

Hearing Date and Time: November 26, 2024 at 10:00 a.m. (Prevailing Eastern Time)

Deadline for Objections: November 19, 2024 at 5:00 p.m. (Prevailing Eastern Time)

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

In re:

RESIDENTIAL CAPITAL, LLC, et al.,

Debtors.

) Case No. 12-12020 (MG)

) Chapter 11

) Jointly Administered

**NOTICE OF MOTION FOR AN ORDER EXTENDING
THE TERM OF THE RESCAP LIQUIDATING TRUST**

PLEASE TAKE NOTICE that on October 29, 2024, the ResCap Liquidating Trust filed the *Motion for an Order Extending the Term of the ResCap Liquidating Trust* (the “**Motion**”).

PLEASE TAKE FURTHER NOTICE that a hearing on the Motion will take place on **November 26, 2024, at 10:00 a.m. (prevailing Eastern Time)** before the Honorable Martin Glenn of the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004-1408, Room 523 (the “**Bankruptcy Court**”). The hearing will be conducted by way of Zoom for Government, which requires registration of an eCourtAppearance by 4 p.m. the business day before the hearing. The link with information and instructions for registering an eCourtAppearance can be found on the Court website here: <https://www.nysb.uscourts.gov/content/chief-judge-martin-glenn>.



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PLEASE TAKE FURTHER NOTICE that responses or objections to the Motion, shall be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules for the Southern District of New York, and shall be filed with the Bankruptcy Court, together with a copy to the Chambers of Judge Glenn, and served so as to be received no later than **5:00 p.m. (prevailing Eastern time) on November 19, 2024** (the “**Objection Deadline**”), upon (i) counsel to the ResCap Liquidating Trust, Kramer Levin Naftalis & Frankel, LLP, 1177 Avenue of the Americas, New York, NY 10036 (Attention: Kenneth H. Eckstein, Joseph A. Shifer and Nathaniel Allard); (ii) the Office of the United States Trustee for the Southern District of New York, U.S. Federal Office Building, 201 Varick Street, Suite 1006, New York, NY 10014 (Attention: Linda A. Riffkin and Brian S. Masumoto); and (iii) The ResCap Liquidating Trust, 365 Fifth Ave., Suite 201, Naples, FL 34102 (Attention: Jill Horner).

PLEASE TAKE FURTHER NOTICE that if no objections or other responses are timely filed and served with respect to the Motion, the ResCap Liquidating Trust may, on or after the Objection Deadline, submit to the Bankruptcy Court an order substantially in the form annexed as Exhibit A to the Motion, which the Bankruptcy Court may enter without further notice or opportunity to be heard.

Dated: October 29, 2024
New York, New York

KRAMER LEVIN NAFTALIS & FRANKEL LLP

/s/ Joseph A. Shifer

Kenneth H. Eckstein

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

In re:

RESIDENTIAL CAPITAL, LLC, et al.,

Debtors.

)
) Case No. 12-12020 (MG)
)
) Chapter 11
)
) Jointly Administered
)

**MOTION FOR AN ORDER EXTENDING THE TERM OF
THE RESCAP LIQUIDATING TRUST**

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TO THE HONORABLE MARTIN GLENN,
UNITED STATES BANKRUPTCY JUDGE:

The ResCap Liquidating Trust (the “**Liquidating Trust**”), successor in interest to the debtors (the “**Debtors**”) in the above-captioned chapter 11 cases, hereby files this motion (the “**Motion**”) for entry of an order substantially in the form annexed hereto as **Exhibit A** (the “**Proposed Order**”) pursuant to the terms of the *Second Amended Joint Chapter 11 Plan Proposed by Residential Capital, LLC et al. and the Official Committee of Unsecured Creditors* [Docket No. 6065-1] (the “**Chapter 11 Plan**”)¹ extending the term of the Liquidating Trust for an additional two years, through and including December 17, 2026. In support of the Motion, the Liquidating Trust submits the declaration of Jill Horner, Chief Financial Officer for the Liquidating Trust (the “**Horner Declaration**”), annexed hereto as **Exhibit B**, and respectfully represents as follows:

PRELIMINARY STATEMENT

1. As discussed in the prior trust extension motions, the work of the Liquidating Trust over the past eleven years has provided substantial recoveries to Unitholders. Although the Liquidating Trust has successfully pursued and resolved over 90 litigations for the benefit of its Unitholders, it remains necessary to extend the term of the Liquidating Trust to resolve a single pending litigation matter.

