

UNITED STATES BANKRUPTCY COURT  
MIDDLE DISTRICT OF FLORIDA  
JACKSONVILLE DIVISION

In re:	:	
	:	
R&G MORTGAGE CORP. <sup>1</sup>	:	Case No. 3:12-bk-01360 [_____]
	:	
Debtor.	:	Chapter 11
	:	
	:	
	:	
	:	
	:	
	:	

---

**DEBTOR’S DISCLOSURE STATEMENT FOR  
DEBTOR’S PLAN OF LIQUIDATION**

FOLEY & LARDNER LLP  
Gardner F. Davis  
John J. Wolfel, Jr.  
One Independent Drive, Suite 1300  
Jacksonville, FL 32202-5017  
P. O. Box 240  
Jacksonville, FL 32201-0240  
Phone: 904.359.2000

and

Jennifer Hayes  
Foley & Lardner LLP  
100 North Tampa Street, Suite 2700  
Tampa, FL 33602-5810  
Phone: 813.229.2300

---

<sup>1</sup> The tax identification number of the Debtor is 66-0311912. The address of the principal office of the Debtor is: 7777 Baymeadows Way West, Jacksonville, Florida 32256.

## TABLE OF CONTENTS

I.	Summary of Information Contained in the Disclosure Statement.....	1
A.	Introduction.....	1
B.	Who May Vote on the Plan.....	7
C.	Voting Instructions.....	7
D.	Acceptance or Rejection of the Plan.....	8
E.	Confirmation Hearing.....	8
F.	Objections to Confirmation.....	9
II.	Description of Debtor and Events Precipitating the Chapter 11 Filing.....	9
A.	Factual Background.....	9
(1)	Acquisition by Scotiabank de Puerto Rico:.....	11
(2)	Liquidation of RG Mortgage’s Assets:.....	12
(3)	Transfer of Third Party Servicing:.....	13
(4)	MassMutual’s Claim:.....	13
(5)	Loan & ORE Portfolios:.....	14
(6)	Securities:.....	14
(7)	BPPR Global Settlement:.....	15
(8)	Transfer of Unclaimed Funds to OCIF:.....	16
(9)	Settlements with Landlords:.....	16
(10)	Tax Settlement:.....	17
(11)	CRIM Property Taxes:.....	17
(12)	Note Cancellation Fee Issue – Lost Mortgage Notes.....	19
(13)	Reasons for Bankruptcy.....	20
B.	Debtor’s Financial Condition.....	21
C.	Insider Relationships.....	22
III.	The Plan of Liquidation.....	23
A.	Introduction.....	23
B.	Classification of Claims and Interests.....	23
(1)	Class 1: Allowed Administrative Expenses.....	23
(2)	Class 2: Allowed Secured Claim of MassMutual.....	24
(3)	Class 3: Allowed Secured Claim – CRIM Property Tax Claims.....	24
(4)	Class 4: Other Allowed Secured Claims.....	25
(5)	Class 5: Allowed Priority Claims.....	25
(6)	Class 6: Allowed Unsecured Claims.....	26
(7)	Class 7: Allowed Unsecured Claim of FDIC-R for Administrative Support Services.....	27
(8)	Class 8: Equity Interests.....	28
C.	Effective Date of the Plan.....	28
D.	Means of Execution of the Plan and Feasibility.....	28
E.	No Discharge Pursuant to Liquidating Plan.....	29
F.	Claims Resolution and Distributions.....	30
G.	Releases and Exculpation.....	30

H.	No Preference Claims. ....	34
I.	Miscellaneous. ....	34
IV.	Alternatives to Confirmation of the Plan. ....	34
V.	Requirements for Confirmation of the Plan of Liquidation. ....	35
A.	In General. ....	35
B.	Best Interests of Creditors Test/Liquidation Analysis. ....	37
C.	Financial Feasibility. ....	38
D.	Acceptance by Impaired Classes. ....	38
E.	Confirmation Without Acceptance by All Impaired Classes. ....	38
VI.	Conclusion .....	39

