

LIQUIDATING TRUST

Dear Beneficiaries:

The Trust continued its efforts into Q2 2018, capturing value for the beneficiaries and effectively and efficiently continues to wind down the Trust. Some key highlights of the successful quarter are outlined below.

On June 18, 2018, the Trust announced a cash distribution of \$3.5403 per unit to holders of units of beneficial interest in the Trust, totaling \$350 million. The distribution was paid on July 13, 2018 with record date of June 28, 2018.

The Trust filed motion with the Bankruptcy court in June 2018 to reclaim certain previously abandoned assets by the Debtors. Affirmative relief was granted by the bankruptcy court subsequent to the quarter end. The Trust is engaged in actions to capture the cash of approximately \$34 million and potential future cash value of \$19 million related to these assets.

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 10 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 March 31, 2018 through June 30, 2018, the Trust settled 6 correspondent litigation cases for an aggregate amount of \$310.0 million. The Trust has reached settlements totaling approximately \$1,085.6 million since the inception of the Trust,

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 June 30, 2018, the carrying value of \$37.0 million represents the Trust expected value of recovery.

The Administrative Expenses Set Aside holds cash for the payment of Trust operating expenses. As of June 30, 2018, the Administrative Expenses Set Aside consists of \$148.1 million in cash. The 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):

	Quarter ended June 30, 2018
Balance, Beginning of period	\$ 159,428
• Additions - cash	-
• Withdrawals - cash	(11,279)
• Reductions – pledged recoveries	-
Balance, June 30, 2018	<u>\$ 148,149</u>

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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 second 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