2. Specifically, the Liquidating Trust is a plaintiff related to an insurance coverage dispute with certain insurers (the “**Insurance Recovery Litigation**”), in which the Liquidating Trust asserts a right to reimbursement for defense costs and pre-bankruptcy settlements paid to certain class action plaintiffs in excess of \$73 million, plus interest and costs. The Insurance Recovery Litigation was initiated in the Bankruptcy Court as Adversary Case No. 15-ap-1025. In

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Chapter 11 Plan.

December 2019, Judge Sean H. Lane issued a partial summary judgment ruling in favor of the Liquidating Trust. Cross motions for summary judgment were completed and oral argument was heard before Judge David S. Jones in the second quarter of 2022. On December 21, 2022, Judge Jones issued a 171-page decision on eleven summary judgment motions. In April 2023, the case was withdrawn to the Federal District Court in the Southern District of New York before Judge J. Paul Oetken where it remains pending. *Drennan v. Certain Underwriters at Lloyd's of London*, Case No. 23-cv-3385-JPO (S.D.N.Y.).²

3. The District Court recently entered an order which declined to adopt a portion of the Bankruptcy Court's Report and Recommendation³ that partial summary judgment be granted to Plaintiffs on the applicability of the fees exclusion under the relevant insurance policy and granted partial summary judgment to the Defendant insurers on that issue [S.D.N.Y. Docket No. 217]. The Plaintiffs in the Insurance Recovery Litigation disagree with that ruling and will appeal such order at the appropriate time. The parties are also to submit a joint status letter regarding the effect of the order on the remaining objections to the Report and Recommendation. [S.D.N.Y. Docket No. 219].

4. Accordingly, the Liquidating Trust needs additional time to litigate the Insurance Recovery Litigation beyond December 17, 2024, the date on which the Liquidating Trust is

² Citations to filings in the District Court, case no. 23-CV-3385-JPO, will be referenced as "(S.D.N.Y. Docket No. ___)" herein.

³ The "Report and Recommendation" is comprised of two opinions of the Bankruptcy Court. *Drennen v. Certain Underwriters at Lloyd's of London (In re Residential Cap.)*, 610 B.R. 725 (Bankr. S.D.N.Y. 2019) (Lane, J.); *Drennen v. Certain Underwriters at Lloyd's of London (In re Residential Cap.)*, Ch. 11 No. 12-12020, Adv. No. 15-1025, 2022 WL 17836560 (Bankr. S.D.N.Y. Dec. 21, 2022) (Jones, J.).

currently scheduled to dissolve.⁴ Dissolving the Liquidating Trust prior to the resolution of this matter would be detrimental to Unitholders. Therefore, in accordance with the Chapter 11 Plan and the Liquidating Trust Agreement (which both anticipated that such extensions would be necessary), the Liquidating Trust seeks entry of the Proposed Order extending the Liquidating Trust's term for a period of two years, through and including December 17, 2026.

JURISDICTION

5. This Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334. Further, pursuant to the Chapter 11 Plan, the Court retained jurisdiction to “issue such orders in aid of execution of the Plan.” *See* Chapter 11 Plan, Art. XII. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409(a). This matter is a core proceeding pursuant to 28 U.S.C. § 157.

6. The statutory predicates of this Motion are sections 105(a), 350 and 1141 of title 11 of the United States Code (the “**Bankruptcy Code**”) and Rules 3022 and 9006(b)(1) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”).

RELEVANT BACKGROUND

A. The Chapter 11 Cases

7. On May 14, 2012 (the “**Petition Date**”), each of the Debtors filed a voluntary petition in this Court for relief under chapter 11 of the Bankruptcy Code. These cases (the “**Chapter 11 Cases**”) are being jointly administered pursuant to Bankruptcy Rule 1015(b).

⁴ Under the terms of the Chapter 11 Plan and the Liquidating Trust Agreement, the Liquidating Trust was to terminate on the earlier of: (a) the distribution of all Liquidating Trust Assets, (b) the determination of the Liquidating Trust Board to terminate the Liquidating Trust, (c) the completion of all distributions required to be made under the Liquidating Trust Agreement, or (d) the third anniversary of the Effective Date, subject to multiple, fixed-term extensions with approval of the Court. On November 28, 2022, the Court entered an order extending the term of the Liquidating Trust for two years, through December 17, 2024 [Docket No. 10741]. *See infra* ¶ 15.

8. During the course of the Chapter 11 Cases, pursuant to bidding procedures and an auction process approved by the Court, the Debtors sold a majority of their assets, including the sale of (i) their servicing and origination platform to Ocwen Loan Servicing, LLC and Walter Investment Management Corporation, and (ii) their “legacy whole loan” portfolio to Berkshire Hathaway, Inc. (together, the “**Asset Sales**”). The Debtors’ remaining assets were transferred to the Liquidating Trust pursuant to the terms of the Chapter 11 Plan and the Liquidating Trust Agreement.⁵

9. On December 11, 2013, this Court entered an order approving the terms of the Chapter 11 Plan [Docket No. 6065] (the “**Confirmation Order**”). On December 17, 2013, the Effective Date of the Chapter 11 Plan occurred, and the Liquidating Trust was established [Docket No. 6137].

