ResCap Liquidating Trust

Consolidated Financial Statements
as of and for the Period Ended December 31, 2014
(Unaudited)

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Consolidated Statement of Net Assets in Liquidation

(Unaudited)

In thousands (except units and per unit)

Assets:	December 31, 2014	December 17, 2013
Cash and cash equivalents	$ 311,859	$ 1,499,041
Restricted cash	207,742	178,439
Mortgage loans	225,407	503,757
Mortgage servicing rights	56	15,744
Servicer advances	40,525	100,135
Other receivables	30,979	2,196,194
Other assets	9,844	32,967
Costs to sell assets	(2,526)	(9,043)
Total assets	$ 823,886	$ 4,517,234
Liabilities:		
Claims and settlements	$ 88,628	$ 1,707,241
Estimated costs to operate the Trust	255,639	294,392
Liability for undistributed funds	73,118	-
Total liabilities	$ 417,385	$ 2,001,633
Net assets in liquidation	$ 406,501	$ 2,515,601
Total units authorized	100,000,000	100,000,000
Net assets per authorized unit	$ 4.07	$ 25.16

The Notes to Consolidated Financial Statements are an integral part of these statements.

Consolidated Statement of Changes in Net Assets in Liquidation

(Unaudited)
In thousands (except per unit)

	Effective Date To December 31, 2014
Net assets in liquidation, beginning of period	$ 2,515,601
Net realized gain on assets	33,800
Decrease in asset valuation	(55,184)
Net decrease in asset values	(21,384)
Decrease in claims and settlement expense	35,961
Increase in estimated costs to operate the Trust	(93,677)
Net increase in liabilities	(57,716)
Total decrease in net assets	(79,100)
Other items:	
Declared distributions	(2,030,000)
Net assets in liquidation, December 31, 2014	$ 406,501

Per unit information:

	$ per Unit
Net assets per unit, beginning of period	$ 25.16
Decrease in net assets per unit	(0.79)
Declared distribution per unit	(20.30)
Net assets per unit, December 31, 2014	$ 4.07

The Notes to Consolidated Financial Statements are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Description of Business, Basis of Presentation and Significant Accounting Policies

The ResCap Liquidating Trust ("Trust") was formed in connection with the Plan of Reorganization under chapter 11 of the United States Bankruptcy Code ("Plan") in the bankruptcy case of Residential Capital, LLC ("ResCap") and 50 of its direct and indirect subsidiaries (collectively, the "Debtors"). The Plan was confirmed by the bankruptcy court on December 11, 2013 and became effective on December 17, 2013 ("Effective Date").

The Trust was initially formed as a Delaware common law trust on July 26, 2013, and was subsequently converted to a Delaware statutory trust by filing a certificate of conversion and certificate of trust with the Secretary of State of Delaware on December 10, 2013. In response to its request, on December 19, 2013, the Trust received a private letter ruling from the Internal Revenue Service that the Trust will be (i) classified as a Liquidating Trust, within the meaning of Treasury Regulations section 301.7701-4(d) and (ii) will be treated as a "grantor trust" for federal income tax purposes. The Trust is governed by the terms of an Amended and Restated Liquidating Trust Agreement, dated December 17, 2013 (the "LTA") under the direction of a Board of Trustees ("Board").

On the Effective Date, certain assets of the Debtors were transferred to the Trust. Certain other assets were not immediately transferred to the Trust due to legal or logistical transfer issues, or because the transfer was inadvisable. These assets are held in bailment by the Debtors for the benefit of the Trust, and are considered to be assets of the Trust and are included in the Consolidated Financial Statements. The assets transferred to the Trust and the assets held in bailment pending transfer are referred to as the "Trust Assets". Assets held in bailment totaled $41.8 million and $2.3 billion at December 31, 2014 and December 17, 2013, respectively. Remaining assets held in bailment will be transferred to the Trust when operationally feasible.

The Trust holds, administers, and distributes Trust Assets in accordance with the terms and conditions of the LTA. In particular, the Trust is authorized to—

- receive, liquidate and distribute the assets of the Debtors, with no objective to continue or engage in the conduct of a trade or business;
- resolve remaining disputed claims;
- pursue the causes of action of the Debtors transferred to the Trust; and
- wind down the affairs of and ultimately dissolve the Debtor entities.

The Trust will endeavor to liquidate Trust Assets through normal course collections and evaluate opportunities to accelerate recoveries through bulk sales of assets.

