

ResCap Liquidating Trust

Q3 2018 Beneficiary Letter

LIQUIDATING TRUST

Dear Beneficiaries:

The Trust continued its efforts into Q3 2018 to generate value for the beneficiaries and effectively and efficiently continue to wind down the Trust. Some key highlights of the successful quarter are outlined below.

The Trust filed motion with the Bankruptcy court in June 2018 to reclaim certain assets previously abandoned by the Debtors. Affirmative relief was granted by the bankruptcy court. As of the date of this letter, the Trust has received \$33.7 million in cash related to these assets, with a remaining receivable balance of \$2.5 million. Additionally, the Trust recorded a trading security with \$17.4 million in outstanding UPB at a carrying value of \$12.2 million. Carrying value is based on discounted cash flows of future cash or sales price as appropriate and is net of \$1.7 million of cash received in the quarter which is included in the total cash noted above.

In October, shares of Maroon Holding, LLC owned by the Trust were called and transferred to Intercontinental Exchange, Inc., resulting in receipt of \$5.6 million in cash for a gain of \$4.3 million.

The trial against Home Loan Center Inc., one of the correspondent lenders in the RMBS litigation, began October 15, 2018 and will conclude in mid November 2018.

As of the date of this letter, the Trust is litigating seven cases against correspondent lenders of Residential Funding Company LLC, for indemnity and breach of contract, which are pending in Federal District Court in Minnesota. The Trust has reached settlements totaling approximately \$1,085.6 million since the inception of the Trust through September 30, 2018. Subsequent to the end of the third quarter, the Trust entered into settlements in principle with three correspondent lenders for an aggregate gross receivable of \$45.5 million.

The Trust continues to work with LoanCare and HUD to pursue claim recoveries with respect to our remaining insured loan portfolio and the sale of our Real Estate Owned (REO) properties. As of September 30, 2018, the carrying value for the mortgage loan portfolio, including the trading securities is \$37.6 million representing the Trust expected recovery.

The Administrative Expenses Set Aside holds cash for the payment of Trust operating expenses. As of September 30, 2018, the Administrative Expenses Set Aside consists of \$128.6 million in cash, of which \$65.7 million relates to the future potential cost of the correspondent litigation, and \$62.9 million relates to other fixed obligations of the Trust throughout its current expected life. The balance of the administrative Expense Set Aside has been funded with cash on hand.

Activity related to the Administrative Expenses Set Aside is as follows (in \$000's):

	Quarter ended September 30, 2018
Balance, Beginning of period	\$ 148,149
• Additions - cash	-
• Withdrawals - cash	(19,545)
• Reductions – pledged recoveries	-
Balance, September 30, 2018	<u>\$ 128,604</u>

To aid Beneficiaries in their tax reporting, the Trust is providing a quarterly Tax Information Letter and estimated quarterly tax information. The Tax Information Letter is being distributed along with this quarterly Beneficiary Letter.

The Trust's third quarter 2018 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