B. The Liquidating Trust

10. In accordance with the Debtors’ Chapter 11 Plan and on the effective date thereof, the Liquidating Trust was created to, among other things, (i) wind-down the Debtors’ non-cash assets, (ii) resolve non-Borrower claims asserted against the Debtors, (iii) pursue litigation on behalf of the Debtors’ estates, and (iv) make periodic distributions to Unitholders. Pursuant to the Confirmation Order and the Chapter 11 Plan, the Liquidating Trust was created and vested with broad authority over the post-confirmation liquidation and distribution of the Debtors’ assets, and was deemed substituted as the party to any litigation in which the Debtors are a party.

See generally Confirmation Order ¶¶ 26, 30, 34, 48; Chapter 11 Plan Art. VI.

⁵ See Plan, Art. VI.C (“On the Effective Date, the Debtors are authorized and directed to transfer, grant, assign, convey, set over, and deliver to the Liquidating Trustees, for the benefit of the Liquidating Trust, in the form thereof existing on such date, all of the Debtors’ and Estates’ right, title and interest in and to the Available Assets free and clear of any and all liens, claims, encumbrances and interests (legal, beneficial or otherwise) of all other Persons and Entities to the maximum extent contemplated by and permissible under section 1141 of the Bankruptcy Code.”); Liquidating Trust Agreement, § 2.5 (“On the Effective Date, the Debtors shall transfer all of the Available Assets ... to the Liquidating Trust...”).

11. Further, pursuant to the Plan, the Liquidating Trust was established to resolve claims and make distributions to holders of beneficial interests in the Liquidating Trust (the “**Unitholders**”). Article VIII.A.3 of the Chapter 11 Plan provides that the Liquidating Trust has the exclusive authority to “[f]ile, withdraw, or litigate to judgment, objections to Claims or Equity Interests (other than Borrower Claims, Private Securities Claims, and the NJ Carpenters Claims).”

12. Since its creation, the Liquidating Trust has, among other things, (i) resolved all non-Borrower Claims, (ii) initiated 96 litigations against correspondent lenders that have yielded almost \$1.3 billion in settlements as of the date hereof, (iii) initiated other affirmative litigations, including 39 Preference Actions, and (iv) distributed over \$3.3 billion to Unitholders. The following chart summarizes the distributions made to date by the Liquidating Trust to Unitholders:

Summary of Distributions to Unitholders					
Distribution #	Date Declared	Record Date	Distribution Date	Total Amount Distributed	Amount Per Unit
1	N/A	12/17/2013	12/27/2013	\$1,765,000,000	\$17.65
2	5/15/2014	5/23/2014	6/9/2014	\$115,000,000	\$1.15
3	9/18/2014	10/2/2014	10/17/2014	\$150,000,000	\$1.50
4	3/6/2015	3/16/2015	3/31/2015	\$200,000,000	\$2.00
5	5/3/2017	5/18/2017	6/2/2017	\$200,000,000	\$2.00
6	8/2/2017	8/17/2017	9/1/2017	\$150,000,000	\$1.50
7	11/16/2017	11/27/2017	12/12/2017	\$140,000,000	\$1.4156
8	12/4/2017	12/14/2017	12/29/2017	\$100,000,000	\$1.0112
9	5/25/18	6/28/2018	7/13/2018	\$350,000,000	\$3.5403
10	11/16/2018	12/13/2018	12/28/2018	\$100,000,000	\$1.0115
11	2/26/2019	3/8/2019	3/25/2019	\$75,000,000	\$0.7586
12	5/7/2019	5/20/2019	6/4/2019	\$25,000,000	\$0.2528
13	8/3/2020	8/14/2020	8/31/2020	\$35,600,000	\$0.3601

Summary of Distributions to Unitholders					
Distribution #	Date Declared	Record Date	Distribution Date	Total Amount Distributed	Amount Per Unit
14	3/23/2023	4/3/2023	4/20/2023	\$22,906,000	\$0.2317
TOTAL				\$3,398,768,000⁶	\$34.3818

13. The ResCap Borrower Claims Trust (the “**Borrower Claims Trust**”) was established by the Plan to resolve Borrower Claims and make distributions to Borrowers on account of Allowed Borrower Claims from a fund transferred to the Borrower Claims Trust under the Plan. *See* Plan, Art. IV.F. The Plan, as well as the provisions of the Borrower Claims Trust Agreement, provides claims resolution authority to the Borrower Claims Trust with respect to Borrower Claims.