The Trust will dissolve on the earlier of (i) the distribution of all of the Trust Assets pursuant to the Plan; (ii) the determination of the Board that the administration of the remaining Trust Assets will not yield sufficient additional proceeds to justify additional pursuit, and (iii) the date on which all the distributions required by the LTA have been made. However, in no event will the Trust dissolve later than three years from the Effective Date, unless the bankruptcy court determines that a fixed-period extension is necessary to facilitate or complete the recovery and liquidation of the Trust Assets.

The Plan provided for the classification and treatment of claims against the Debtors, including the issuance of units of beneficial interest ("Units") and/or payment of cash to holders of claims allowed under the terms of the Plan ("Allowed").

On or about the Effective Date, cash was distributed to holders of certain classes of Allowed claims. These included administrative and other priority claims, secured claims, unsecured convenience claims and certain other unsecured claims ("APSC Claims"). Cash reserves were established in estimated amounts for holders of certain potential claims in the classes that were not Allowed on the Effective Date. Cash will be distributed to the holders of any such unresolved claims, to the extent such claims are subsequently Allowed.

Under the terms of the Plan and LTA, Units were issued by the Trust to holders of Allowed general unsecured claims against the Debtors, other than holders of general unsecured claims in classes for which the Plan prescribes payments of cash. The Units entitle their holders ("Beneficiaries") to receive a proportionate amount of cash distributions made by the Trust. The Units are issued only in book-entry form in accordance with the procedures of the Depository Trust Company. Certain holders of Allowed claims are still in the process of providing information needed to be issued their Units.

The Disputed Claims Reserve ("DCR") was established to hold Units, and cash and other assets for the benefit of holders of general unsecured claims that become Allowed after the Effective Date, unless such claims are satisfied in cash in accordance with the Plan. The Trust makes distributions of Units and cash from the DCR to holders of disputed claims that become Allowed at intervals determined by the Board.

Basis of Presentation

The Consolidated Financial Statements have not been prepared in accordance with generally accepted accounting principles; rather they have been prepared using a liquidation basis of accounting, which the Trust considers an appropriate basis of accounting at this time. The assets are stated at their estimated net realizable value, which is the non-discounted amount of cash into which an asset is expected to be converted during the liquidation period. Assets are also established for future income expected to be earned by the Trust. Assets are valued based on the current management strategy for each asset type and may include liquidation in the normal course, third party assets sales, or both. Costs to dispose of assets are also accrued and are based on the same management strategy. The Trust accrues costs that it expects to incur through the end of its liquidation, if and when it has a reasonable basis for estimation. The Trust will record affirmative litigation settlements or judgments when realized and collectability is assured.

The Consolidated Statement of Changes in Net Assets in Liquidation includes the period from the Effective Date through December 31, 2014.

The Consolidated Financial Statements include the accounts of the Trust and its majority-owned subsidiaries after eliminating all significant intercompany balances and transactions. The majority owned subsidiaries include Cap Re of Vermont, LLC, ("Cap Re"), a captive reinsurance company, ResCap Securities Holding Co, and other domestic and foreign subsidiaries. Minority interests owned by the Trust are shown as an equity investment.

Significant Accounting Policies

Cash and Cash Equivalents, and Restricted Cash
Cash and cash equivalents include cash on hand and short term, liquid investment securities with a maturity of three months or less when purchased. Restricted cash consists of cash that is restricted for specific purposes and is not generally available to the Trust.

Mortgage Loans
Government-insured mortgage loans were either originally acquired by the Debtors from off-balance sheet securitizations guaranteed by the Government National Mortgage Association ("GNMA") or were originated by the Debtors for sale to GNMA, but were ineligible for sale due to insufficient documentation in the loan file. As a result of borrower default or contractual delinquency triggers, they ultimately may become claims for reimbursement from the Federal Housing Association ("FHA") or Veterans Administration ("VA") for eligible mortgage loan principal, interest and foreclosure related expenses. All government-insured mortgage loans are shown as mortgage loans on the Consolidated Statement of Net Assets in Liquidation, regardless of their status in the claims process.

Non-insured mortgage loans consist primarily of mortgage loans removed from Federal National Mortgage Association and Federal Home Loan Mortgage Association securitizations or loans excluded from asset sales and certain additional borrower advances on home equity line of credit loans excluded from securitizations when a rapid amortization event occurred. Certain of these loans are significantly delinquent or are otherwise in distress.

The value of mortgage loans is determined by modeling the cash flows expected to be received over the life of the loan, based on asset disposition strategies. The delinquency, non-accrual or foreclosure status of the loans, including timing of the insurance reimbursement process and the reimbursement policies of the government agencies, all contribute to the liquidation valuation.

