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Via Hand Delivery

August 7, 2013

The Honorable Doris Ling-Cohan, J.S.C.
IAS Part 36
Supreme Court of the State of New York, County of New York
60 Centre Street
New York, NY 10007

Re: *In the Matter of the Rehabilitation of Financial Guaranty Insurance Company*,
Index No. 401265/2012; Motion Sequence No. 016

Dear Justice Ling-Cohan:

Enclosed please find a revised proposed court order (the “**Order**”) approving (i) that certain Settlement Agreement entered into among Residential Capital, LLC and its fifty direct and indirect subsidiaries listed on Exhibit A to the Settlement Agreement (the “**Debtors**”), Financial Guaranty Insurance Company (“**FGIC**”), the Trustees¹ and the Institutional Investors, dated May 23, 2013 (the “**Settlement Agreement**”) and (ii) the Plan Support Agreement, to the extent such Plan Support Agreement relates to FGIC.

We revised paragraph 8 of the Order to clarify that “Court” refers to the Supreme Court of the State of New York, New York County, and not to Justice Doris Ling-Cohan or the Rehabilitation Proceeding. The Debtors and the Trustees have agreed to the form of the revised Order.²

¹ Capitalized terms not defined herein have the meanings ascribed to them in the Settlement Agreement.

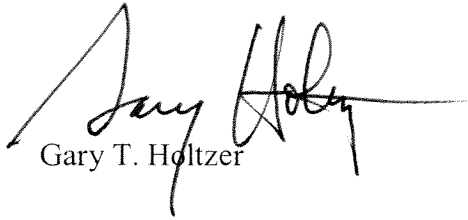
² See Settlement Agreement § 1.11 (“‘Rehabilitation Court Order’ means an order of the Rehabilitation Court approving [the Settlement Agreement] . . . substantially in the form attached [to the Settlement Agreement] as **Exhibit E** (or such other form as agreed to by FGIC, the Debtors and the Trustees)”) (emphasis added).

The Honorable Doris Ling-Cohan
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Weil, Gotshal & Manges LLP

We are also enclosing a copy of the Bankruptcy Court's order approving the Plan Support Agreement, dated June 26, 2013.

Respectfully submitted,



Gary T. Holtzer

Encl.

Cc: Peter S. Goodman, Esq. (by email)
Mary Eaton, Esq. (by email)
Counsel for the Debtors (by email)
Counsel for the Trustees (by email)
Richard W. Slack, Esq. (by email)

AT IAS PART 36 OF THE SUPREME COURT OF THE STATE OF NEW YORK, COUNTY OF NEW YORK, AT THE COURTHOUSE, 60 CENTRE STREET, IN THE COUNTY, CITY AND STATE OF NEW YORK, ON THE ___DAY OF _____, 2013

PRESENT:
HON. DORIS LING-COHAN, J.S.C.

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| ----- | X | |
| | : | Index No. 401265/2012 |
| | : | |
| In the Matter of the Rehabilitation of | : | Motion Sequence No. 016 |
| FINANCIAL GUARANTY INSURANCE | : | |
| COMPANY. | : | <u>ORDER</u> |
| | : | |
| | : | |
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Upon reading the affirmation (the “**Affirmation**”) of Gary T. Holtzer of Weil, Gotshal & Manges LLP, attorneys for Benjamin M. Lawsky, Superintendent of Financial Services of the State of New York, as court-appointed rehabilitator (the “**Rehabilitator**”) of Financial Guaranty Insurance Company (“**FGIC**”), dated May 29, 2013, in support of the Rehabilitator’s motion for an order pursuant to Section 7428 of the New York Insurance Law approving (i) that certain Settlement Agreement entered into among Residential Capital, LLC and its fifty direct and indirect subsidiaries listed on Exhibit A to the Settlement Agreement (collectively, the “**Debtors**”), FGIC, The Bank of New York Mellon, The Bank of New York Mellon Trust Company, N.A., Law Debenture Trust Company of New York, U.S. Bank National Association and Wells Fargo Bank, N.A., each solely in their respective capacities as trustees, indenture trustees or separate trustees (collectively, the “**Trustees**”) under the Trusts,¹ and the Institutional Investors, dated May 23, 2013 (the “**Settlement Agreement**”) and (ii) that certain Plan Support Agreement entered into among the Debtors, Ally Financial Inc. (“**AFI**”), on its own

¹ Capitalized terms not defined herein have the meanings ascribed to them in the Affirmation.