14. The Liquidating Trust was created for an initial term of three years, subject to further extensions approved by the Bankruptcy Court. Specifically, section 12.1 of the Liquidating Trust Agreement provides:

The Liquidating Trust shall dissolve upon the date that is the earliest to occur of: (i) the distribution of all Liquidating Trust Assets pursuant to the Plan Documents, (ii) the determination of the Liquidating Trust Board that the administration of the Liquidating Trust Assets is not likely to yield sufficient additional proceeds to justify further pursuit, or (iii) all the distributions required to be made under this Liquidating Trust Agreement have been completed; provided, however, that in no event shall the Liquidating Trust dissolve later than three (3) years from the Effective date, unless the Bankruptcy Court, upon motion within the six (6) months prior to the third (3rd) anniversary of the Effective Date (or within six (6) months prior to the end of an extension period), determines that a fixed-period extension is necessary to facilitate or complete the recovery and liquidating of the Liquidating Trust Assets . . .

Liquidating Trust Agreement, § 12.1(a). *See also* Chapter 11 Plan, Art. VI.H (same).

⁶ Total amounts distributed may differ slightly due to rounding and cancellation of certain units.

15. On November 28, 2022 the Court entered the *Order Extending the Term of the ResCap Liquidating Trust* [Docket No. 10741], extending the term of the Liquidating Trust for two years, through and including December 17, 2024.

C. Claims

16. On June 30, 2012, each of the Debtors filed with the Court its schedule of assets and liabilities and statement of financial affairs [Docket Nos. 548 - 597 and 649] (the “**Schedules and Statements**”).⁷

17. On July 17, 2012, the Court entered an order [Docket No. 798] appointing Kurtzman Carson Consultants LLC (“**KCC**”) as the notice and claims agent in these Chapter 11 Cases.⁸ Among other things, KCC is authorized to (a) receive, maintain, record and otherwise administer the proofs of claim filed in these Chapter 11 Cases and (b) maintain the official claims register for the Debtors (the “**Claims Register**”).

18. On August 29, 2012, this Court entered the *Order Establishing Deadline for Filing Proofs of Claim and Approving the Form and Manner of Notice Thereof* [Docket No. 1309] (the “**Bar Date Order**”). The Bar Date Order established, among other things, (i) November 9, 2012 at 5:00 p.m. (prevailing Eastern Time) as the deadline to file proofs of claim by virtually all creditors against the Debtors (the “**General Bar Date**”) and prescribing the form and manner for filing proofs of claim; and (ii) November 30, 2012 at 5:00 p.m. (prevailing Eastern Time) as the deadline for governmental units to file proofs of claim (the “**Governmental**”).

⁷ The Debtors filed amended schedules for Residential Capital, LLC, Residential Funding Company, LLC, GMAC Mortgage, LLC, GMAC-RFC Holding Company, LLC, GMAC Residential Holding Company, LLC, and Homecomings Financial, LLC on July 3, 2012. [Docket Nos. 683-688]. On June 9, 2014, the Court entered an order authorizing the reduction and amendment of the scheduled amounts for certain claims on the schedules for Residential Funding Company, LLC and GMAC Mortgage, LLC [Docket No. 7078].

⁸ KCC has since rebranded as Verita Global.

Bar Date”). Bar Date Order ¶¶ 2-3. On November 7, 2012, the Court entered an order extending the General Bar Date to November 16, 2012 at 5:00 p.m. (prevailing Eastern Time) [Docket No. 2093]. The Governmental Bar Date was not extended. On March 21, 2013, the Court entered an order approving certain omnibus claim objection procedures [Docket No. 3294] (the “**Claims Objection Procedures Order**”).

19. The Confirmation Order required holders of Administrative Claims (as such term is defined in the Plan) to file their “requests for the payment of such Administrative Claims not already Allowed by Final Order in accordance with the procedures specified in the Confirmation Order, on or before the first Business Day that is thirty (30) days following the Effective Date.” See Confirmation Order ¶ 50(f). As the Effective Date of the Plan occurred on December 17, 2013, the deadline by which holders of administrative claims must file requests for payment was January 16, 2014 (the “**Administrative Claims Bar Date**”).

20. Approximately 7,500 unsecured, secured, priority, and administrative proofs of claim (collectively, the “**Claims**”) were filed in these cases, including late filed claims, with asserted liabilities in excess of \$110.0 billion, plus unliquidated amounts. The Claims consist of approximately 3,040 Borrower Claims with asserted liabilities of approximately \$15.5 billion, plus unliquidated amounts, and approximately 4,459 Non-Borrower Claims with asserted liabilities of approximately \$94.5 billion, plus unliquidated amounts. In addition, approximately 6,189 additional unsecured, secured, priority, and administrative claims were identified in the Schedules (including contingent, unliquidated, and disputed claims). On October 22, 2018, the Court entered the *Order Authorizing Termination of Special Reserve Fund, Final Distribution to GMACM Borrower Trust Claimants, Second Distribution to RFC Borrower Trust Claimants, and Other Relief* [Docket No. 10582].