**DEBTOR'S DISCLOSURE STATEMENT FOR  
DEBTOR'S PLAN OF LIQUIDATION**

**I. Summary of Information Contained in the Disclosure Statement.**

**A. Introduction.**

R&G Mortgage Corp. ("RG Mortgage" or "Debtor"), as Debtor and Debtor-in-Possession, in connection with the Debtor's Plan of Liquidation dated March 1, 2012 ("Plan"), provides this Disclosure Statement (all capitalized terms used herein shall have the meanings attributed to them in the Plan unless otherwise noted) pursuant to Section 1125 of the Bankruptcy Code in order to provide adequate information to enable holders of Claims or Interests that are impaired under the Plan to make an informed judgment in exercising their right to vote for acceptance or rejection of the Plan.

RG Mortgage was the mortgage banking and servicing subsidiary of a failed bank in Puerto Rico.

Prior to filing bankruptcy on March 1, 2012 (the "Petition Date"), the Debtor liquidated most of its business and assets and converted them to cash. As of the Petition Date, the Debtor held approximately \$4.3 million in a bank account at BB&T Bank in Jacksonville, Florida. The Debtor's remaining assets include approximately 36 mortgage loans, with an aggregate unpaid principal balance of approximately \$3.2 million and an estimated fair market value of approximately \$2.3 million. MassMutual holds a lien on 26 of these mortgage loans, which collectively have an unpaid principal balance of approximately \$2 million. The Debtor owns five houses acquired through foreclosure or deed-in-lieu transactions, all of which are of questionable value or have title issues which prevented them from being sold in the real estate auctions previously conducted by the Debtor. The Debtor also owns a warehouse referred to as

the “Hipodromo Property,” which has recently been vandalized and currently has an estimated net value of \$80,000.

The Plan provides for the sale of the Debtor’s remaining, saleable assets, with the sale proceeds and the Debtor’s existing cash on hand to be applied to payment of Claims and Interests generally in the order of priority established by the Bankruptcy Code, except that the claim of the Federal Deposit Insurance Corporation, in its capacity as Receiver for R-G Premier Bank of Puerto Rico (“FDIC-R”), for reimbursement for the prepetition costs and expenses of FDIC-R’s full-time employees who provided management and administrative services as agent for the Debtor, will only be paid by the Debtor after the Class 6 General Unsecured Claims of the Debtor are paid in full.

The Debtor is the defendant in approximately 34 pending lawsuits and administrative proceedings. An additional three cases technically remain “open” but they have been dismissed by the court orally at hearing but written order has not been entered. Eight of the pending lawsuits (referred to in the Plan as “Employment Lawsuit Claims”) are brought by Debtor’s former employees asserting claims for employment discrimination, wrongful termination or seeking severance payments provided under certain circumstances by a Puerto Rico statute known as “Law 80.” The Debtor believes that all these claims are invalid because, among other things, the Debtor terminated these employees because of performance problems and therefore no meritorious claim can be asserted for discrimination and the Debtor does not believe that the employees are entitled to severance payments under Law 80. From April 30, 2010 to the date of the filing of its bankruptcy petition, the Debtor won eight employee lawsuits on the merits, obtained dismissal not on the merits of three additional employee lawsuits and lost three employment lawsuits with judgments entered of \$28,200, \$9,437 and \$7,425. This

represents a loss percentage of approximately 13% with an average recovery of \$3,219 per case in the 14 resolved cases. The Plan provides each Employee Lawsuit Claim with an allowed general unsecured claim in the amount of \$5,000, unless the plaintiff files a proof of claim in a different amount, in which case the entire claim will be treated as disputed, the Debtor will contest the entire claim and the Bankruptcy Court will resolve the dispute as part of the claim objection process.

