

**RESCAP**

LIQUIDATING TRUST

# ResCap Liquidating Trust

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**Q4 2018 Beneficiary Letter**

## LIQUIDATING TRUST

**Dear Beneficiaries:**

The Trust continued its efforts into Q4 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.

On December 3, 2018, the Trust announced a cash distribution of \$ 1.0115 per unit to holders of units of beneficial interest in the Trust, totaling \$100 million. The distribution was paid on December 28, 2018 with a record date of December 13, 2018.

On February 26, 2019, the Trust announced a cash distribution of \$ .7586 per unit to holders of units of beneficial interest in the Trust, totaling \$75 million. The distribution will be paid on March 25, 2019 with a record date of March 8, 2019. This distribution brings the total distributions since inception of the Trust to \$ 3.3 billion.

In November, a jury in Minnesota federal court awarded a favorable trial verdict for contractual indemnification against Home Loan Center Inc. for \$28.7 million in damages exclusive of interest, fees and costs. The Trust filed a motion for recovery of interest in the amount of \$14.1 million and legal fees and costs in the amount of \$28.3 million. The interest and fee petitions were heard by the court in February, 2019 and the Trust awaits rulings.

As of the date of this letter, the Trust is litigating two 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 \$1,155.8 million since the inception of the Trust through December 31, 2018. Subsequent to the end of the fourth quarter, the Trust entered into settlements in principle with three correspondent lenders for an aggregate gross receivable of \$51.7 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 December 31, 2018, there are fewer than 40 assets pending filing of the initial claim with HUD, with 30 of those still actively being worked to clear various hurdles for HUD claims. During the quarter, the Trust completed the sale of a security and certain associated HELOC excluded loan balances for \$12.8 million. The carrying value for the mortgage loan portfolio of \$13.5 million represents the Trust's future expected recovery. Timing of full recovery of the mortgage loan portfolio is affected by the inherent nature of the troubled assets and the potential recovery delay resulting from the government shutdown impact on HUD review of claims.

The Administrative Expenses Set Aside holds cash for the payment of Trust operating expenses. As of December 31, 2018, the Administrative Expenses Set Aside consists of \$110.3 million in cash, of which \$57.7 million relates to the future potential cost of the correspondent litigation, and \$52.6 million relates to other fixed obligations of the Trust throughout its current expected life. The

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balance of the Administrative Expense Set Aside has been funded with cash on hand for a total of \$110.3 million.

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

	Quarter ended December 31, 2018	Year ended December 31, 2018	Effective Date through December 31, 2018
Balance, Beginning of period	\$ 128,604	\$ 192,174	\$ -
• Additions - cash	-	-	428,061
• Withdrawals - cash	(18,321)	(81,891)	(317,778)
Balance, December 31, 2018	\$ 110,283	\$ 110,283	\$ 110,283

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.

The Trust's year end 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