REQUEST FOR RELIEF

21. Consistent with the terms of the Chapter 11 Plan, the Confirmation Order, the Liquidating Trust Agreement, and applicable bankruptcy law, the Liquidating Trust seeks an order extending the term of the Liquidating Trust through and including December 17, 2026, without prejudice to further extensions.

BASIS FOR RELIEF

22. The Liquidating Trust Agreement provides that the Liquidating Trust may be extended beyond its initial three-year term upon a showing that such extension is “necessary to facilitate or complete the recovery and liquidating of the Liquidating Trust Assets.” Liquidating Trust Agreement, § 12.1(a).

23. The relief requested herein is also supported by governing bankruptcy law. Bankruptcy Rule 9006(b) provides that “when an act is required or allowed to be done at or within a specified period . . . by order of [the] court, the court for cause shown may at any time in its discretion . . . order the period enlarged” Fed. R. Bankr. P. 9006(b). Here, there is ample cause for an extension of the Liquidating Trust.

24. Since the Liquidating Trust was formed, the Liquidating Trust management, employees, and the professionals retained by the Liquidating Trust have worked diligently to administer the Liquidating Trust and consummate the Chapter 11 Plan for the purpose of liquidating and distributing assets for the benefit of Unitholders. As a result of these efforts, the Liquidating Trust has been able to make distributions to Unitholders totaling over \$3.3 billion, or approximately \$34.38 per Unit.

25. Notwithstanding the Liquidating Trust’s substantial progress and the distributions made to Unitholders to date, there remains limited additional work that must be completed to fully distribute all of the Liquidating Trust’s remaining assets in a manner that maximizes total

distributions to Unitholders. The Liquidating Trust will be unable to complete all of these tasks in a manner most beneficial to Unitholders if it dissolves now, as the Insurance Recovery Litigation remains pending. Accordingly, the Liquidating Trust must remain in existence to continue its work of winding down and prosecuting that affirmative litigation.

26. Since the Effective Date, the Liquidating Trust has initiated affirmative litigations against various parties. Importantly, the Liquidating Trust commenced 96 affirmative litigations against parties that sold defective loans to the Debtors prior to the Petition Date that were subsequently repackaged into residential mortgage-backed securities (the “**RMBS Litigations**”), asserting several billion dollars in damages, and resulting in settlement recoveries of almost \$1.3 billion. The Liquidating Trust is also a plaintiff in the pending Insurance Recovery Litigation related to an insurance coverage dispute with certain insurers, with the Liquidating Trust asserting a right to reimbursement for defense costs and pre-bankruptcy settlements paid to certain class action plaintiffs as described above. *Drennan v. Certain Underwriters at Lloyd’s of London*, Case No. 23-cv-3385-JPO (S.D.N.Y.).⁹ During the extension of time sought by this Motion, the Debtors will continue to prosecute this action and secure recoveries on behalf of Unitholders.

27. Based on these facts, as supported in the Horner Declaration, an extension is necessary to complete the successful wind-down of the Liquidating Trust. The Liquidating Trust believes that it is in its best interests and those of its Unitholders that it be afforded the opportunity to continue to pursue the remaining assets in order to maximize recoveries to Unitholders without fear of interruption due to its dissolution. This can only be effectuated through the extension of the Liquidating Trust’s term.

⁹ The Borrower Claims Trust also has an interest in this adversary proceeding.

28. Courts in this jurisdiction have granted similar relief. *See, e.g., In re Motors Liquidation Co. (f/k/a Gen. Motors Corp.)*, Case No. 09-50026 (MG) (Bankr. S.D.N.Y. Jan. 23, 2019) (extending the duration of the GUC Trust through its tenth year); *In re Fabrikant & Sons, Inc.*, Case No. 06-12737 (SMB) (Bankr. S.D.N.Y. Apr. 15, 2013) (extending the duration of the GUC Trust for three years beyond its five-year initial term); *In re BearingPoint, Inc.*, Case No. 09-10691 (REG) (Bankr. S.D.N.Y. July 15, 2015) (extending the duration of the liquidating trust through its ninth year); *In re Boylan Int'l, Ltd.*, 452 B.R. 43 (Bankr. S.D.N.Y. 2011) (extending the duration of the trust for an additional two years beyond its five-year initial term to permit the trustee an opportunity to continue its prosecution of a malpractice claim, the estate's "primary asset").