Seventeen of the pending lawsuits against the Debtor (referred to in the Plan as “Lender-Liability Lawsuit Claims”) assert claims against the Debtor for failure to make loans or provide extensions and other types of lender-liability claims. Prior to bankruptcy, the Debtor won nine lender-liability cases at trial or at summary judgment, obtained dismissal not on the merits of six additional lender-liability cases and lost four lender-liability cases with judgments of \$58,000, \$47,000, \$15,000 and \$12,893. An additional two lender-liability cases are on appeal, where the verdicts were \$66,000 and \$18,000. Excluding the two cases on appeal, this represents a loss percentage of approximately 9% with an average recovery of \$7,000 per case in the 19 resolved cases. The Plan provides each Lender-Liability Lawsuit Claim with an allowed general unsecured claim in the amount of \$15,000, unless the claimant files a proof of claim in a different amount, in which case the entire claim will be treated as disputed, the Debtor will contest the entire claim and the Bankruptcy Court will resolve the dispute as part of the claim objection process.

The remaining miscellaneous lawsuits against the Debtor are not anticipated to result in material claims against the Debtor. For example, three of the suits involve construction defect claims and the Debtor is only included as a defendant because the Debtor allegedly held a mortgage on the plaintiff’s house. The Debtor has actually sold two of those mortgages and

written-off the third mortgage. One lawsuit is being defended by the title insurance company. Three of the matters are administrative complaints before a consumer protection agency.

The Debtor also owes a former landlord approximately \$26,000 for unpaid rent which accrued after the Debtor vacated the leased premises.

The Debtor has substantial contingent liability to Massachusetts Mutual Life Insurance Company ("MassMutual") arising from the sale in 2004 of approximately \$8 million of mortgage loans. In connection with the sale, the Debtor pledged additional mortgages with a value equal to 25% of the value of the loan portfolio being sold to secure the Debtor's obligations with respect to the sale. MassMutual's collateral currently consists of 26 mortgage loans with an aggregate unpaid principal balance of \$2 million and cash representing payments under the pledged mortgage loans. The Plan provides for MassMutual to receive 11 mortgages with an aggregate value of approximately \$900,000 with the remaining 15 mortgage loans and approximately \$90,000 of cash being returned to the Debtor free of liens and claims.

The Puerto Rico Center for Municipal Revenue Collection ("CRIM") has asserted that the Debtor owes approximately \$816,000 of property taxes with respect to 217 properties listed as owned by the Debtor. The Debtor has been unable to obtain satisfactory back-up documentation from CRIM and currently believes no such taxes are owed.

The Puerto Rico Departamento de Hacienda ("Treasury") has asserted a claim for approximately \$238,000 related to a special property tax assessed on real estate allegedly owned by the Debtor. This tax is based on information supplied by CRIM to the Treasury. The Treasury cannot provide the Debtor an explanation for this tax claim because CRIM cannot provide the Treasury with supporting documentation. The Debtor therefore disputes this claim.

The Municipality of San Juan has asserted Volume of Business (VOB) taxes for the first semester of 2012 for approximately \$60,000 and the second semester of 2012 of approximately \$116,000. The Debtor disputes this claim. The Debtor, through its consultants, is in discussions with the Municipality of San Juan to resolve the VOB tax claim.

The Debtor also owes FDIC-R more than \$500,000 for reimbursement of prepetition costs and expenses of FDIC-R's full time employees who provided management and administrative services to the Debtor pursuant to a written contract. The Plan provides that FDIC-R's claim will only be paid after payment in full of Class 6 General Unsecured Creditors.

If the holders of the Employment Lawsuit Claims and Lender-Liability Lawsuit Claims accept the allowed general unsecured claims proposed in the Plan and the tax claims are either substantially reduced or disallowed, and assuming unanticipated claims are not filed, the Debtor presently anticipates that sufficient funds will be available to pay all the claims in full. However, if the Debtor is required to expend substantial resources on attorneys fees to litigate the various types of lawsuit claims, some of the plaintiffs succeed in establishing very large allowed claims and the tax claims are allowed in full, the Debtor will not have the money to pay creditors in full.

