ResCap Liquidating Trust

Unaudited Consolidated Financial Statements as of and for the Period Ended March 31, 2014

Table of Contents **Page**

Consolidated Statement of Net Assets in Liquidation
(Liquidation Basis - unaudited)

Assets:	**March 31, 2014 (in $000's)**	**December 17, 2013 (in $000's)**
Cash and cash equivalents	$ 312,006	$ 1,499,041
Restricted cash	222,275	178,439
Mortgage loans	473,426	503,757
Mortgage servicing rights	1,517	15,744
Servicer advances	63,173	100,135
Other receivables	172,302	2,196,194
Other assets	29,353	32,967
Costs to sell assets	(3,376)	(9,043)
Total assets	$ 1,270,676	$ 4,517,234
Liabilities:		
Claims and settlements	$ 180,466	$ 1,707,241
Estimated costs to operate the Trust	317,951	294,392
Liability for undistributed funds	64,781	-
Total liabilities	563,198	2,001,633
Net assets in liquidation	$ 707,478	$ 2,515,601
Total units authorized	100,000,000	100,000,000
Net assets per authorized unit	$ 7.07	$ 25.16

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

Consolidated Statement of Changes in Net Assets in Liquidation
(Liquidation Basis - unaudited)

	Period Ended March 31, 2014 (in $000's)
Net assets in liquidation, December 17, 2013	$ 2,515,601
Net realized (loss) on assets	(710)
Increase in asset valuation	8,934
Net increase in asset values	8,224
Decrease in claims and settlement expense	(3,395)
Increase in estimated costs to operate the Trust	54,742
Net increase in liabilities	51,347
Total decrease in net assets	(43,123)
Other items:	
Declared distributions	(1,765,000)
Net assets in liquidation, March 31, 2014	**$ 707,478**

Per unit information:

	$ per Unit
Net assets per unit, December 17, 2013	$ 25.16
Decrease in net assets per unit	(0.44)
Declared distribution per unit	(17.65)
Net assets per unit, March 31. 2014	**$ 7.07**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business

The ResCap Liquidating Trust (the "Trust") was formed in connection with the Plan of Reorganization under chapter 11 of the United States Bankruptcy Code (the "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, and are held in bailment by the Debtors for the benefit of the Trust, and are considered to be assets of the Trust and their proceeds belong to the Trust. 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 $532.9 million and $2.3 billion at March 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 bulk sales, insurance recoveries or through payments from obligors. Bulk sales of loans will be made in the markets for the sale of such loans. The Trust will work through the insurance recovery process for government insured loans. The Trust expects to monetize the remainder of its assets through normal principal amortization, recovery of payments from obligors, or normal operations.

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 provides 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 include 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 Claim 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 will make distributions of Units and cash from the DCR to holders of disputed claims that become Allowed at intervals determined by the Board.

2. Significant Accounting Policies

Accounting Principles

The Trust's accounting and reporting policies conform to accounting principles generally accepted in the United States of America ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and that affect changes in net assets during the reporting period. In developing the estimates and assumptions, management uses all available evidence; however, actual results could differ because of uncertainties associated with estimating the amounts, timing, and likelihood of possible outcomes.

The Consolidated Financial Statements as of and for the period ended March 31, 2014 are unaudited but reflect all adjustments that are, in management's opinion, necessary for the fair presentation of the results for the interim period presented. The initial Consolidated Statement of Changes in Net Assets in Liquidation includes the period from Effective Date through March 31, 2014 and covers a period that is more than one calendar quarter.

Liquidation Basis of Accounting

Management has determined that liquidation is "imminent," as defined in Financial Accounting Standards Update No. 2013-07 ("ASU 2013-07"), *Liquidation Basis of Accounting*, which provides guidance for the recognition and measurement of assets and liabilities and requirements for financial statements in such circumstances. In accordance with ASU 2013-07, the Trust has prepared these Consolidated Financial Statements using the liquidation basis of accounting.

The liquidation basis of accounting must be applied prospectively from the day that liquidation becomes imminent, which was the Trust's Effective Date. 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.

Principles of Consolidation

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.

The financial statements of subsidiaries outside of the United States are measured using the local currency as the functional currency. All assets and liabilities of foreign subsidiaries are translated into United States dollars using the period end exchange rates. Changes in net asset items are translated at average exchange rates prevailing during the period. Any foreign currency transactions are recorded directly to the Consolidated Statement of Changes in Net Assets in Liquidation as estimated costs to operate the Trust, as such amounts are not material.

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. The Trust has no obligation to fund future amounts. 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 the asset disposition strategy. 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.

Mortgage Servicing Rights

Mortgage Servicing Rights ("MSRs") represent the right to receive future cash flows from the servicing of mortgage loans for others. The Trust capitalizes the value of the future expected cash flows from these servicing rights. MSRs are recorded at their liquidation value and are based on recent bids from third parties.

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 or 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 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 in the period presented.