Servicer Advances
The Trust is required, from time to time, to make certain servicer advances on loans that it owns or on loans where it retains the servicing rights. These servicer advances are for principal and interest payments, property taxes and insurance premiums ("Escrow") before the servicer collects them from individual borrowers, and for default and property maintenance payments ("Corporate"). Servicer Advances are modeled based on expected recovery of the advance either through borrower repayment, collection from government agencies on insured loans or sale to a third party.

Interest Receivables
Interest Receivables are included in Other Receivables and generally arise from interest payments on mortgage loans and securities. All future estimated interest income is capitalized and is valued based on the asset management strategies and modeled cash flows of the underlying assets.

Other Assets
Other Assets include residual securities, real estate owned from loan foreclosures ("REO"), and other miscellaneous assets. Assets are classified as REO and included in other assets when physical possession of the collateral is taken. REOs are carried at their liquidation value and are held in a subsidiary whose stock is owned by the Trust.

Costs to Sell Assets
Lifetime costs to sell assets are estimated based on the asset disposition strategy and are recorded as a contra asset in the Consolidated Statement of Net Assets in Liquidation.

Claims and Settlements
Claims and settlements are recorded based upon obligations of the Trust under the Plan, the impact of potential settlements to liquidate certain assets and estimates of future insurance claims related to Cap Re.

Cap Re has excess layer reinsurance agreements with non-affiliated private mortgage insurance ("PMI") companies that provide PMI on mortgage loans. Cap Re assumes the risk of loss over a specified first loss percentage for covered loans and in return earns a portion of the PMI premium associated with those mortgage loans. Cap Re reserves for loss and loss adjustment expenses when notices of default on insured mortgage loans are received and the specified first loss percentage covered by the ceding company is exhausted.

Claims and settlement reserves reflect management's best estimate of probable amounts payable in connection with such matters. As a claim or settlement matter develops, management evaluates on an ongoing basis whether such matter presents a liability that is both probable and estimable. When the liability related to a matter is deemed to be both probable and estimable, a liability is recognized. These liabilities are continuously monitored and adjusted to reflect the most recent information related to each matter. In matters for which a liability is not deemed probable, but rather reasonably possible to occur, management would attempt to estimate an amount related to that event. For these matters, a liability is not recorded. However, if an amount can be estimated, this amount would be disclosed if it is material to the Consolidated Financial Statements. There is no accrual nor disclosure for matters which are deemed remote.

Estimated Costs to Operate the Trust
The Trust accrues for all costs it expects to incur during its lifetime. These costs are estimated based on asset disposition models and modeled wind-down expenses of the Trust's operations and are recorded as liabilities.

Income Taxes
The Trust is a Grantor Trust, treated as a flow-through entity for U.S. federal and state income tax purposes. As a flow-through entity, all income and expense flows through to the Beneficiaries to be reported on their respective income tax returns. The Trust is not subject to U.S. federal or state income taxes; therefore, no accrual for these taxes is made. The Trust files a Federal return and multiple state returns and all tax periods since the Trust's Effective Date remain open for examination.

The consolidated subsidiaries are wholly owned by the Trust, including those that may own REO. These subsidiaries are subject to U.S. federal, state or foreign income taxes. Additionally, the Trust elected for U.S. federal and state income tax purposes to report the DCR as a Disputed Ownership Fund. The assets transferred to the DCR are considered to be passive assets; thus, the DCR will also be subject to U.S. federal and/or state income taxes. All estimated taxes to be paid are included in Estimated Costs to Operate the Trust. Any tax filing interest and penalties incurred by the Trust's subsidiaries will be recognized as estimated costs to operate the Trust in the period presented.

2. Restricted Cash

Restricted cash is comprised of the following (in $000's):

	December 31, 2014	December 17, 2013
Cash held in DCR	$ 72,024	$ -
Cash restricted in Cap Re	62,304	69,128
APSC claims and other administrative claims reserve	47,946	-
DOJ/AG settlement reserve	24,324	55,000
Distributions held for Beneficiaries	1,094	-
Escrow amounts from asset sales	50	26,552
Other	-	27,759
Total restricted cash	$ 207,742	$ 178,439

The APSC Settlement restricted cash reserve was funded to satisfy obligations for APSC and other administrative claims. The Trust's liability for such obligations is not limited by the reserve balance.

The DOJ/AG Settlement restricted cash reserve was originally funded to satisfy obligations under the DOJ/AG Settlement. The Trust's liability for such obligations is not limited by the reserve balance. The reserve must maintain a minimum balance of $20.0 million until April 5, 2016, at which time the reserve can be reduced in accordance with a prescribed formula.