behalf and on behalf of its direct and indirect subsidiaries excluding the Debtors, the Official Committee of Unsecured Creditors of the Debtors, FGIC and the other Consenting Claimants (as defined therein), dated May 13, 2013 (the “**Plan Support Agreement**”), to the extent that such Plan Support Agreement relates to FGIC; and upon all the papers previously submitted and proceedings held in the above-captioned rehabilitation proceeding;

AND upon reading and signing the order to show cause dated May 30, 2013 (the “**Order to Show Cause**”);

AND due and proper notice of the Order to Show Cause, the Affirmation and the relief requested therein having been provided as required by the Order to Show Cause, and no further notice being necessary;

AND no objections having been filed to the relief requested in the Affirmation;

This Court finds that:

a. The relief requested in the Affirmation, including (i) with respect to the Settlement Agreement, (a) the settlement and release of FGIC’s obligations and liabilities under or with respect to the Policies, in exchange for FGIC paying the Payment Amount and forgoing future premiums with respect to the Policies and (b) allowance of the FGIC Allowed Claims, in exchange for FGIC releasing the Debtors from additional obligations and liabilities related to the FGIC Claims and (ii) with respect to the Plan Support Agreement, the discharge and release of AFI and Ally Bank from any and all claims arising from or related to the Debtors in exchange for the Debtors’ receipt of approximately \$206.5 million of plan value, including funds contributed by AFI, is in the best interests of FGIC’s policyholders and other claimants and should be granted; and

b. The Trustees have acted reasonably and in good faith in entering into the Settlement Agreement, and the Trustees have not acted negligently in performing their duties in respect of the Settlement Agreement.

NOW, on motion of the Rehabilitator, the Court hereby ORDERS that:

1. The relief requested in the Affirmation is granted;
2. The Settlement Agreement is approved and, pursuant to the terms and conditions of the Settlement Agreement, and subject to the occurrence of the Effective Date (as defined in the Settlement Agreement), the Rehabilitator is authorized and permitted to take the steps necessary to carry out and consummate the Settlement Agreement and the transactions contemplated thereby, including to compromise and settle present and future claims under or relating to the Policies for the aggregate amount of \$253.3 million, and to execute releases and any other instruments;
3. FGIC shall have no further rights, obligations or liabilities under the Policies;
4. The Settlement Agreement, and the settlements, releases and discharges contemplated thereby, shall be binding on all Investors holding Securities insured by FGIC's Policies, and any other persons or entities who were served with notice of the Affirmation pursuant to the Order to Show Cause;
5. The Settlement Agreement is not, and shall not be construed as, a settlement, termination, release, discharge or waiver of any claims (including with respect to the Prepetition Litigation) FGIC may have against non-Debtor affiliates of Residential Capital, LLC (including AFI and Ally Bank), or the Representatives of such non-Debtor affiliates; for the avoidance of doubt, this paragraph 5 does not apply to the Representatives of the Debtors;

6. The Plan Support Agreement is approved as it relates to FGIC and, subject to the terms and conditions of the Plan Support Agreement, the Rehabilitator is authorized and permitted to take the necessary steps to carry out and consummate the Plan Support Agreement and the transactions contemplated thereby, including to settle, discharge and release any and all of FGIC's claims against AFI and Ally Bank arising from or related to the Debtors (including with respect to the Prepetition Litigation), and to execute releases and any other instruments;

7. Service of notice of this Order shall be made by the Rehabilitator posting such notice, together with a copy of the Court Order, at www.fgicrehabilitation.com within five (5) Business Days of the Rehabilitator receiving an entered copy of the Court Order, and such service shall be deemed good and sufficient service of notice of entry of this Order on all Investors and any other persons or entities who may have an interest in the Order; and

8. The Supreme Court of the State of New York, New York County shall have exclusive jurisdiction to interpret, implement and enforce the provisions of this Order and to adjudicate any dispute arising out of or in connection with the settlement, discharge or release of any rights, interests, obligations or liabilities of the Parties under or otherwise relating to the Policies (including in respect of any claims for payment thereunder).

