(0.08823144)
D.	Net Rental Real Estate Income/(Loss)	-	-
E.	Other Income/(Loss): Miscellaneous	-	-
F.	Other Income: Litigation Recoveries ¹	3.15078348	3.33276050
G.	Other income: Release of administrative reserves	-	-
H.	Cancellation of Debt Income	-	-
I.	Total Ordinary Dividends ¹	0.00103247	0.00206460
J.	Nondeductible Expenses	0.00000465	0.00001232
K.	General and Administrative Expenses – Misc. deductions subject to 2% limitation	(0.51855390)	(0.86109487)

* Note state specific information will be provided only on an annual basis

¹ Considered US source income (that may be subject to withholding for non-US Beneficiaries)

² Trust Units outstanding as of Q2 2018 98,859,354

³ Weighted average number of units: 98,891,323 units for 89 days and 98,859,354 units for 92 days.

UNIT CANCELLATION

On March 30, 2018, the Trust cancelled 31,969 Units. As a result of the Unit cancellation, approximately \$1.022 Million of cash became available to the Trust. For federal income tax purposes, such cash is not being reported by the Trust as taxable income to each Beneficiary. Each Beneficiary's share of the cash is approximately \$0.0103 per Unit, after giving effect to the cancellation. In addition, the cancellation of Units will have the effect of increasing each Beneficiary's pro rata interest in the remaining assets in the Trust.

The Trust's estimated aggregate tax basis in its remaining assets attributable to the cancelled Units is \$109,122 or \$0.0011 per Unit, after giving effect to the cancellation, estimated as of March 30, 2018. The Trust does not intend to adjust its tax basis in these remaining assets as a result of the cancellation of the Units. Approximately 0.03% of each Beneficiary's per Unit share of Trust assets (calculated post-Unit cancellation) is attributable to the cancelled Units. Thus, approximately 0.03% of the estimated Q1 2018 Trust Tax Items are attributable to the cancelled Units. Each Beneficiary should consult with its own tax advisors based upon its particular circumstances as to the tax consequences to such Beneficiary arising from the distribution of cash from the DCR to the Trust and the cancellation of Units.

Note that the Trust cancelled 1,108,677 Units on September 29, 2017. Beneficiaries should reference the Q3 2017 tax letter for the tax impact of such cancellation.

The per Unit impact of the March 30, 2018 Unit cancellation is as follows:

		Amount per Unit
A.	Increased cash due to Unit cancellation ¹	0.01034179
B.	Share of cancelled Units ¹	0.00032338

TAX ATTRIBUTES TRANSFERRED TO THE TRUST

On March 30, 2018, the remaining Units held by the Disputed Claims Reserve ("DCR") were cancelled and subsequently the DCR was closed. Upon closure, the DCR's unutilized Net Capital Loss Carryover transferred to the Trust. The DCR's *estimated* Net Capital Loss Carryover as of March 30, 2018 was \$3.4 million. Each Beneficiary's share of the Net Capital Loss Carryforward is approximately \$0.0347 per Unit.

DCR Tax Attributes Transferred to the Trust:

		Amount per Unit
A.	Net Capital Loss Carryover	0.03472001

2018 DISTRIBUTIONS

On June 18, 2018, the Trust declared a distribution of \$3.5403 per Unit on July 13, 2018, to Beneficiaries of record on June 28, 2018. The entire July 13, 2018 distribution is deemed United States source income attributable to litigation and similar type recoveries that is subject to tax withholding for non-United States Beneficiaries.

Although withholding of taxes related to this US source income was required at the time of receipt by the Trust, the Trust did not have the necessary information concerning the identity and tax status of its Beneficiaries to withhold taxes on this income when received. As such, the withholding of taxes related to this income is only possible at the time it is distributed by the Trust to Beneficiaries via a United States broker or other nominee. The amount of Tax Items and the amount of US source income subject to withholding are determined with respect to Beneficiaries that acquired their Units as of December 17, 2013. Each Beneficiary has unique tax attributes and should seek advice from its own tax advisor as to the tax treatment and reporting of distributions received from the Trust. Beneficiaries should consult their broker or nominee to ensure withholding is properly completed.