3. Mortgage Loans

Mortgage loans are comprised of the following (in $000's):

	December 31, 2014		December 17, 2013	
	Unpaid Principal Balance	Liquidation Value	Unpaid Principal Balance	Liquidation Value
Government-insured loans:				
FHA mortgage loans	$ 237,336	$ 183,204	$ 437,902	$ 409,997
VA mortgage loans	55,876	35,697	70,802	46,399
Non-insured mortgage loans	21,724	6,506	83,950	47,361
Total mortgage loans	$ 314,936	$ 225,407	$ 592,654	$ 503,757

4. Servicer Advances

Servicer advances are comprised of the following (in $000's):

	December 31, 2014		December 17, 2013	
	Amount Advanced	Liquidation Value	Amount Advanced	Liquidation Value
Principal & interest advances	$ -	$ -	$ 22,683	$ 16,177
Escrow advances	35,907	27,290	58,747	53,141
Corporate advances	26,153	13,235	36,096	30,817
Total servicer advances	$ 62,060	$ 40,525	$ 117,526	$ 100,135

5. Other Receivables

Other receivables are comprised of the following (in $000's):

	December 31, 2014	December 17, 2013
Ally settlement receivable	$ -	$ 2,100,000
Interest receivable	15,179	27,916
Other receivables	15,800	68,278
Total other receivables	$ 30,979	$ 2,196,194

6. Other Assets

Other assets are comprised of the following (in 000's):

	December 31, 2014	December 17, 2013
Trading securities	$ 859	$ 21,125
Real estate owned	8,967	9,325
Other assets	18	2,517
Total other assets	$ 9,844	$ 32,967

7. Claims and Settlements

Claims and settlements are comprised of the following (in $000's):

	December 31, 2014	December 17, 2013
Bankruptcy related claims:		
Junior Secured Notes claims	$ -	$ 1,247,507
New Jersey Carpenters claim	-	100,000
Borrowers Trust claims	-	60,800
Federal Housing Finance Agency ("FHFA") claim	-	24,000
APSC claims and other administrative claims	47,102	195,854
ETS unsecured claim	1,069	3,900
Subtotal – bankruptcy related claims	48,171	1,632,061
Settlements:		
Cap Re reserves	39,322	63,863
Other settlements	1,135	11,317
Subtotal – settlements	40,457	75,180
Total claims and settlements	$ 88,628	$ 1,707,241

8. Estimated Costs to Operate the Trust

Estimated costs to operate the Trust are comprised of the following (in $000's):

	December 31, 2014	December 17, 2013
Asset management	$ 2,068	$ 8,178
Regulatory/compliance	46,039	61,997
Compensation	29,574	57,766
Professional fees	85,657	50,883
Other operating costs	92,301	115,568
Total costs to operate the Trust	$ 255,639	$ 294,392

9. Distributions to Beneficiaries

On December 27, 2013, the Trust commenced distributing Units to holders of Allowed Claims who provided the required documentation. Since the Effective Date, the Trust declared distributions of $20.30 per Unit to Beneficiaries of record through October 2, 2014.

Releases to Beneficiaries represent distribution of Units and cash for certain Beneficiaries who subsequently provided the necessary information to the Trust. Distributions on Allowed claims represents Units and related cash released from the DCR for claims that became Allowed between December 17, 2013 and November 30, 2014, and includes Units and cash designated as Distributions Held for Beneficiaries, pending receipt of certain information from the holders. Claims Allowed after November 30, 2014 will receive their Units at the next Unit distribution date.

	Effective Date to December 31, 2014			
Units	Distributed to Beneficiaries	Held By DCR	Held for Beneficiaries	Total Distribution
Balance, December 17, 2013	-	-	-	-
Declared Distribution	96,329,687	3,619,088	51,225	100,000,000
Releases to Beneficiaries	49,456	-	(49,456)	-
Distributions on Allowed claims	19,008	(71,112)	52,104	-
Balance, December 31, 2014	96,398,151	3,547,976	53,873	100,000,000

Cash (in 000's)	Distributed to Beneficiaries	Distributions Held by DCR	Distributions Held for Beneficiaries	Total Distribution
Balance, December 17, 2013	$ -	$ -	$ -	$ -
Declared Distribution	1,955,577	73,408	1,015	2,030,000
Releases to Beneficiaries	932	-	(932)	-
Distributions on Allowed claims	373	(1,384)	1,011	-
Balance, December 31, 2014	$ 1,956,882	$ 72,024	$ 1,094	$ 2,030,000

On March 6, 2015, the Board declared a distribution of $2.00 per Unit for a total of $200 million, with a record date of March 16, 2015 and a distribution date of March 31, 2015.