E N T E R

J. S. C.

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

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

**ORDER GRANTING DEBTORS' MOTION FOR AN ORDER UNDER BANKRUPTCY
CODE SECTIONS 105(A) AND 363(B) AUTHORIZING THE DEBTORS TO
ENTER INTO A PLAN SUPPORT AGREEMENT WITH ALLY
FINANCIAL INC., THE CREDITORS' COMMITTEE, AND
CERTAIN CONSENTING CLAIMANTS**

Upon consideration of the motion (the "**Motion**")¹ of the above-captioned debtors and debtors in possession (collectively, the "**Debtors**" and each, a "**Debtor**") for entry of an order authorizing the Debtors to enter into and perform under a Plan Support Agreement by and among the Debtors, Ally, the Creditors' Committee and certain Consenting Claimants, and upon the Kruger Declaration and each submission in support of the Motion filed by the RMBS Trustees; and it appearing that this Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that venue of these chapter 11 cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that this proceeding on the Motion is a core proceeding pursuant to 28 U.S.C. § 157(b); and sufficient notice of the Motion having been given; and on the affidavits of mailing to all investors in the RMBS Trusts of the RMBS Trustees' Notice; and it appearing that no other or further notice need be provided; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, the Institutional Investors, the investors in each RMBS Trust, each such RMBS Trust, the RMBS Trustees; and the Court having found that

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



each of the parties to the Agreement, including the RMBS Trustees, have acted reasonably, in good faith and in the best interests of their respective constituencies in entering into the Agreement; and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is **GRANTED** to the extent set forth below.
2. The Debtors are hereby authorized to enter into and perform under the Plan Support Agreement.
3. The Agreement, including the RMBS Trustees' performance contemplated thereunder, is in the best interests of the Debtors' estates, their creditors, the Institutional Investors, the investors in each RMBS Trust and each such RMBS Trust, and the RMBS Trustees, as a compromise of each RMBS Trust's asserted claims against the Debtors.
4. The RMBS Trustees acted reasonably, in good faith and in the best interests of the Institutional Investors, the investors in each RMBS Trust and each such RMBS Trust in agreeing to the Agreement.
5. Notwithstanding anything herein to the contrary, including without limitation, ordering paragraphs 3, 4 and 9, other than with respect to the parties to the Agreement, nothing herein shall prejudice or waive any party in interest's rights to fully prosecute an objection, or be deemed to constitute any finding of fact or conclusion of law, with respect to: (i) any proposed disclosure statement, (ii) any proposed chapter 11 plan, (iii) any other motion or other proceeding in this court or the FGIC Rehabilitation Court (as defined in the Plan Term Sheet) that seeks to approve and/or effectuate the terms of the Agreement and the transactions contemplated therein, including the FGIC Settlement Agreement, or (iv) the

adversary proceedings relating to the Junior Secured Noteholders (as defined in the Agreement) [Adv. Proc. Nos. 13-01277 and 13-01343].

6. Notice of the RMBS Settlement, the FGIC Settlement Agreement, and the Agreement, including the RMBS Trustees' Notice, was sufficient and effective in satisfaction of federal and state due process requirements and other applicable law to put the parties in interest in these Chapter 11 cases and others, including the Institutional Investors and the investors in each RMBS Trust, on notice of the Agreement, the RMBS Settlement, and the FGIC Settlement Agreement.

7. Neither the Debtors' entry into nor the Debtors' performance under the Plan Support Agreement shall constitute solicitations of votes of Ally or the Consenting Claimants in violation of section 1125(b) of the Bankruptcy Code.

8. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

9. All objections to the Agreement, the Motion or the relief requested therein that have not been withdrawn, waived, or settled, and, subject to paragraph 5, all reservations of rights included therein, are overruled on the merits.

10. The discretionary rights granted in paragraph 6 of the Treatment of Securities Claims Section of the Supplemental Term Sheet are hereby approved.

11. Notwithstanding anything to the contrary in paragraph 4 of the Borrower Claims Trust section of the Supplemental Term Sheet, notice of any increase in funding of the Borrower Claims Trust pursuant to the Borrower Trust True-Up (each as defined in the Supplemental Term Sheet) shall be filed as part of the plan supplement.

12. Notwithstanding anything herein to the contrary, this Order shall not

modify or affect the terms and provisions of, nor the rights and obligations under, (a) the Board of Governors of the Federal Reserve System Consent Order, dated April 13, 2011, by and among AFI, Ally Bank, ResCap, GMAC Mortgage, LLC, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation, (b) the consent judgment entered April 5, 2012 by the District Court for the District of Columbia, dated February 9, 2012, (c) the Order of Assessment of a Civil Money Penalty Issued Upon Consent Pursuant to the Federal Deposit Insurance Act, as amended, dated February 10, 2012, and (d) all related agreements with AFI and Ally Bank and their respective subsidiaries and affiliates.

13. This Court shall retain jurisdiction with respect to all matters arising or related to the implementation of this Order.

Dated: June 26, 2013
New York, New York

/s/Martin Glenn
MARTIN GLENN
United States Bankruptcy Judge