NO PRIOR REQUEST

29. No previous motion for the relief sought herein has been made to this or any other court. The Liquidating Trust reserves the right to seek further extensions of its term, if an additional extension becomes necessary and is in the best interests of Unitholders.

NOTICE

30. Although the Liquidating Trust does not believe that the relief requested herein will have a prejudicial effect on any creditor or other party in interest, out of an abundance of caution, notice of this Motion has been given to the parties identified on the Special Service List and General Service List (as such terms are defined in the Notice, Case Management, and Administrative Procedures approved by the Court [Docket No. 141]), as well as to the defendants in the pending litigations prosecuted by the Liquidating Trust. The Liquidating Trust submits that no other or further notice of the Motion is necessary.

CONCLUSION

WHEREFORE, the Liquidating Trust respectfully requests that the Court enter the proposed order attached hereto as Exhibit A extending the Liquidating Trust's term to and including December 17, 2026, without prejudice to further extensions and grant the Liquidating Trust such other and further relief as the Court deems appropriate.

Dated: New York, New York
October 29, 2024

KRAMER LEVIN NAFTALIS & FRANKEL LLP

/s/ Joseph A. Shifer

Kenneth H. Eckstein

Joseph A. Shifer

Nathaniel Allard

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Counsel for the ResCap Liquidating Trust

EXHIBIT A

Proposed Order

**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
)	

ORDER EXTENDING THE TERM OF THE RESCAP LIQUIDATING TRUST

This matter coming before the Court on the motion (the “**Motion**”)¹ filed by the ResCap Liquidating Trust, which is successor in interest to the debtors (collectively, the “**Debtors**”) in the above-captioned chapter 11 cases, for entry of an order pursuant the terms of the *Second Amended Joint Chapter 11 Plan Proposed by Residential Capital, LLC et al. and the Official Committee of Unsecured Creditors* [Docket No. 6065-1] (the “**Chapter 11 Plan**”), extending the term of the Liquidating Trust for an additional two years; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 11 U.S.C. § 105 and 28 U.S.C. § 1334 and the Amended Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated January 31, 2012 (Preska, C.J.); and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2)(B); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided; and no other or further notice need be provided; and the Court having reviewed the Motion and the Declaration of Jill Horner in Support of the Motion; and the Court having

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

determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Motion is granted as provided herein.
2. The duration of the Liquidating Trust, as described in Section 12.1(a) of the Liquidating Trust Agreement, is extended through and including December 17, 2026, without prejudice to the Liquidating Trust's ability to (i) seek further extensions or (ii) dissolve the Liquidating Trust in accordance with the Chapter 11 Plan and the Liquidating Trust Agreement.
3. The Court shall retain jurisdiction relating to the interpretation and implementation of this Order.

Dated: _____, 2024
New York, New York

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT B

Horner Declaration

**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
)	

**DECLARATION OF JILL HORNER IN SUPPORT OF THE
MOTION FOR AN ORDER EXTENDING THE TERM OF
THE RESCAP LIQUIDATING TRUST**

I, Jill Horner, hereby declare as follows:

1. I serve as the Chief Financial Officer for the ResCap Liquidating Trust (the “**Liquidating Trust**”), and from May 2013 to December 17, 2013, I served as Chief Finance Executive for Residential Capital, LLC and its debtor-affiliates (collectively “**ResCap**”), as the debtors and debtors in possession in the Chapter 11 Cases (collectively, the “**Debtors**”). I have been employed by affiliates of ResCap since 2000, originally as the Manager of Financial Planning and Analysis for Residential Capital Group, a managerial division under Residential Funding Company, LLC. I became a Senior Finance Officer for Originations on or around 2003 and expanded my role to include Financial Servicing Operations on or around 2007, a position I held until 2010, when I became interim Senior Financial Officer for the International Business Group. In 2011, I became the ResCap Senior Director for Financial Planning and Analysis, a position I held until I became the Chief Finance Executive.

2. In my role as Chief Finance Executive at ResCap, I was responsible for, among other things, operational accounting, financial forecasting and analytics, accounts payable processing, and tax and treasury matters, including cash forecasting and cash management. In my current position as Chief Financial Officer to the Liquidating Trust, among my other duties, I continue to assist the Trust in connection with the claims reconciliation process. I am authorized to submit this declaration (the “**Declaration**”) in support of the *Motion for an Order Extending The Term of the ResCap Liquidating Trust* (the “**Motion**”).¹

3. Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge of the Debtors’ and Liquidating Trust’s operations and finances,

¹ Defined terms used but not defined herein shall have the meanings ascribed to such terms as set forth in the Motion.

information learned from my review of the Debtors' and Liquidating Trust's litigation case files, and books and records, as well as other relevant documents, and information I have received through my discussions with other members of the Debtors' and Liquidating Trust's management or other employees, professionals and consultants of the Debtors and the Liquidating Trust, and/or Kurtzman Carson Consultants LLC ("**KCC**"),² the Debtors' notice and claims agent, or my opinion based upon my experience, expertise, and knowledge of the Debtors' and Liquidating Trust's litigation matters, financial condition and history.