A copy of the Plan is attached hereto as Exhibit "A," and is discussed in greater detail in this Disclosure Statement in the section entitled "The Plan of Liquidation."

THIS DISCLOSURE STATEMENT HAS BEEN CONDITIONALLY APPROVED BY ORDER OF THE BANKRUPTCY COURT AS CONTAINING INFORMATION OF A KIND AND SUFFICIENT DETAIL TO ENABLE HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN TO MAKE AN INFORMED JUDGMENT WITH RESPECT TO VOTING TO ACCEPT OR REJECT THE PLAN. (PARTIES IN



INTEREST MAY FILE OBJECTIONS TO THE DISCLOSURE STATEMENT, AND THE COURT WILL CONDUCT A HEARING ON THE DISCLOSURE STATEMENT IF A TIMELY OBJECTION IS FILED.) THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A RECOMMENDATION OR DETERMINATION BY THE BANKRUPTCY COURT WITH RESPECT TO THE FAIRNESS AND MERITS OF THE PLAN OR THE ACCURACY OF THE INFORMATION OR THE POSITIONS SET FORTH IN THIS DISCLOSURE STATEMENT. MOREOVER ALL STATEMENTS AND INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT ARE INCLUDED SOLELY FOR PURPOSES OF SOLICITING VOTES WITH RESPECT TO THE PLAN. WITH RESPECT TO DISPUTES, CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER PENDING OR THREATENED ACTIONS BETWEEN THE DEBTOR AND THIRD PARTIES, NOTHING CONTAINED IN THIS DISCLOSURE STATEMENT SHALL BE CONSTRUED AS AN ADMISSION, WAIVER OR STIPULATION, BUT RATHER SHALL BE TREATED AS STATEMENTS MADE AND INFORMATION PROVIDED IN SETTLEMENT NEGOTIATIONS.

NO PARTY IS AUTHORIZED TO GIVE ANY INFORMATION WITH RESPECT TO THE PLAN INCONSISTENT WITH THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. NO REPRESENTATIONS CONCERNING THE DEBTOR, ITS FUTURE BUSINESS OPERATIONS, OR THE VALUE OF ITS ASSETS HAS BEEN AUTHORIZED BY THE DEBTOR OR THE BANKRUPTCY COURT OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY INFORMATION, REPRESENTATIONS, OR INDUCEMENTS MADE TO OBTAIN YOUR ACCEPTANCE WHICH ARE OTHER THAN OR INCONSISTENT WITH THE INFORMATION

CONTAINED HEREIN, SHOULD NOT BE RELIED UPON BY ANY HOLDER OF A CLAIM IN VOTING ON THE PLAN.

**B. Who May Vote on the Plan.**

Under the Bankruptcy Code, impaired classes of claims or equity interests are entitled to vote to accept or reject the Plan. However, where claims or interests and impaired classes, although impaired, will retain no property and receive no distributions under a plan, they are deemed to have rejected the plan and are therefore not entitled to vote. Only holders of claims or interests in impaired classes which are allowed claims or interests or claims which are estimated and allowed for voting purposes by order of the Bankruptcy Court as of the voting deadline are entitled to vote on the plan.

For purposes of this Disclosure Statement, holders of Claims in Class 2 (Secured Claim of MassMutual), Class 6 (General Unsecured Claims) and Class 7 (Unsecured Claim of FDIC-R for administrative support services) are impaired and will receive distribution under the Plan and thus entitled to vote on the Plan. The holders of equity interests in Class 8 are impaired and will only receive distributions after all other classes of creditors are paid in full. The stock of the Debtor will be cancelled upon the Effective Date of the Plan.

