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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	Chapter 11
RESIDENTIAL CAPITAL, LLC, et al.,	Case No. 12-12020 (MG)
Debtors.	(Jointly Administered)
RESIDENTIAL CAPITAL, LLC, et al.,	
Plaintiffs,	
v.	Adv. Case No. 13-01343 (MG)
UMB BANK, N.A., IN ITS CAPACITY AS INDENTURE TRUSTEE FOR THE 9.625% JUNIOR SECURED GUARANTEED NOTES DUE 2015 ISSUED BY DEBTOR RESIDENTIAL CAPITAL, LLC, et al.,	

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Defendants.	)	
_____	)	
	)	
OFFICIAL COMMITTEE OF UNSECURED CREDITORS, on behalf of the estates of the Debtors,	)	
	)	
Plaintiffs,	)	
	)	
v.	)	Adv. Pro. No. 13-01277 (MG)
	)	
UMB BANK, N.A., IN ITS CAPACITY AS INDENTURE TRUSTEE FOR THE 9.625% JUNIOR SECURED GUARANTEED NOTES DUE 2015 ISSUED BY DEBTOR RESIDENTIAL CAPITAL, LLC, et al.,	)	
	)	
Defendants.	)	
_____	)	

SUBMISSION CONCERNING THE PLAINTIFFS' OBJECTIONS TO CERTAIN OF THE AD HOC GROUP OF JUNIOR SECURED NOTEHOLDERS' AND UMB BANK, N.A.'S DEPOSITION DESIGNATIONS OF JILL HORNER AND JOSEPH RUHLIN

TO THE HONORABLE MARTIN GLENN,
UNITED STATES BANKRUPTCY JUDGE:

The Ad Hoc Group of Junior Secured Noteholders (the "Ad Hoc Group") and UMB Bank, N.A. ("UMB" and collectively with the Ad Hoc Group, the "Defendants or "JSNs") by and through their undersigned counsel, at the request of the Court, hereby state the relevance of certain deposition designations of Ms. Jill Horner and Mr. Joseph Ruhlin relating to, among other things, the direct costs of maintaining the JSN collateral, the Debtors' expense methodology and how it was negotiated in the context of the Cash Collateral Order, and the Carve Out in the Cash Collateral Order:

The Plaintiffs represented to the Court that they object to designations of the Horner and Ruhlin deposition transcripts because they are "entirely on expense allocation." Trial Tr., Oct. 23, 2013 at 212:14-18. Plaintiffs' objections go far beyond solely "expense allocation"

and reach issues that remain in contention in these proceedings. For example, Plaintiffs' object to the following topics addressed at the Horner and Ruhlin depositions:

- The actual costs of maintaining the JSNs' collateral from the petition date through the asset sales and afterwards (Horner 22:25-28:24; 29:16-44:2; Ruhlin 288:8-298:21);
- The Carve Out in the Cash Collateral Order (Horner 44:3-47:11)
- The Debtors' expense methodologies and how they were negotiated in connection with the Final Cash Collateral Order (Ruhlin 264:12-276:4; Ruhlin 299:13-317:25);
- The Debtors' mechanisms for the preparation of the forecasts in the Cash Collateral Order (Ruhlin 264:12-276:4; Ruhlin 280:3-22); and
- The Debtors' understanding of what constitutes "JSN collateral" (Ruhlin 293:11-294:23).

Obviously, the scope of the JSN collateral is at issue on several levels in this case. In addition, Defendants' questions regarding the above topics and Horner's and Ruhlin's testimony related thereto go directly to Defendants' adequate protection claims, the calculation of collateral values for purposes of section 506(b) of the Code, and the meaning and interpretation of the Cash Collateral Order.

As set forth in the Defendants' Contentions in the Pretrial Order, the Debtors' seek to allocate additional accrued but unpaid administrative expenses to the Defendants. These expenses were accrued under certain budget forecasts prepared in connection with the Cash Collateral Order but were not paid due to the order's termination. See Revised Joint Pretrial Order [Docket No. 105] at ¶ 15, p. 67. As such, testimony regarding the Debtors' preparation of such forecasts, the costs and expenses of maintaining the JSNs' collateral, and the need, if any, to charge the JSNs' Collateral further remains highly relevant.

In addition, Plaintiffs have contended that the accrued but unpaid administrative expenses are payable pursuant to the Carve Out provisions in paragraph 16(g) of the Cash

Collateral Order. Given this, and putting aside that the Carve Out does not authorize payment of any expenses, the witnesses' testimony concerning the Carve Out and negotiations of the Cash Collateral Order is necessary for purposes of rebutting Plaintiffs' contentions. Indeed, Committee counsel referenced "the potential carve-out amount [of professional fees] that's in dispute" in the course of cross examining the JSNs' expert. Trial Tr. 137:7-138:13, Oct. 23, 2013.

Lastly, the Horner and Ruhlin designations go directly to the history of the negotiations over the budget provision mechanisms in the Cash Collateral Order as well as the expense methodology embedded therein. Because the Debtors did not properly prepare a 30(b)(6) witness to testify on topics related to the negotiation of that order or produce a witness at trial with personal knowledge of those negotiations, the designated testimony should be admitted.

Conclusion

The Court should overrule Plaintiffs' objections for the aforementioned reasons.

Dated: October 28, 2013
New York, New York

Respectfully submitted,

By: */s/ J. Christopher Shore*
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