FUTURE TAX CONSIDERATIONS

The Trust will treat distributions as US source income that may be subject to withholding for non-United States Beneficiaries until the cumulative amount of litigation and similar type recoveries received by the Trust has been distributed.

As of June 30, 2018, the cumulative amount of litigation and similar type recoveries received by the Trust which has not been distributed to the Beneficiaries is approximately \$509 million. \$350 million of the undistributed income subject to withholding as of June 30, 2018 was distributed to Beneficiaries on July 13, 2018. See “General Tax Information - Subject to Withholding” section below for further information with regard to the timing and reporting of income subject to withholding.

GENERAL TAX INFORMATION

OVERVIEW

The Trust is treated as a grantor trust for United States federal and state income tax purposes. As such, the Trust itself is not subject to federal or state income tax. Instead, Beneficiaries are considered the grantors of the Trust and are treated for income tax purposes as if they hold a direct interest in an allocable pro rata share of each asset and liability of the Trust. In addition, each Beneficiary is treated for income tax purposes as recognizing an allocable portion of each Tax Item as if the Beneficiary recognized the Tax Item directly, regardless of whether the Beneficiary received a cash distribution.

The Trust's Tax Items are determined with respect to Beneficiaries that acquired their Units in the initial distribution as of December 17, 2013. Each Beneficiary has unique tax attributes which will determine the Beneficiary's United States tax reporting obligations and related tax liability, if any, related to its allocable share of Trust Tax Items as well as Trust distributions.

The Trust does not provide tax advice. Each Beneficiary should seek advice from its own tax advisor as to the tax characterization, reporting obligations and tax liability, if any, related to its allocable share of the Trust's Tax Items and distributions received from the Trust.

TRUST TAX REPORTING

Consistent with the Trust Agreement and in accordance with applicable law, the Trust provides Beneficiaries with tax information on an annual basis in connection with the Trust's filing of its annual tax returns. The Trust is not required to provide Beneficiaries with an IRS Form K-1 or Form 1099. The Trust provides a Beneficiary Information Letter for U.S. Federal and State Income Tax Purposes and a Tax Worksheet for Beneficiaries, via postings on the Trust's website, www.rescapliquidatingtrust.com. The Tax Worksheet for Beneficiaries provides the Trust's Tax Items by type, on both a per Unit and an aggregate basis.

The Trust is providing quarterly *estimated* federal tax information to Beneficiaries via a quarterly Tax Information Letter. State taxable items will only be reported annually.

TRUST TAX ITEMS

The Trust's Tax Items may include capital gain or loss, ordinary income (including interest income, litigation recoveries, client recoveries, restitution, and miscellaneous other income) and general and administrative expenses. The Trust does not believe that it has recognized any income that would constitute trade or business income (or unrelated business taxable income or income that is effectively connected to the conduct of a trade or business in the United States, though such characterizations may depend in part on each Beneficiary's unique tax attributes).

SUBJECT TO WITHHOLDING

The Trust's litigation recoveries, client recoveries, restitution and certain miscellaneous other income may be treated as US source income for non-United States Beneficiaries subject to withholding at a 30% rate (or lower applicable treaty rate). The withholding tax rate was not affected by the recent tax reform. The Trust does not have the necessary information concerning the identity and tax status of its Beneficiaries to withhold any required tax when it receives income. Therefore, tax withholding is determined at the time of any distributions from the Trust. The Trust reports all distributions as first sourced to US source income that

is subject to withholding, to the extent not reported to Beneficiaries as part of prior Trust distributions. Once the cumulative amount of all such US source income has been distributed to Beneficiaries, the Trust reports any additional distributions as amounts not subject to withholding (though such characterization may depend in part on each Beneficiary's unique tax attributes).

The Trust will distribute the gross amount of the distribution to brokers (through DTC) and anticipates that any required tax withholding will be effected by United States brokers (or other nominees). The amount of the Trust's Tax Items and the amount of its US source income subject to withholding are determined with respect to Beneficiaries that acquired their Units as of December 17, 2013. Each Beneficiary has unique tax attributes and should seek advice from its own tax advisor as to the tax treatment and reporting of Trust distributions received.