**C. Voting Instructions.**

As a holder of a Claim, your vote on the Plan is important. A ballot to be used for voting to accept or reject the Plan accompanies this Disclosure Statement. After carefully reviewing the Plan and this Disclosure Statement, including the attached exhibits, please indicate your acceptance or rejection of the Plan on the ballot and return it in the manner described on the ballot.

BALLOTS MUST BE ACTUALLY RECEIVED BY THE CLERK OF THE COURT ON OR BEFORE 4:30 P.M., JACKSONVILLE, FLORIDA TIME, BY THE DATE

INDICATED ON SUCH BALLOT. ANY BALLOTS RECEIVED AFTER THE VOTING DEADLINE WILL NOT BE COUNTED.

IF YOU HAVE ANY QUESTIONS REGARDING THE PROCEDURES FOR VOTING ON THE PLAN, PLEASE CALL GARDNER DAVIS, ESQ. OR JOHN WOLFEL, ESQ., OF FOLEY & LARDNER LLP, COUNSEL FOR THE DEBTOR, AT (904) 359-2000.

**D. Acceptance or Rejection of the Plan.**

Under the Bankruptcy Code, a class of claims is deemed to have accepted a plan if the plan is accepted by at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the allowed claims of such class who vote on the plan. A class of interests is deemed to have accepted the plan if the plan is accepted by at least two-thirds (2/3) in amount of the allowed claims or equity interests of such class who vote on the plan.

If a plan is not accepted by all the classes of impaired claims and equity interests, the plan may still be confirmed by a bankruptcy court pursuant to Section 1129(b) of the Bankruptcy Code if the plan has been accepted by at least one impaired class of claims, and a bankruptcy court determines, among other things, that the plan “does not discriminate unfairly,” and is “fair and equitable” with respect to each non-accepting impaired class of claims or interests. If an impaired class of allowed claims or interests rejects a plan, a debtor may ask the bankruptcy court to find that the plan does not discriminate unfairly and is fair and equitable with respect to each non-accepting impaired class of claims or interests.

**E. Confirmation Hearing.**

Pursuant to Section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled the confirmation hearing at the United States Bankruptcy Court, Middle District of Florida, United States Courthouse, 300 North Hogan Street, Jacksonville, Florida 32202. A notice accompanying this Plan and Disclosure Statement will set a date, time and courtroom for

the confirmation hearing. The confirmation hearing may be adjourned from time to time by the Bankruptcy Court by announcement at open court at the confirmation hearing of any such adjournment without further notice.

**F. Objections to Confirmation.**

Any objection to confirmation of the Plan must be in writing, must comply with the Bankruptcy Rules, state the name of the objecting party, state the nature and amount of any Claim or Equity Interest asserted by such objecting party against the Debtor's Estate, and must be filed and served as required by the Bankruptcy Court pursuant to its order conditionally approving the Disclosure Statement. The order contains all relevant procedures relating to the submission of objections to confirmation of the Plan. Parties submitting objections should review such order in its entirety.

**II. Description of Debtor and Events Precipitating the Chapter 11 Filing.**

**A. Factual Background**

The Debtor, RG Mortgage, is a Puerto Rico corporation which maintains its chief executive office, primary business records and bank account in Jacksonville, Florida. The Debtor previously was engaged in the business of originating and servicing FHA insured, VA guaranteed, and privately insured first and second mortgage loans on residential real estate in Puerto Rico.

R&G Financial Corporation ("RG Financial") was the parent company of both R&G Mortgage and R-G Premier Bank of Puerto Rico ("RG Bank"), a Puerto Rican chartered bank.

In February, 2009, RG Mortgage transferred its business of origination of mortgage loans to RG Bank while retaining the business of servicing mortgage loans for RG

Bank and third parties. As of April 30, 2010, RG Mortgage's servicing portfolio consisted of 36,714 loans having an outstanding principal balance of \$4.12 billion.

