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**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
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**FORTY-FIFTH 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 December 31, 2025 (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.veritaglobal.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: February 23, 2026
New York, New York

HERBERT SMITH FREEHILLS KRAMER (US) LLP

/s/ Jennifer Sharret

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Counsel for the ResCap Liquidating Trust

Exhibit A

ResCap Liquidating Trust

ResCap Liquidating Trust

**Consolidated Financial Statements
as of and for the Period Ended December 31, 2025
(Unaudited)**

ResCap Liquidating Trust

ResCap Liquidating Trust

Consolidated Statement of Net Assets in Liquidation

(Unaudited)

In thousands (except per unit)

Assets:	31-Dec-25	December 31, 2024
Cash and cash equivalents	\$ 54,872	\$ 60,435
Total assets	54,872	60,435
Liabilities:		
Estimated costs to operate Trust	19,752	27,633
Liability for undistributed funds	-	-
Total liabilities	19,752	27,633
Net assets in liquidation	\$ 35,120	\$ 32,802
Total units in the Trust	98,853,649	98,853,649
Net assets per authorized unit	\$ 0.36	\$ 0.33

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 31-Dec-25	Year to date Ended 31-Dec-25	Effective Date through 31-Dec-25
Receipts			
Receipts on assets held for sale	\$ 2	\$ 16	\$ 645,891
Litigation / claim recoveries	-	-	1,340,462
Interest - MMF	470	2,285	20,414
Other receipts	5	56	162,743
Plan settlements	-	-	2,100,000
Total receipts	477	2,357	4,269,510
Disbursements			
Claims and settlement	-	-	(1,642,074)
DOJ / AG consent settlement	-	-	(88,201)
Costs to operate the Trust	(1,687)	(7,920)	(763,079)
Total disbursements	(1,687)	(7,920)	(2,493,354)
Distributions			
Total distributions	-	-	(3,398,766)
Net cash flow	(1,210)	(5,563)	(1,622,610)
Other non-cash changes affecting:			
Increase (decrease) in asset value assumptions	-	-	(55,026)
(Increase) decrease in costs to operate the Trust	(8)	(39)	(576,652)
(Increase) decrease in DOJ/AG consent settlement	-	-	(7,551)
Basis of assets/liabilities liquidated/resolved	1,687	7,920	(218,642)
(Increase) decrease in distributions held for Beneficiaries	-	-	-
Total non-cash changes	1,679	7,881	(857,871)
Total increase (decrease) in net assets	469	2,318	(2,480,481)
Net assets in liquidation, beginning of period	34,651	32,802	2,515,601
Net assets in liquidation, end of period	\$ 35,120	\$ 35,120	\$ 35,120

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, 2026, 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, 2026, resulting in an increase to future accrued costs for such extended periods and a corresponding reduction in cash available. The subsequent event note below describes the status of the litigation. The Trust will record and value affirmative settlements or judgements when realized and collectability is reasonably anticipated.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term deposits and governmental money market funds.

Affirmative Recoveries

The Trust will record and value affirmative settlements or judgments when realized and collectability is reasonably anticipated.

Estimated Costs to Operate the Trust

The Trust accrues all costs it expects to incur during its lifetime based on approved strategic assumptions and the Trust’s current estimates. These costs are estimated based on litigation timelines and modeled wind-down expenses of the Trust’s operations and are recorded as liabilities.

The estimated future legal cost includes current appeal costs for the insurance litigation (See footnotes 2 and 3). Actual future costs could vary significantly depending upon a wide variety of factors due to the uncertainties inherent in complex litigation. On a periodic basis, the Trust evaluates such estimates to take into consideration the overall status of the litigation and any material changes in circumstances or factors affecting the litigation that may affect such estimates. The Trust will record and value affirmative settlements or judgments when realized and collectability is reasonably anticipated. The Trust does not accrue contingent costs.

ResCap Liquidating Trust

Income Taxes

The Trust is a Grantor Trust, treated as a flow-through entity for U.S. federal and state income tax purposes. The Trust is not subject to U.S. federal or state income taxes; therefore, no accrual for these taxes is made. The Trust files a federal return and multiple state returns. While there are no ongoing examinations, the federal returns dating to the 2022 calendar year remain open. State returns generally remain open for either three or four years after filing.

2. Estimated Costs to Operate the Trust

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

	31-Dec-25		December 31, 2024	
	Accrued	Future	Total	Total
Professional fees (legal, expert, other professional costs)	387 \$	17,387 \$	17,774 \$	25,001
Compensation	375	-	375	375
Document management	-	146	146	149
Information technology	-	807	807	995
Other operating costs	-	650	650	1,113
Total costs to operate the Trust	762 \$	18,990 \$	19,752 \$	27,633

The estimated cost to operate the Trust is \$19.8 million including \$.8 million of expenses that have been incurred but not yet paid and \$19.0 million of expected future costs for the period January 2026 through December 2026. Of the \$19.0 million cost, \$8.2 million is a cash reserve for future costs for the on-going insurance recovery case pending currently on appeal to the United States Court of Appeal for the Second Circuit, ("Second Circuit") (see subsequent events for updated information related to the insurance recovery case) and \$10.8 million represents existing contractual obligations and the future costs for the operations and wind-down of the Trust.

3. Subsequent Events

Events subsequent to December 31, 2025, were evaluated through February 23, 2026, the date on which these Consolidated Financial Statements were issued.