10. Commitments and Contingencies

Regulatory and Compliance

On February 9, 2012, Ally, ResCap and certain of ResCap's subsidiaries reached an agreement in principle with respect to investigations into procedures followed by mortgage servicing companies and banks in connection with mortgage origination and servicing activities and foreclosure home sales and evictions ("DOJ/AG Settlement") which was subsequently filed as a consent judgment in the US District Court. On and after the Effective Date, the Trust must continue to perform the remaining obligations under the DOJ / AG Settlement, other than certain obligations assumed by the purchasers of ResCap's mortgage servicing rights in the sales that occurred during the chapter 11 cases pursuant to section 363 of the United States Bankruptcy Code (the "Section 363 Sales"). Under the terms of the DOJ/AG Settlement, the Trust is obligated for certain Office of Mortgage Settlement Oversight ("OMSO") costs related to the purchasers in the Section 363 Sales.

The Trust estimated and established a liability for its DOJ/AG Settlement obligations and related costs and expenses of $46.0 million and $62.0 million as of December 31, 2014 and December 17, 2013, respectively.

Litigation

Since the Effective Date, the Trust has settled various matters resulting in a release of $3.9 million in liabilities.

Additional claims have been asserted against the Trust. At this time, the Trust cannot estimate the possible financial effect of these claims.

Affirmative Litigation

The Trust is pursuing various affirmative litigation matters. These include:

- <u>Claims against correspondent lenders that sold already-closed loans to certain subsidiaries of ResCap for contractual breaches of warranties and indemnification.</u> Under the Plan, various affirmative causes of action of the Debtors were transferred to the Trust. Included in these causes of action were 83 lawsuits asserting contractual breaches and indemnification rights against correspondent lenders that sold already-closed loans to certain Debtors. The Debtors entered into tolling agreements with six additional correspondent lenders. Inception Date through December 31, 2014, 13 new matters were filed, 11 matters were voluntarily dismissed, 1 matter was dismissed and is on appeal, and 5 matters were settled. As of December 31, 2014, there were 79 total filed cases outstanding and tolling agreements with 6 other correspondent lenders.

- <u>Claims pursuant to transactions with foreign subsidiaries</u>. Inception to date, 4 matters were settled related to ResCap's foreign subsidiaries. All proceeds are expected to be received and held by the subsidiary or its parent, RFC Foreign Equity Holdings, until such time as determined by the Board to be transferred to the Trust.

- <u>Other affirmative litigation matters.</u> During the period, the Trust reached a confidential settlement with regard to an affirmative litigation matter. The Trust also initiated action against certain insurers for failure to cover certain settlement costs. The Trust is also party to certain other affirmative litigation, principally in adversary proceedings before the bankruptcy court seeking avoidance of transfers made to creditors prior to the commencement of the bankruptcy.

- Reservation of rights. The Trust has reserved its rights with respect to other affirmative claims it may bring in the future.

At this time, the Trust cannot predict the outcome of these litigations or estimate the possible financial effect of these matters on the Consolidated Financial Statements, and as such, neither contingent gains nor any contingent costs to pursue these matters are currently recorded.

Other

Prior to the formation of the Trust, on March 18, 2013, the U.S. Attorney's Office for the Central District of California served an investigative subpoena on Residential Capital, LLC pursuant to 12 U.S.C. 1833a (Financial Institutions Reform, Recovery, and Enforcement Act of 1989, or FIRREA). On February 13, 2014, and March 2, 2015, supplemental subpoenas were served on Residential Capital, LLC. The subpoenas seek documents and information related to the Debtors' securitization activities, including the purchase of loans from third-parties. The Trust continues to cooperate with the U.S. Attorney's Office in connection with its investigation.

11. Subsequent Events

Events subsequent to December 31, 2014 were evaluated through March 6, 2015, the date on which these Consolidated Financial Statements were issued.

On February 18, 2015, the Trust entered into a settlement agreement with a correspondent. The agreement provides for the full and final resolution of two pending litigations against this correspondent and a mutual release of all claims relating to residential mortgage loans that were sold in exchange for payment to the Trust of $20.5 million. This is not included in the Consolidated Financial Statements as of December 31, 2014. The complaints in the above litigations asserted claims for indemnity and breach of contract, and sought recovery of liabilities and losses that Residential Funding Company, LLC ("RFC") had incurred by virtue of its purchase of residential mortgage loans that breached representations and warranties to RFC.

On March 6, 2015, the Board declared a distribution of $2.00 per Unit for a total of $200 million, with a record date of March 16, 2015 and a distribution date of March 31, 2015.