On April 28, 2010, RG Financial transferred 100% of the stock of RG Mortgage to RG Bank in satisfaction of certain intercompany receivables between the entities.

On April 30, 2010, RG Bank was closed ("Closing Date") by the Office of the Commissioner of Financial Institutions ("OCIF") of the Commonwealth of Puerto Rico (the "Commonwealth") and the Federal Deposit Insurance Corporation ("FDIC-R") was appointed as its receiver. As a result, FDIC-R became the sole shareholder of RG Mortgage on the Closing Date.

On the Closing Date, RG Mortgage and FDIC-R entered into a subsidiary agency agreement, dated April 30, 2010 ("Agency Agreement") pursuant to which FDIC, acting as agent for RG Mortgage, provides administrative, accounting, management and support services to RG Mortgage on a direct reimbursement of cost basis. To date, RG Mortgage has not reimbursed FDIC for its direct internal costs, such as the expenses of the FDIC employees who have handled the liquidation of RG Mortgage's assets and resolution of pending claims. RG Mortgage owes FDIC-R more than \$500,000 for reimbursement of such direct expenses.

Pursuant to a Purchase & Assumption Agreement, dated April 30, 2010 ("P&A Agreement") between Scotiabank de Puerto Rico ("SBPR") and FDIC-R, SBPR acquired certain assets and assumed certain liabilities of RG Bank. RG Mortgage was an excluded asset and was not acquired by SBPR. However, Section 3.7 of the P&A Agreement granted SBPR a series of options (collectively, the "Options") to purchase certain assets of RG Mortgage which SBPR subsequently partially exercised, as further discussed below.

As a result of the failure of RG Bank and the severe economic recession and difficulties in the residential real estate and credit markets, RG Mortgage had no value as a going concern and FDIC-R determined the most prudent strategy was to liquidate RG Mortgage as quickly and as efficiently as possible.

In 2010, the headquarters and executive office of RG Mortgage relocated to FDIC's East Coast Temporary Satellite Office located in Jacksonville, Florida.

The day-to-day operation of RG Mortgage is managed by Edward Gilman, President of RG Mortgage, with assistance from Quantum G&A Joint Venture ("Quantum"), a contractor retained by RG Mortgage pursuant to a contract negotiated by FDIC-R to provide management, accounting and administrative services for RG Mortgage. Prescient, Inc., a contractor retained by RG Mortgage pursuant to a contract negotiated by FDIC-R, provides property management services and real estate advice relating to the management and liquidation of RG Mortgage's ORE and other real estate assets.

**(1) Acquisition by Scotiabank de Puerto Rico:**

Pursuant to the P&A Agreement, SBPR acquired certain assets and assumed certain liabilities of RG Bank. RG Mortgage was an excluded asset and was not acquired by SBPR under the P&A Agreement. However, Section 3.7 of the P&A Agreement granted SBPR the Options to purchase, at fair market value, certain assets of RG Mortgage, including the real estate leases, FF&E and RG Mortgage's mortgage servicing rights.

On July 23, 2010, SBPR notified FDIC-R of its intention to exercise the Options to: (i) subject to satisfactory due diligence, purchase RG Mortgage's mortgage servicing rights; (ii) enter into new leases with RG Mortgage's landlord; and (iii) purchase all RG Mortgage's FF&E. All of the Options were exercised and closed effective August, 2010, other than the

Option to purchase RG Mortgage's mortgage servicing rights, which SBPR declined to exercise due to unsatisfactory due diligence. In addition, as a result of the exercise of the Options, the parties agreed to terminate the servicing arrangement between RG Mortgage and RG Bank, effective August 6, 2010. SBPR also decided to hire all of RG Mortgage's employees for SBPR's mortgage servicing department. As a result, RG Mortgage terminated all its employees effective August 7, 2010 who were then hired by SBPR.

