

RESCAP

LIQUIDATING TRUST

August 14, 2015

Dear Beneficiaries:

The Trust's quarterly financial report as of and for the period ended June 30, 2015, has been posted on our website at <http://rescapliquidatingtrust.com/financialtaxinformation.aspx>.

During the second quarter, the Trust continued monetizing assets and pursuing causes of action.

Asset Recovery and Monetization Activity

In the second quarter, the Trust

- Collected \$19.7 million in normal course recoveries relating to the Trust's portfolio of assets held for sale, which was significantly higher than the prior quarter's recoveries.
- Received \$2.5 million of cash that was released to Cap Re by one of the mortgage insurers for closed underwriting years. Funds will remain in Cap Re until they can be upstreamed or the entity liquidated.

As previously reported, the Trust has been exploring additional bulk sales of the remaining portfolio of FHA and VA loans. We were working to arrange such sales during the second quarter of 2015, but have not reached any agreement with potential purchasers. While we continue to evaluate these bulk sales, management and the Board are also exploring other options for the portfolio.

Administrative Expenses Set Aside

The Administrative Expenses Set Aside holds cash and other assets, as determined by the Board that are set aside for the payment of Trust operating expenses. As of June 30, 2015, the Administrative Expenses Set Aside consisted of \$66.4 million in cash and \$138.5 million in pledged proceeds from future asset sales and/or recoveries.

Activity during the second quarter of 2015 related to the Administrative Expenses Set Aside is as follows (in \$000's):

	<u>Amount</u>
Balance, March 31, 2015	\$ 210,315
Additions - cash	23
Additions - pledged proceeds from future asset sales and/or recoveries	8,116
Withdrawals - cash	(13,516)
Balance, June 30, 2015	<u>\$ 204,938</u>

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Claims

We continue to make progress resolving claims in the Disputed Claims Reserve, and have reduced the number of active claims since the first quarter by 112, from 258 to 146 at the end of the second quarter.

- On June 10, 2015, a motion was granted extending the date by which claims objections must be filed to May 15, 2016.
- On June 26, 2015, Omnibus 68 was ordered, thereby disallowing and expunging 110 claims.

There were 38 active Administrative Priority, Secured, Convenience and ETS claims at June 30, 2015.

- On July 21, 2015, \$0.8 million of claims against ETS were withdrawn and reserves released.

Regulatory

The Trust, as successor to the Debtors, together with other large mortgage servicers, is party to a settlement with federal and state regulators under the Servicemembers Civil Relief Act (SCRA) regarding foreclosures against servicemembers. Rust Consulting serves as settlement administrator on behalf of the Trust. In December 2014, the Trust remitted \$13.7 million to Rust Consulting for disbursement to servicemembers under Section 533 of SCRA dealing with non-judicial foreclosures. During the second quarter, \$7.9 million of the funds were returned to the Trust because the servicemembers to whom these funds were payable did not respond to outreach efforts and could not be located. These funds have been reserved for potential payments to servicemembers under Section 533.

In addition, in June 2015, Rust Consulting initiated remediation activities under the settlement with regard to compensation due to servicemembers under Section 521 of SCRA which addresses default judgments against servicemembers. \$11.5 million has been reserved for potential payments to servicemembers under Section 521.

Legal Matters

The Trust, as successor in interest to Residential Funding Company, LLC ("RFC"), continues to prosecute lawsuits against correspondent lenders, seeking recovery for breach of representations and warranties on the residential mortgage loans that the defendants' sold to RFC. The Trust is also engaged in several other affirmative litigation matters.

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As of the end of second quarter of 2015, the Trust was prosecuting 75 correspondent lender litigations, 66 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. The Trust has tolling agreements with 6 other correspondent lenders, which were extended until September 30, 2015.

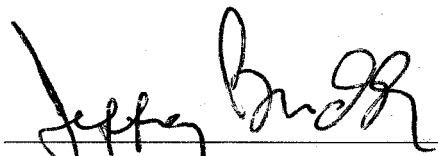
The parties to the correspondent lender litigations continue to engage in pre-trial discovery and motion practice. During the second quarter of 2015, the Minnesota federal court issued several decisions resolving discovery disputes, including one decision that granted in part the Trust's motion to approve the use of a statistical sampling methodology as to certain loans sold to RFC by the defendants in 23 Minnesota federal cases, and two decisions granting in part the Trust's motions to strike certain affirmative defenses asserted by defendants in the Minnesota federal cases. Additionally, federal and state courts in Minnesota issued seven decisions denying in all material respects motions to dismiss filed or joined by 18 defendants.

During the quarter, two additional correspondent lender actions were settled by the Trust. These settlements provide for the full and final resolution of all pending claims against the defendants, mutual releases, and payments to the Trust of \$7.7 million.

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As the weight of activity of the Trust shifts from asset monetization to litigation recoveries, management and the Board of the Trust remain keenly focused on maximizing recoveries for Beneficiaries. We will continue to keep you informed of developments.

Sincerely,



Jeffrey A. Brodsky

Member

Quest Turnaround Advisors, LLC

Liquidating Trust Manager