4. In making these statements based on my review of the Debtors' and Liquidating Trust's litigation case files, books and records, relevant documents, and other information prepared or collected by the Debtors' and Liquidating Trust's employees, consultants or counsel, I have relied upon these employees, consultants, and counsel accurately recording, preparing, collecting, or verifying any such documentation and other information. If I were called upon to testify, I could and would testify competently to the facts set forth in the Objection on that basis.

5. I am generally familiar with the affirmative litigations prosecuted by the Liquidating Trust, including the RMBS Litigations. Further, I am familiar with the claims reconciliation process in these Chapter 11 Cases. Since the Plan went effective, I, along with other members of the Liquidating Trust's management or other employees of the Liquidating Trust, continued the claims reconciliation process, analyzed claims, and determined the appropriate treatment of the same. In connection with such review and analysis, where applicable, the Liquidating Trust has reviewed (i) information supplied or verified by personnel in departments within the Debtors' or Liquidating Trust's various business units, (ii) the Debtors' and Liquidating Trust's books and records, (iii) the Schedules, (iv) other filed proofs of claim,

² KCC has since rebranded as Verita Global.

and/or (v) the Claims Register maintained in the Debtors' Chapter 11 Cases. Considerable resources and time have been expended to ensure a high level of diligence in reviewing and reconciling the proofs of claim filed in these Chapter 11 Cases. Such claims were reviewed and analyzed by the appropriate personnel and professional advisors.

6. For over ten years, the Liquidating Trust and its management, employees and professionals have diligently pursued the Liquidating Trust's objectives in a manner that maximizes recoveries to Unitholders and has provided substantial recoveries to Unitholders. In accordance with the Debtors' Chapter 11 Plan, the Liquidating Trust was created on December 17, 2013 (*i.e.*, the Effective Date under the Plan), to, among other things, (i) wind-down the Debtors' non-cash assets, (ii) resolve non-Borrower claims asserted against the Debtors, (iii) pursue litigation on behalf of the Debtors' estates, and (iv) make periodic distributions to Unitholders. Since the Chapter 11 Plan's Effective Date, the Liquidating Trust has made tremendous progress towards these goals and the work is now nearly complete. A further extension of the Liquidating Trust is necessary to resolve two pending litigation matters.

7. Specifically, since its creation, the Liquidating Trust has, among other things, (i) resolved all non-Borrower Claims, (ii) initiated 96 litigations against correspondent lenders that yielded almost \$1.3 billion in settlements, (iii) initiated other affirmative litigations, including 39 Preference Actions, and (iv) distributed over \$3.3 billion to Unitholders. The following chart summarizes the distributions made to date by the Liquidating Trust to Unitholders:

Summary of Distributions to Unitholders					
Distribution #	Date Declared	Record Date	Distribution Date	Total Amount Distributed	Amount Per Unit
1	N/A	12/17/2013	12/27/2013	\$1,765,000,000	\$17.65
2	5/15/2014	5/23/2014	6/9/2014	\$115,000,000	\$1.15
3	9/18/2014	10/2/2014	10/17/2014	\$150,000,000	\$1.50
4	3/6/2015	3/16/2015	3/31/2015	\$200,000,000	\$2.00
5	5/3/2017	5/18/2017	6/2/2017	\$200,000,000	\$2.00
6	8/2/2017	8/17/2017	9/1/2017	\$150,000,000	\$1.50
7	11/16/2017	11/27/2017	12/12/2017	\$140,000,000	\$1.4156
8	12/4/2017	12/14/2017	12/29/2017	\$100,000,000	\$1.0112
9	5/25/18	6/28/2018	7/13/2018	\$350,000,000	\$3.5403
10	11/16/2018	12/13/2018	12/28/2018	\$100,000,000	\$1.0115
11	2/26/2019	3/8/2019	3/25/2019	\$75,000,000	\$0.7586
12	5/7/2019	5/20/2019	6/4/2019	\$25,000,000	\$0.2528
13	8/3/2020	8/14/2020	8/31/2020	\$35,600,000	\$0.3601
14	3/23/2023	4/3/2023	4/20/2023	\$22,906,000	\$0.2317
TOTAL				\$3,398,768,000³	\$34.3818