On February 3, 2026, the Second Circuit issued a summary order in the ResCap Liquidating Trust v. Certain Underwriters at Lloyd's, London, et al., Case #25-118 (L). The Second Circuit affirmed the District Court's decision, and the case has been dismissed. On February 17, 2026, the Trust filed a petition for rehearing of the Second Circuit decision. Refer to the beneficiary letter for further details.

RESCAP

LIQUIDATING TRUST

ResCap Liquidating Trust

Q4 2025 Beneficiary Letter

RESCAP

LIQUIDATING TRUST

February 23, 2025

Dear Beneficiaries:

On February 3, 2026, the U.S. Court of Appeals for the Second Circuit issued a summary order affirming Judge Oetken's decision that Exclusion C9 of the Policy (the "Fees Exclusion") bars coverage for RFC's liability relating to the Mitchell, Kessler, and related Missouri actions. See *In re Residential Capital, LLC*, No. 25-118(L), slip op. at 4 (2d Cir. Feb. 3, 2026).

As brief background, the case that led to this appeal originated in the U.S. Bankruptcy Court for the Southern District of New York in connection with Residential Capital's Chapter 11 proceeding. In February 2015, the Trust (along with the Kessler and Mitchell settlement classes) sued the Insurers in an adversary proceeding connected to the bankruptcy.

In 2019, the Bankruptcy Court ruled in the Trust's favor that neither the Fees Exclusion nor Exclusion C10 of the Policy (the "Mortgage Fees Exclusion") barred coverage. These were the Insurers' primary bases for denying RFC's claims. In late 2022, after the close of discovery, the Bankruptcy Court ruled on additional motions for summary judgment in the Trust's favor regarding the trigger of coverage and the availability of consequential damages, prejudgment interest, and bad-faith attorneys' fees (from Lloyd's, the primary insurer). At this time the Trust's claims for indemnity, defense and bond costs, and consequential damages and attorneys' fees were valued at approximately \$81M (not including interest).

The U.S. District Court for the Southern District of New York later withdrew the reference from the Bankruptcy Court so the case could proceed to trial. The parties filed cross-objections to the summary-judgment rulings and the Plaintiffs pressed for a trial date.

In October 2024—five years after the Trust prevailed on these issues at the Bankruptcy Court—Judge Oetken reversed the Bankruptcy Court's ruling on the Fees Exclusion and ruled for the Insurers. Although the decision was not favorable, it did not fully resolve the Trust's claims because the Fees Exclusion has an exception for, and therefore does not apply to, defense and bond costs if the Trust's claims could be considered "Mortgage Fee Claims." In other words, after the Fees Exclusion decision, the Trust had potentially \$57M in claims for defense and bond costs, consequential damages, and attorneys' fees remaining (plus interest).

Faced with the possibility of an interlocutory appeal on the Fees Exclusion and a limited trial on the Trust's remaining defense-costs claims, Judge Oetken later ruled on the Mortgage Fees Exclusion and found that the Plaintiffs' claims were not Mortgage Fee Claims. As noted in the Trust's historical financial statements, due to the result of these two orders, Plaintiff's claims in the Third Amended Adversarial Complaint dated February 4, 2020 were dismissed with prejudice. Accordingly, the District Court entered final judgment terminating Plaintiffs' claims on December 16, 2024.

The Trust and the settlement classes appealed Judge Oetken's Fees Exclusion ruling, while Swiss Re cross-appealed the ruling on the Mortgage Fees Exclusion.



LIQUIDATING TRUST

The Second Circuit’s summary order affirms Judge Oetken’s ruling on the Fees Exclusion across the board. Specifically, the Second Circuit held that:

- RFC’s liability in the Missouri actions arose from claims for “fees,” id. at 10–12;
- RFC was “legally responsible” for the wrongful acts of the originating banks due to its derivative liability for the banks’ actions, id. at 13–16;
- RFC’s rendering of Professional Services triggered the Deemer Clause, id. at 17–20; and
- The Fees Exclusion’s use of “the Assured” did not limit the exclusion only to conduct of the Assured seeking coverage but rather both that Assured and, per the Deemer Clause, entities for whose conduct the Assured was legally responsible, id. at 20–21.

“Because [the Second Circuit] affirm[ed] the district court’s judgment for Insurers based on the Fee Exclusion, [it] dismiss[ed] Swiss Re[’s] cross-appeal as moot” and did not disturb that ruling. Id. at 6 n.3.

As a consequence of the Second Circuit’s affirmance, the Trust cannot obtain coverage for its indemnity claims relating to the Mitchell judgment and the related Missouri settlements. Moreover, because the Second Circuit did not reverse Judge Oetken’s ruling on the Mortgage Fees Exclusion’s inapplicability, the Trust is also barred from pursuing its defense costs and bond collateral claims under the Fees Exclusion’s exception for Mortgage Fee claims. Lastly, because the Trust did not prevail on any of its claims, it is foreclosed from collecting consequential damages and bad-faith attorneys’ fees.

On February 17, 2026, the Trust filed a petition for panel rehearing and rehearing en banc.

The Trust’s quarter end Q4 2025 financial report has been filed with the bankruptcy court. The financial report along with certain tax information have been posted to the Verita Global website at <https://www.veritaglobal.net/Rescap>.

Sincerely,

ResCap Liquidating Trust Board