

LIQUIDATING TRUST

March 9, 2016

Dear Beneficiaries:

Effective January 1, 2016, I took over as Liquidating Trust Manager. While I will remain a member of the Board, I stepped down as Chairman and Mitchell Sonkin moved into that role. As we move forward into 2016, our mission is to focus on maximizing returns to beneficiaries by evolving into a litigation-centric organization to drive aggressive prosecution of our affirmative actions, while also managing the timely and efficient winddown of the remaining Trust assets and activities.

The Trust's quarterly financial report as of and for the period ended December 31, 2015, has been posted on our website at <http://rescapliquidatingtrust.com/financialtaxinformation.aspx>.

As noted in footnote 3 of our financial report, on February 25, 2016, the Federal Housing Administration ("FHA") of the United States Department of Housing and Urban Development ("HUD") informed the Trust that it would be temporarily suspending payments of FHA insurance claims to the Trust's FHA Trustee, Bank of New York Mellon Trust, which holds legal title to the underlying FHA insured loans. Under the governing agreements, Bank of New York Mellon Trust is obligated to forward such FHA claim proceeds received from HUD to Ocwen as the servicer. After Ocwen makes allowable deductions, the Trust has the right to receive the residual funds from the claim proceeds. HUD has asserted a claim within the DCR against GMAC Mortgage, and has indicated to Ocwen that its suspension of the FHA claim payments is related to the resolution of its claim against GMAC Mortgage. If the FHA prevails on its setoff claims against the Trust, the carrying value of the Trust's FHA mortgage loans and claims could be materially and adversely affected. The Trust disagrees with the FHA's position and intends to vigorously oppose any attempt to assert setoff rights against the Trust.

During the fourth quarter, the Trust continued to prosecute our affirmative actions and focus our efforts on resolving asset recoveries and settling claims and liabilities. Based upon the timing of this effort and the investments required, the Board determined that we would not make any distribution to our Beneficiaries at this time. In accordance with the Liquidating Trust Agreement, we will review this again after 2Q 2016.

The fourth quarter of 2015 successes included:

- Continuing to work with the mediators in our correspondent lender litigation to settle these cases on terms that we feel are appropriate. In the interim we have been heavily engaged in pre-trial discovery, including document and data production, conducting depositions and other pre-trial investigation and preparation work as part of the various court proceedings.

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- Additional efforts for winding down the international entities resulted in repatriation of \$0.7 million back to the Trust and the remaining two UK entities placed into liquidation.
- The Trust entered into an agreement to sell approximately 2,000 charged off loans for \$2.1 million.
- The transfer of the final servicing deal excluded from the Section 363 Asset Sale was completed. In addition to a net receipt of \$0.5 million, the transaction provided for an \$84 million claim included in the Disputed Claims Reserve (DCR), to be withdrawn.
- The Trust claim in the Chapter 7 bankruptcy case of WL Homes was allowed and an initial claim payment of \$2.34 million was received.
- Collected \$11.7 million in normal course recoveries relating to the Trust's portfolio of mortgage assets. As previously reported, the Trust continues to devote significant efforts toward maximizing the remaining portfolio of FHA and VA loans. These efforts include working with the servicer to improve the portfolio performance and considering other options to maximize the value of the portfolio.

Correspondent Lender Litigation and Other Settlements

As of the end of fourth quarter of 2015, the Trust was prosecuting 68 correspondent lender litigations, 59 of which were pending in the federal District Court in Minnesota, 5 of which were pending in the federal Bankruptcy Court for the Southern District of New York, and 4 of which were pending in Minnesota state court. An additional case, which the Minnesota federal District Court dismissed in 2014, remains on appeal to the U.S. Court of Appeals for the Eighth Circuit, and two cases were stayed in the federal District Court in Minnesota due to the bankruptcy filings of the defendants. The Trust has tolling agreements with 6 other correspondent lenders.

The parties to the correspondent lender litigations continue to engage in pre-trial discovery and motion practice. Additionally, depositions of both plaintiff and defendant fact and 30(b)(6) witnesses began in the fourth quarter.

During the quarter, the Trust entered into settlement agreements with 5 correspondent lenders. After December 31, 2015, an additional 6 settlement agreements were reached, 3 correspondent litigation and 3 other correspondent claims. The settlements provide for the full and final resolution of all pending claims against the defendants and mutual releases.

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Claims

We continue to make progress resolving complex claims in the unsecured Disputed Claims Reserve, reducing the number of active claims by 68 in the fourth quarter, from 144 to 76. We are in the process of reconciling the remaining claims and have been in contact with all of the claimants to work toward a final resolution.

Administrative Priority, Secured, Convenience and ETS claims decreased in the fourth quarter from 26 to 11. All claims within ETS have been resolved. We continue to work towards a resolution of our largest administrative claim with Ocwen.

Regulatory

The Trust, as successor to the Debtors in the Bankruptcy case, together with other large mortgage servicers, is party to a settlement with the Department of Justice (“DOJ”) which requires a review of mortgage loans for potential violations under the Servicemembers Civil Relief Act (“SCRA”). Rust Consulting serves as settlement administrator on behalf of the Trust and PricewaterhouseCoopers (“PwC”) is the Consultant performing the loan reviews.

It is expected that the Trust’s efforts to complete the data analysis on the remaining loans and submit the results to the DOJ will extend into Q2 2016. Assuming we receive approval from the DOJ to proceed with the remediation activity, we will work with Rust Consulting to begin this final phase of the remediation activity. At that point, and in accordance with the DOJ settlement, this final remediation phase will take approximately two years to complete.

In the fourth quarter, the Federal Reserve Board (“FRB”) issued details regarding the closeout activities for the Independent Foreclosure Review (“IFR”). The requirements include a) an additional mass check mailing in June 2016 with a proportionate amount being issued to borrowers who have already cashed checks and b) an independent audit of Rust Consulting related to the check issuance requirements of the settlement.

Administrative Expenses Set Aside

The Administrative Expenses Set Aside holds cash and other assets, for the payment of Trust operating expenses. As of December 31, 2015, the Administrative Expenses Set Aside consisted of \$50.4 million in cash and \$169.0 million in pledged proceeds from future asset sales and/or recoveries.

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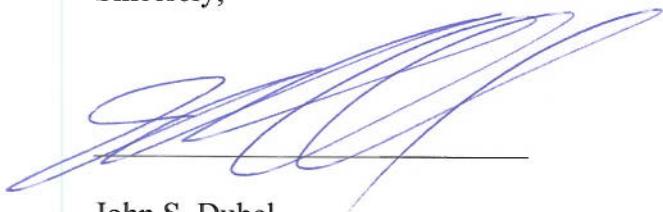
Activity related to the Administrative Expenses Set Aside is as follows (in \$000's):

	Quarter ended December 31, 2015	Year ended December 31, 2015	Effective Date to December 31, 2015
Balance, Beginning of period	\$ 224,509	\$ 227,259	\$ -
Additions - cash	16	93	286,304
Additions - pledged proceeds from future asset sales and/or recoveries	8,874	168,981	168,982
Withdrawals - cash	(14,000)	(176,934)	(235,887)
Balance, December 31, 2015	<u>\$ 219,399</u>	<u>\$ 219,399</u>	<u>\$ 219,399</u>

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The Board and management of the Trust continue to devote their efforts to maximize value for Beneficiaries in the most efficient manner possible. We look forward to reporting on the results of these efforts.

Sincerely,



John S. Dubel
Liquidating Trust Manager