8. Approximately 7,500 unsecured, secured, priority, and administrative proofs of claim (collectively, the “**Claims**”) were filed in these cases, including late filed claims, with asserted liabilities in excess of \$110.0 billion, plus unliquidated amounts. The Claims consist of approximately 3,040 Borrower Claims with asserted liabilities of approximately \$15.5 billion, plus unliquidated amounts, and approximately 4,459 Non-Borrower Claims with asserted liabilities of approximately \$94.5 billion, plus unliquidated amounts. In addition, approximately 6,189 additional unsecured, secured, priority, and administrative claims were identified in the Schedules (including contingent, unliquidated, and disputed claims). All Non-Borrower Claims

³ Total amounts distributed may differ slightly due to rounding and cancellation of certain units.

with asserted liabilities of approximately \$94.5 billion and all Borrower Claims with asserted liabilities of approximately \$15.5 billion have been resolved, expunged or withdrawn. In addition, on October 22, 2018, the Court entered the *Order Authorizing Termination of Special Reserve Fund, Final Distribution to GMACM Borrower Trust Claimants, Second Distribution to RFC Borrower Trust Claimants, and Other Relief* [Docket No. 10565].

9. Notwithstanding the Liquidating Trust's substantial progress and the distributions made to Unitholders to date, there remains limited additional work that must be completed to distribute all of the Liquidating Trust's remaining assets in a manner that maximizes total distributions to Unitholders. The Liquidating Trust will be unable to do so in a manner most beneficial to Unitholders if it dissolves prematurely. Additional time is needed to prosecute the single pending litigation described in more detail in the Motion.

10. Since the Effective Date, the Liquidating Trust has initiated affirmative litigations against various parties. Importantly, the Liquidating Trust commenced 96 affirmative litigations against parties that sold defective loans to the Debtors prior to the Petition Date that were subsequently repackaged into residential mortgage-backed securities (the "**RMBS Litigations**"), asserting several billion dollars in damages, and resulting in settlement recoveries of almost \$1.3 billion. The RMBS Litigations have been successfully tried or settled. The Liquidating Trust also commenced 39 preference actions (the "**Preference Actions**"), asserting approximately \$30.8 million in damages, and resulting in the collection of approximately \$2.3 million (there are no remaining pending Preference Actions).

11. The Liquidating Trust is also a plaintiff related to an insurance coverage dispute with certain insurers (the "**Insurance Recovery Litigation**"), in which the Liquidating Trust asserts a right to reimbursement for defense costs and pre-bankruptcy settlements paid to certain

class action plaintiffs in excess of \$73 million, plus interest and costs. The Insurance Recovery Litigation was initiated in the Bankruptcy Court as adversary case no. 15-ap-1025. In December 2019, Judge Sean H. Lane issued a partial summary judgment ruling in favor of the Liquidating Trust. Cross motions for summary judgment were completed and oral argument was heard before Judge David S. Jones in the second quarter of 2022. On December 21, 2022, Judge Jones issued a 171-page decision on eleven summary judgment motions. In April 2023, the case was withdrawn to the Federal District Court in the Southern District of New York before Judge J. Paul Oetken where it now pends. *Drennan v. Certain Underwriters at Lloyd's of London*, Case No. 23-cv-3385-JPO (S.D.N.Y.).⁴

12. I understand that the District Court recently entered an order which declined to adopt a portion of the Bankruptcy Court's Report and Recommendation⁵ that partial summary judgment be granted to Plaintiffs on the applicability of the fees exclusion under the relevant insurance policy and granted partial summary judgment to the Defendant insurers on that issue [S.D.N.Y. Docket No. 217]. I understand that the Plaintiffs in the Insurance Recovery Litigation disagree with that ruling and intend to appeal such order at the appropriate time. The parties are also to submit a joint status letter regarding the effect of the order on the remaining objections to the Report and Recommendation. [S.D.N.Y. Docket No. 219].

⁴ Citations to filings in the District Court, case no. 23-CV-3385-JPO, will be referenced as "(S.D.N.Y. Docket No. ___)" herein.

⁵ The "Report and Recommendation" is comprised of two opinions of the Bankruptcy Court. *Drennen v. Certain Underwriters at Lloyd's of London (In re Residential Cap.)*, 610 B.R. 725 (Bankr. S.D.N.Y. 2019) (Lane, J.); *Drennen v. Certain Underwriters at Lloyd's of London (In re Residential Cap.)*, Ch. 11 No. 12-12020, Adv. No. 15-1025, 2022 WL 17836560 (Bankr. S.D.N.Y. Dec. 21, 2022) (Jones, J.).

13. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing
is true and correct.

Dated: October 29, 2024

/s/ Jill Horner

Jill Horner

Chief Financial Officer for the ResCap

Liquidating Trust