

## LIQUIDATING TRUST

**Dear Beneficiaries:**

The start of 2018 continues to be productive in the Trust's efforts to move forward towards capturing value for the beneficiaries and effectively and efficiently winding down the Trust. Some highlights to-date this year are included below.

The Trust is currently in the summary judgment phase of the correspondent cases. The Trust continues to prepare for the first trial set for October 2018 against Home Loan Center Inc.

As of the date of this letter, the Trust is litigating 11 cases against correspondent lenders of Residential Funding Company LLC, for indemnity and breach of contract, which are pending in Federal District Court in Minnesota. In the period from December 31, 2017 through March 31, 2018, the Trust settled 3 correspondent litigation cases for an aggregate amount of \$15.8 million. Additionally, subsequent to March 31, 2018, the Trust entered into a settlement agreement with Equifirst Corp., and settled in principle with 4 other parties which include Decision One Mortgage Corp, HSBC, BMO and Amerus. The Trust has reached settlements totaling approximately \$775.6 million since the inception of the Trust, excluding any subsequently settled cases for which funds have not been received as of the date hereof.

In the quarter, the Trust completed resolution of all remaining administrative and other priority claims ("APSC claims") and all claims within the Disputed Claims Reserve ("DCR").

The Trust Board approved the cancellation of all remaining Units in the DCR. As a result of the cancellation of the remaining DCR Units, the Trust closed the separate DCR tax entity. As a result of the cancellation of Units, the total Trust Units outstanding are reduced to 98,859,354 and the Trust Net Asset Value increased by \$0.9 million due to release of the liability for previously declared distributions associated with the cancelled Units.

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 March 31, 2018, our remaining gross balances on mortgage assets totaled \$73.1 million with a carrying value of \$41.2 million.

The Trust's remaining obligation with regard to the DOJ settlement continues to progress and we continue to work with Rust Consulting to ensure required SCRA remediation activities are conducted as appropriate. A specific restricted cash account with an outstanding balance of \$11.6 million at March 31, 2018 will be utilized for all future liabilities related to remediation obligation to the service members and costs for professionals such as Rust Consulting. The obligation of the Trust related to the SCRA work and outreach efforts will continue through October 2018.

The Administrative Expenses Set Aside holds cash for the payment of Trust operating expenses. As of March 31, 2018, the Administrative Expenses Set Aside consists of \$159.4 million in cash. The

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balance of the administrative Expense Set Aside has been funded with cash on hand and proceeds from prior asset sales and settlements in lieu of pledging future asset recoveries and settlements.

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

	<b>QUARTER ENDED MARCH 31, 2018</b>
Balance, Beginning of period	\$ 192,174
• Additions - cash	-
• Withdrawals - cash	(32,746)
• Reductions – pledged recoveries	-
Balance, March 31, 2018	<u>\$ 159,428</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 first 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