3. Restricted Cash

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

	March 31, 2014	December 17, 2013
Cash restricted in Cap Re	$ 66,214	$ 69,128
DOJ/AG settlement reserve	48,341	55,000
APSC claims and other administrative claims reserve	42,218	-
Cash held in DCR	38,877	-
Escrow amounts from asset sales	22,127	26,552
Distributions held for Beneficiaries	904	-
Other	3,594	27,759
Total restricted cash	$ 222,275	$ 178,439

4. Mortgage Loans

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

	March 31, 2014		December 17, 2013	
	Unpaid Principal Balance	Liquidation Value	Unpaid Principal Balance	Liquidation Value
Government-insured loans:				
FHA mortgage loans	$ 405,638	$ 377,929	$ 437,902	$ 409,997
VA mortgage loans	64,758	43,477	70,802	46,399
Non-insured mortgage loans	83,954	52,020	83,950	47,361
Total mortgage loans	$ 554,350	$ 473,426	$ 592,654	$ 503,757

5. Servicer Advances

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

	March 31, 2014		December 17, 2013	
	Amount Advanced	Liquidation Value	Amount Advanced	Liquidation Value
Principal & interest advances	$ 5,516	$ 34	$ 22,683	$ 16,177
Escrow advances	43,505	38,532	58,747	53,141
Corporate advances	30,088	24,607	36,096	30,817
Total servicer advances	$ 79,109	$ 63,173	$ 117,526	$ 100,135

The Trust sold servicing advances and received proceeds of $37.3 million during the period ended March 31, 2014.

6. Other Receivables

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

	March 31, 2014	December 17, 2013
Ally settlement receivable	$ 99,000	$ 2,100,000
Ally settlement receivable in DCR	25,000	-
Interest receivable	24,973	27,916
Other receivables	23,329	68,278
Total other receivables	$ 172,302	$ 2,196,194

As part of the Plan, ResCap's former parent company, Ally Financial Inc. ("Ally") contributed $2.1 billion to the Debtors. During the period ended March 31, 2014, $1.976 billion of this amount was received. The remaining $124.0 million was received in April 2014.

7. Other Assets

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

	March 31, 2014	December 17, 2013
Trading securities	$ 18,871	$ 21,125
Real estate owned	9,859	9,325
Other assets	623	2,517
Total other assets	$ 29,353	$ 32,967

Proceeds from the disposition of REO properties may have certain implications on the timing of distribution, which will be delayed until the entities are liquidated.

8. Costs to Sell Assets

Costs to sell assets are comprised of the following (in $000's):

	March 31, 2014	December 17, 2013
Assumed contract cure costs	$ 1,472	$ 7,298
Other	1,904	1,745
Total costs to sell assets	$ 3,376	$ 9,043

The Trust expects to cure, assume and assign certain contracts in the future and the estimated cure costs are included as costs to sell. During the period ended March 31, 2014, two of the four remaining contracts were cured and $6.2 million in excluded deal cure costs were paid.

9. Claims and Settlements

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

	March 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	108,001	195,854
ETS unsecured claim	3,900	3,900
Subtotal – bankruptcy related claims	111,901	1,632,061
Settlements:		
Cap Re reserves	59,384	49,037
Other settlements	9,181	26,143
Subtotal – settlements	68,565	75,180
Total claims and settlements	$ 180,466	$ 1,707,241

All Junior Secured Notes, Borrowers Trust, New Jersey Carpenters and FHFA claims were paid in cash by the Trust on December 17, 2013. The Trust also established a $3.9 million cash reserve and liability at the Effective Date for Executive Trustee Services ("ETS") claims. Under the Plan, the Trust must pay an Allowed ETS unsecured claim it's pro rata portion of the value, if any, of the assets available at ETS that exceed the value of ETS claims that are senior in right of payment.

10. Estimated Costs to Operate the Trust

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

	March 31, 2014	December 17, 2013
Asset management	$ 6,450	$ 8,178
Regulatory/compliance	57,684	61,997
Compensation	51,112	57,766
Professional fees	88,684	50,883
Other operating costs	114,021	115,568
Total costs to operate the Trust	$ 317,951	$ 294,392

11. Distributions to Beneficiaries

On December 27, 2013, the Trust commenced distributing Units to holders of Allowed claims who provided the required documentation and an initial cash distribution of $17.65 per Unit as follows:

	Units	Amount (in $000's)
Distribution to Beneficiaries	96,329,687	$ 1,700,219
Distribution to the DCR	3,619,088	-
Cash	-	38,877
Other receivables	-	25,000
Distribution held for Beneficiaries	51,225	904
Declared distribution	100,000,000	$ 1,765,000

A liability of $64.8 million was established in connection with i) distributions related to Units held in the DCR and ii) distributions held for Beneficiaries still in the process of providing information needed to be issued their Units.

12. Commitments and Contingencies

Regulatory and Compliance

On February 12, 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 of the Debtors 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").

The Trust estimated and established a liability for its DOJ/AG Settlement obligations and related costs and expenses of $57.7 million and $62.0 million as of March 31, 2014 and December 17, 2013, respectively. A DOJ/AG Settlement restricted cash reserve was originally funded by the Debtors to satisfy their obligations under the DOJ/AG Settlement, which was assumed by the Trust pursuant to the Plan. This restricted cash reserve has a balance of $48.3 million and $55.0 million as of March 31, 2014 and December 17, 2013, respectively. 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.

Litigation

Cap Re reached a settlement with respect to certain insurance litigation for $6.25 million, which was accrued as of March 31, 2014.

In April 2014, the bankruptcy court issued an opinion granting a creditor/lender's motion for default interest and counsel fees and expenses related to a ResCap contract. This facility was repaid during the bankruptcy period. The estimated liability established for this matter was increased from $1.0 million as of the Effective Date to $5.4 million as of March 31, 2014.

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

Affirmative Litigation
Under the Plan, various affirmative causes of action of the Debtors were transferred to the Trust. Included in these causes of action are:

- 73 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.
- 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.

13. Subsequent Events

Events subsequent to March 31, 2014 were evaluated through May 9, 2014, the date on which these Consolidated Financial Statements were issued.

In April 2014, the Trust sold non-insured mortgage loans and received $43.4 million of proceeds.