

KRAMER LEVIN NAFTALIS & FRANKEL LLP
Kenneth H. Eckstein
Joseph A. Shifer
Nathaniel Allard
1177 Avenue of the Americas
New York, New York 10036
Telephone: (212) 715-9100
Facsimile: (212) 715-8000

Counsel for the ResCap Liquidating Trust

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	Case No. 12-12020 (MG)
)	
RESIDENTIAL CAPITAL, LLC, <u>et al.</u> ,)	Chapter 11
)	
Debtors.)	Jointly Administered
)	

**THIRTY-EIGHTH POST-CONFIRMATION STATUS
REPORT OF THE RESCAP LIQUIDATING TRUST**

The ResCap Liquidating Trust (the “**Liquidating Trust**”), as successor in interest to the debtors (collectively, the “**Debtors**”) in the above-captioned cases (the “**Chapter 11 Cases**”), hereby submits this post-confirmation status report for the period ending on March 31, 2024 (the “**Reporting Period**”), and respectfully represents as follows:

STATUS REPORT

1. On December 11, 2013, the Court entered the *Order Confirming Second Amended Joint Chapter 11 Plan Proposed by Residential Capital, LLC et al. and the Official Committee of Unsecured Creditors* (the “**Confirmation Order**”) [Docket No. 6065] approving the terms of the Chapter 11 plan, as amended (the “**Plan**”), filed in these Chapter 11 Cases [Docket No. 6065-1].¹

¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.



2. On December 17, 2013, the Effective Date of the Plan occurred (the “**Effective Date**”), and the Liquidating Trust was established [Docket No. 6137]. Pursuant to the Plan, the Liquidating Trust was established to wind down the affairs of the Debtors. *See* Plan, Art. VI.

3. On August 13, 2014, the Liquidating Trust filed an application for entry of a post-confirmation order (the “**Post-Confirmation Order**”) [Docket No. 7385]. On August 26, 2014, the Court entered an amended Post-Confirmation Order [Docket No. 7431]. Pursuant to the Post-Confirmation Order, the Liquidating Trust is required to file quarterly and annual status reports detailing the actions taken by the Liquidating Trust and the progress made toward the consummation of the Plan.

4. Attached hereto as **Exhibit A** is a copy of the Liquidating Trust’s consolidated financial statements and letters to beneficiaries (collectively, the “**Financial Statements**”) detailing the Liquidating Trust’s activity during the Reporting Period. The Financial Statements are available on the claims agent’s website at <https://www.kccllc.net/rescap>.

NOTICE

5. Notice of this Status Report has been provided to the parties identified on the Special Service List and General Service List, as those terms are defined in the Notice, Case Management, and Administrative Procedures approved by the Court [Docket No. 141], including the Office of the U.S. Trustee for the Southern District of New York.

Dated: May 10, 2024
New York, New York

KRAMER LEVIN NAFTALIS & FRANKEL LLP

/s/ Joseph A. Shifer

Kenneth H. Eckstein

Joseph A. Shifer

Nathaniel Allard

1177 Avenue of the Americas

New York, New York 10036

Telephone: (212) 715-9100

Facsimile: (212) 715-8000

Counsel for the ResCap Liquidating Trust

Exhibit A

ResCap Liquidating Trust

ResCap Liquidating Trust

**Consolidated Financial Statements
as of and for the Period Ended March 31, 2024
(Unaudited)**

ResCap Liquidating Trust

Consolidated Statement of Net Assets in Liquidation

(Unaudited)

In thousands (except per unit)

Assets:	March 31, 2024	December 31, 2023
Cash and cash equivalents	\$ 64,928	\$ 66,224
Total assets	64,928	66,224
Liabilities:		
Estimated costs to operate Trust	27,714	29,753
Total liabilities	27,714	29,753
Net assets in liquidation	\$ 37,214	\$ 36,471
Total units in the Trust	98,853,649	98,853,649
Net assets per authorized unit	\$ 0.38	\$ 0.37

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

ResCap Liquidating Trust

Consolidated Statement of Changes in Net Assets in Liquidation

(Unaudited)

In thousands

	Quarter to date ended March 31, 2024	Year to date Ended March 31, 2024	Effective Date through March 31, 2024
Receipts			
Receipts on assets held for sale	\$ 1	\$ 1	\$ 645,870
Litigation / claim recoveries	-	-	1,340,462
Interest - MMF	732	732	15,946
Other receipts	22	22	162,649
Plan settlements	-	-	2,100,000
Total receipts	755	755	4,264,927
Disbursements			
Claims and settlement	-	-	(1,642,074)
DOJ / AG consent settlement	-	-	(88,201)
Costs to operate the Trust	(2,051)	(2,051)	(748,439)
Total disbursements	(2,051)	(2,051)	(2,478,714)
Distributions			
Total distributions	-	-	(3,398,766)
Net cash flow	(1,296)	(1,296)	(1,612,553)
Other non-cash changes affecting:			
Increase (decrease) in asset value assumptions	-	-	(55,026)
(Increase) decrease in costs to operate the Trust	(12)	(12)	(570,001)
(Increase) decrease in DOJ/AG consent settlement	-	-	(7,551)
Basis of assets/liabilities liquidated/resolved	2,051	2,051	(233,256)
(Increase) decrease in distributions held for Beneficiaries	-	-	-
Total non-cash changes	2,039	2,039	(865,834)
Total increase (decrease) in net assets	743	743	(2,478,387)
Net assets in liquidation, beginning of period	36,471	36,471	2,515,601
Net assets in liquidation, end of period	\$ 37,214	\$ 37,214	\$ 37,214

ResCap Liquidating Trust

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Description of Business 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"). The Plan became effective on December 17, 2013 ("Effective Date").