If tax had been withheld from a distribution to a Beneficiary who believes that it is not subject to United States federal income tax or that the tax withheld is in excess of its United States federal income tax liability, the Beneficiary may be able to file a timely United States tax return to request a refund for any withholding tax in excess of its United States federal income tax liability.

TAX BASIS OF UNITS FOR INITIAL HOLDERS

Each Beneficiary is treated as owning an allocable pro rata share of each asset of the Trust. Generally, for a Beneficiary that acquired its Units from the Trust in the initial distribution as of December 17, 2013, the tax basis of the Beneficiary's Units, and thus the Beneficiary's tax basis in its share of the Trust's assets, would be the value of the Units received upon that initial distribution, which is \$28.02 per Unit, increased or decreased by the Beneficiary's allocable share of the Trust's Tax Items and distributions (which are reported by the Trust and available on its website under the heading "financial and tax information"), regardless of whether the Trust's Tax Items were reported to the Beneficiaries as income.

The Trust's Tax Items are determined with respect to Beneficiaries that acquired their Units in the initial distribution. Each Beneficiary should consult with their own tax advisors as to the consequences of the cancellation of Units held by the DCR on their tax basis.

TAX BASIS OF UNITS FOR SUBSEQUENT HOLDERS

A Beneficiary that did not acquire its Units from the Trust in the initial distribution as of December 17, 2013, may have a tax basis in its Units (and therefore a tax basis in the Trust assets attributable to such Units) that differs from the tax basis of a Unit acquired from the Trust as of December 17, 2013. Such difference may affect the Beneficiary's taxable income and loss from holding Trust Units, which may differ from the Tax Items as determined and reported by the Trust, which determination is made with respect to Beneficiaries that acquired their Units in the initial distribution.

The basis difference per Unit, in general, should equal the difference between (i) such Beneficiary's tax basis in each of its Units at the time it acquired such Units, and (ii) \$28.02 (the December 17, 2013, tax basis per Unit), increased by the per Unit Trust items of taxable income and gains through the date that the Beneficiary acquired its Units and reduced by the per Unit Trust items of taxable deduction and loss and distributions made through the date that the Beneficiary acquired its Units, in each case as reported by the Trust and available on its website under the heading "financial and tax information". Because the Trust in general does not know the price and date at which such a Beneficiary acquired its Units, it cannot provide this basis information for each Beneficiary.

LIQUIDATING TRUST

A basis difference as described above could affect the Beneficiary's taxable income and loss from holding Trust Units, as well as the amount of US source income subject to withholding, because the basis difference in Units generally will also result in the Beneficiary having a tax basis in its share of the underlying Trust assets that differs from the basis that the Trust uses in computing its taxable income and loss. A Beneficiary with a basis difference should consult its tax advisor as to whether and how any adjustments should be made as a result of such differing basis to the per Unit Trust items of taxable income and loss as reported by the Trust for the periods during which such Beneficiary holds its Units.

In general, that may depend, in part, on the determination as to which Trust assets or liabilities the basis differential is attributable and how to calculate the recovery of basis that is allocable to multiple assets of the same class, such as the litigation claims. For example, a Beneficiary whose per Unit adjusted tax basis exceeds that of a Unit acquired from the Trust as of December 17, 2013, may conclude that the excess basis is attributable to the Trust's litigation claims and that therefore, its per Unit share of the income recognized from the specific litigation recoveries is less than that reported by the Trust.

Each Beneficiary should consult with their own tax advisors as to the consequences of the cancellation of Units held by the DCR on their tax basis.

THIS LETTER IS NOT INTENDED TO AND DOES NOT PROVIDE TAX ADVICE RELATING TO THE HOLDING OF TRUST UNITS. EACH BENEFICIARY SHOULD SEEK TAX ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM ITS OWN TAX ADVISOR. THIS LETTER MAY NOT BE USED OR QUOTED IN WHOLE OR IN PART IN CONNECTION WITH ANY OFFERING OR SALE OF SECURITIES.