

RESCAP

LIQUIDATING TRUST

May 11, 2016

Dear Beneficiaries:

We are continuing our mission 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.

Some of the significant results we have achieved during the first quarter of 2016 include:

HUD Claim and Setoff Issue

The Trust has worked diligently with the United States Department of Housing and Urban Development (HUD) to resolve HUD's proof of claim within the Disputed Claim Reserve against GMAC Mortgage without setoff. The Trust continues to work towards a satisfactory resolution with HUD. As part of the discussions, HUD has indicated that it intends to lift the previously reported suspension of payments on insurance claims submitted by the Trust's FHA Trustee, Bank of New York Mellon Trust, which holds legal title to the underlying FHA insured loans.

Asset Disposition

The Trust continues an asset by asset review of the mortgage asset portfolio to resolve the assets in an efficient and expedient manner. The Trust collected \$9.0 million in normal course recoveries relating to the Trust's portfolio of mortgage assets.

Correspondent Lender Litigation and Other Settlements

In connection with our litigation against correspondent lenders (the "Litigation Correspondents"), we have continued negotiations, with the assistance of Federal Court appointed mediators, on terms that we feel are appropriate. The Trust executed 7 settlements with Litigation Correspondents post December 2015 through the issuance date of this letter. 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. Additionally, the Federal Court recently mandated all parties in the Federal action to mediation between now and September 30.

Claims

We continue to make progress resolving complex claims in the unsecured Disputed Claims Reserve, reducing the number of active claims by 7 in the first quarter, from 76 to 69. In Q1, the

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Trust received Bankruptcy court approval for the extension of the claims objection deadline to December 15, 2016. 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. Subsequent to the quarter end, we have resolved some of the remaining claims. Administrative Priority, Secured, Convenience and ETS claims decreased in the first quarter from 11 to 7. We continue to work towards a resolution of our largest administrative claim with Ocwen. In connection with this administrative claim, the Trust has entered into mediation with Ocwen, the results of which cannot be determined at this time.

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 first quarter, the Federal Reserve Board (FRB) issued a non-objection to allow RSM Consulting to perform the independent audit of Rust Consulting related to the check issuance requirements of the settlement for the Independent Foreclosure Review (IFR). An additional mass check mailing in June 2016, with a proportionate amount being issued to borrowers who have already cashed checks, is on track to take place as scheduled, but is conditional based upon the results found in the independent audit from RSM Consulting.

Administrative Expenses Set Aside

The Administrative Expenses Set Aside holds cash and other assets, for the payment of Trust operating expenses. As of March 31, 2016, the Administrative Expenses Set Aside consisted of \$50.5 million in cash and \$150.2 million in pledged proceeds from future asset sales and/or recoveries.

RESCAP

LIQUIDATING TRUST

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

	Quarter ended March 31, 2016
Balance, December 21, 2015	\$ 219,399
Additions - cash	35
Withdrawals - pledged proceeds from future asset sales and/or recoveries	(18,781)
Withdrawals - cash	-
Balance, March 31, 2016	<u>\$ 200,653</u>

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At this time, the Board has determined that we would not make any distribution to our Beneficiaries during Q2 2016. In accordance with the Liquidating Trust Agreement, we will review this again after Q2 2016.

The Trust~~ø~~s quarterly financial report as of and for the period ended March 31, 2016, has been posted on our website at <http://rescapliquidatingtrust.com/financialtaxinformation.aspx>.

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