The Trust issued units of beneficial interest ("Units"). The Units entitle their holders ("Beneficiaries") to receive a proportionate amount of cash distributions ("Declared Distributions") made by the Trust.

Basis of Presentation

The unaudited Consolidated Financial Statements (the "Statements") reflect the accounts of the Trust and subsidiaries after eliminating all significant intercompany balances and transactions. The Statements reflect all adjustments that are, in management's opinion, necessary for the fair presentation of the results for the periods presented. The 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. Assets are stated at their estimated net realizable value, which is the amount of cash into which an asset is expected to be converted during the liquidation period. The Trust also accrues costs that it expects to incur through to the end of its liquidation. The Trust currently accrues costs through December 31, 2025, however, the prosecution of the remaining litigation discussed below, and the corresponding timeline for resolving such litigation through trial or appeals may cause the Trust to be further extended beyond December 31, 2025, resulting in an increase to future accrued costs for such extended periods and a corresponding reduction in cash available. The Trust will record and value affirmative settlements or judgements when realized and collectability is reasonably anticipated. The Trust does not accrue contingent costs.

These Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto for the year ended December 31, 2023.

2. Estimated Costs to Operate the Trust

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

	March 31, 2024			December 31, 2023	
	Accrued	Future	Total	Total	
Professional fees (legal, expert, other professional costs)	\$ 603	\$ 24,508	\$ 25,111	\$	26,964
Compensation	375	-	375		375
Document management	-	147	147		148
Information technology	-	975	975		1,048
Other operating costs	-	1,106	1,106		1,218
Total costs to operate the Trust	\$ 978	\$ 26,736	\$ 27,714	\$	29,753

ResCap Liquidating Trust

The estimated cost to operate the Trust is \$27.7 million including \$1.0 million of expenses that have been incurred but not yet paid and \$26.7 million of expected future costs for the period April 2024 through December 2025. Of the future \$26.7 million cost, \$11.1 million supports the on-going insurance recovery case pending in Federal District court and \$15.6 million represents existing contractual obligations and the future costs for the operations and wind-down of the Trust.

3. Commitments and Contingencies

Affirmative Matters

The Trust is pursuing the following affirmative matter:

Insurance Recovery Action - The Trust has an adversary proceeding case pending in the Federal District Court, Southern District of New York, ResCap Liquidating Trust v. Certain Underwriters at Lloyd's, London, et al., Adv. Case No. 15-01025-dsj. In December 2019, the Bankruptcy Court issued a partial summary judgment in favor of the Trust. The Trust's claim is approximately \$73.0 million, exclusive of interest and fees. At the end of 2022, the Court issued a decision on the summary judgment motions and ruled in the Trust's favor on all major issues. The case has moved to the Federal District Court, southern District of New York pending trial proceedings expected in January 2025.

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

4. Subsequent Events

Events subsequent to March 31, 2024, were evaluated through May 7, 2024, the date on which these Consolidated Financial Statements were issued.

RESCAP

LIQUIDATING TRUST

ResCap Liquidating Trust

Q1 2024 Beneficiary Letter



LIQUIDATING TRUST

May 7 2024

Dear Beneficiaries:

The Trust continued its efforts to wind down the Trust effectively and efficiently.

The Trust continues to pursue litigation in its insurance recovery action. The case has moved to the Federal District Court, southern District of New York and trial is expected to be scheduled in January 2025. The amounts at issue are discussed in the accompanying financial statements.

The Administrative Set Aside of \$26.7 million (net of costs incurred but not yet paid) reflects the extension of the Trust through December 2025 to support the continuing work with the insurance adversary action and final wind down actions. A breakdown of the costs is shown in the accompanying financial statements.

To aid Beneficiaries in their tax reporting, the Trust is providing a quarterly Tax Information letter and is being distributed along with this quarterly Beneficiary Letter. The 2023 Trust tax information has been updated and posted to the Kurtzman Carson Consulting website at <http://www.kccllc.net/rescap>.

The Trust's quarter end Q1 2024 financial report has been filed with the bankruptcy court. The financial report along with certain tax information have been posted to the Kurtzman Carson Consulting website at <http://www.kccllc.net/rescap>.

The Trust continues to work diligently towards the goal of maximizing value for Beneficiaries in the most efficient manner possible. We look forward to reporting on the results of our efforts.

Sincerely,

ResCap Liquidating Trust Board