ResCap Liquidating Trust

Consolidated Financial Statements
as of and for the Period Ended September 30, 2021
(Unaudited)

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Consolidated Statement of Net Assets in Liquidation

(Unaudited)
In thousands (except per unit)

Assets:	**September 30, 2021**	**December 31, 2020**
Cash and cash equivalents	$ 89,017	$ 100,515
Restricted cash	3,305	3,528
Mortgage assets	-	934
Other assets	4	19
Total assets	92,326	104,996
Liabilities:		
Estimated costs to operate Trust	40,968	54,545
Liability for undistributed funds	-	232
Total liabilities	40,968	54,777
Net assets in liquidation	$ 51,358	$ 50,219
Total units in the Trust	98,853,649	98,859,354
Net assets per authorized unit	$ 0.52	$ 0.51

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

Consolidated Statement of Changes in Net Assets in Liquidation

(Unaudited)

In thousands

Receipts	Quarter to date ended September 30, 2021	Year to date Ended September 30, 2021	Effective Date through September 30, 2021
Receipts on assets held for sale	$ 103	$ 1,838	$ 645,626
Litigation / claim recoveries	-	-	1,318,462
Other receipts	41	194	170,171
Plan settlements	-	-	2,100,000
Total receipts	144	2,032	4,234,259
Disbursements			
Claims and settlement	-	-	(1,642,074)
DOJ / AG consent settlement	-	-	(88,201)
Costs to operate the Trust	(3,735)	(13,753)	(713,280)
Total disbursements	(3,735)	(13,753)	(2,443,555)
Distributions			
Total distributions	-	-	(3,375,862)
Net cash flow	(3,591)	(11,721)	(1,585,158)
Other non-cash changes affecting:			
Increase (decrease) in asset value assumptions	-	-	(55,026)
(Increase) decrease in costs to operate the Trust	(26)	(179)	(548,096)
(Increase) decrease in DOJ/AG consent settlement	-	-	(7,551)
Basis of assets/liabilities liquidated/resolved	3,727	12,807	(268,412)
(Increase) decrease in distributions held for Beneficiaries	-	232	-
Total non-cash changes	3,701	12,860	(879,085)
Total increase (decrease) in net assets	110	1,139	(2,464,243)
Net assets in liquidation, beginning of period	**51,248**	**50,219**	**2,515,601**
Net assets in liquidation, end of period	**$ 51,358**	**$ 51,358**	**$ 51,358**

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

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").

Units of beneficial interest ("Units") were issued by the Trust. 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. The 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 the end of its liquidation. The Trust currently accrues costs through December 31, 2023, 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, 2023 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, 2020.

2. Assets

	September 30, 2021	December 31, 2020
Cash and cash equivalents	$ 89,017	$ 100,515
Restricted cash	3,305	3,528
Mortgage assets	-	934
Other Assets	4	19
Total assets	$ 92,326	$ 104,996

Restricted cash includes a $1.0 million liquidity escrow that will be released to the Trust 60 days post termination of the servicer contract, and an additional $2.3 million supporting servicer potential incentive payable. The incentive payable balance is valued at $1.2 million as of September 30, 2021. Any restricted cash not utilized for the incentive will be released to the Trust 60 days post termination of the servicer contract.

The remaining Mortgage assets carrying value was reduced to $0 due to asset specific hurdles, including final title approval from HUD, filing documentation for expense claims, and HUD review and approval.

The Trust records and values affirmative settlements or judgments when realized and collectability is reasonably anticipated.

3. Estimated Costs to Operate the Trust

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

	September 30, 2021			December 31, 2020
	Accrued	Future	Total	Total
Professional fees (legal, expert, other professional costs)	$ 7,603	$ 27,848	$ 35,451	$ 40,731
Compensation	375	-	375	7,886
Document management	-	776	776	1,036
Information technology	15	1,708	1,723	2,311
Other operating costs	1,149	1,494	2,643	2,582
Total costs to operate the Trust	$ 9,142	$ 31,826	$ 40,968	$ 54,546

The estimated cost to operate the Trust is $41.0 million including $9.2 million of expenses that have been incurred but not yet paid ($7.6 million professional fees, and $1.6 million other operating costs) and $31.8 million of expected future costs for the period October 2021 through December 2023. Of the future $31.8 million cost, $10.2 million supports the on-going insurance recovery case pending in the Bankrutpcy Court, SDNY and RMBS litigation and $21.6 million represents existing contractual obligations and the future costs for the operations and winddown of the Trust. The Trust does not accrue contingent costs.

4. Commitments and Contingencies

Affirmative Matters

The Trust is pursuing various affirmative matters. These include:

- There is one pending indemnity claim against Primary Residential Mortgage, Inc., ("PRMI") which was tried in Minnesota Federal Court in a bench trial. In August 2020, the Federal District Court in Minnesota entered a judgment of $5.4 million in favor of the Trust in the matter of PRMI. In April 2021, the Federal District Court in Minnesota granted the Trust $16.6 million in attorney fees, costs, pre-judgment interest and post judgment interest on the award plus pre-award interest increasing the total award to $22.0 million. PRMI appealed the decision to the United States Court of Appeals for the 8th Circuit and posted the requisite appeal bond which stays the enforcement of the award pending the appeal.
- Insurance Recovery Action. The Trust has an adversary proceeding case pending in the U.S. Bankruptcy Court for the Southern District of New York, Drennen, et al., and ResCap Liquidating Trust v. Certain Underwriters at Lloyd's, London, et al., Adv. Case No. 15-01025-shl. 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. Per the Trust's accounting policy, the Trust has not recorded this estimate in these Consolidated Financial Statements.

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

5. Subsequent Events

Events subsequent to September 30, 2021 were evaluated through November 2, 2021, the date on which these Consolidated Financial Statements were issued.