**(2) Liquidation of RG Mortgage's Assets:**

According to RG Mortgage's balance sheet as of the Closing Date, RG Mortgage had approximately \$161 million in total assets and approximately \$109 million in total liabilities, having a book value of approximately \$51.7 million. Upon SBPR's exercise of the Options, RG Mortgage actively began liquidating its assets and settling its liabilities. As further explained below, as part of its liquidation efforts, RG Mortgage, among other things:

- (i) transferred the majority of its third party mortgage servicing back to the third party investors by December 1, 2010;
- (ii) auctioned the majority of its loan portfolio in November 2010;
- (iii) auctioned a portion of its ORE portfolio in December 2010;
- (iv) transferred approximately \$9.3 million in funds held in escrow for third parties borrowers/sellers for note cancellation fees, repairs, appraisals and inspection fees, and property tax to OCIF;
- (v) entered into a global settlement agreement with Banco Popular de Puerto Rico ("BPPR"), RG Mortgage's largest known creditor, for a cash payment of \$20 million plus full assignment (no warranties) of 450 loans pledged as collateral for two secured commercial notes in the aggregate outstanding amount of \$28 million made by RG Mortgage and held by

BPPR (“BPPR Secured Notes”) in exchange for the full satisfaction, cancellation and release of the BPPR Secured Notes and the settlement of all current and future liability with BPPR, including certain loan repurchase liability with regards to loans RG Mortgage originated and sold to certain third parties with recourse with a maximum potential exposure of \$3.7 billion as of May 31, 2011. The BPPR settlement is explained further below; and

(vi) transferred approximately \$777,000 of escrowed funds for loan cancellation fees to SBPR with regard to loans acquired by SBPR pursuant to the P&A Agreement.

**(3) Transfer of Third Party Servicing:**

As a result of SBPR hiring all of RG Mortgage's employees in August 2010 and purchasing all of RG Mortgage's FF&E, RG Mortgage requested interim mortgage servicing from FDIC-R to be supplied by SBPR via the Interim Servicing Agreement under the P&A Agreement. RG Mortgage also requested that all third party investors negotiate the transfer of their mortgage servicing to another provider prior to the end of 2010. As of the bankruptcy petition date, RG Mortgage has transferred all its loan servicing and no longer generates any revenue from such loan servicing.

**(4) MassMutual's Claim:**

In 2004, RG Mortgage sold an approximately \$8 million pool of mortgage loans to MassMutual. To secure RG Mortgage's repurchase obligations and warranties pursuant to the sale, RG Mortgage agreed to place in escrow mortgage loans equal to 25% of the unpaid principal balance of the loans sold. The collateral held in escrow currently consists of 26 loans with an unpaid principal balance of approximately \$2,070,000 and \$91,000 of cash collections on the loans.



In order for RG Mortgage to be released from the collateral agreement and terminate RG Mortgage's future potential liability, RG Mortgage and MassMutual have agreed in principal that 11 mortgage loans (all FHA insured) with an aggregate principal balance of approximately \$890,000 will be transferred to MassMutual and RG Mortgage will receive the return of the remaining collateral.

**(5) Loan & ORE Portfolios:**

The majority of RG Mortgage's loan portfolio, having an unpaid principal balance of approximately \$27.5 million as of October 2010, was sold for approximately \$9.56 million in an auction held in November 2010. RG Mortgage's owned real estate (ORE) portfolio consisted of 68 properties of which 39 properties with a net book value of approximately \$2.97 million were sold at auction in December 2010 for approximately \$1.05 million. RG Mortgage subsequently sold all but the six remaining ORE properties. The remaining ORE properties are of doubtful value because of poor condition or title problems. RG Mortgage is in the process of trying to sell the remaining five houses and the Hipodromo Property. The Debtor also has an approximately \$100,000 insurance claim relating to vandalism of the Hipodromo Property.

**(6) Securities:**

On the Closing Date, RG Mortgage owned marketable GNMA securities, collateralized mortgage obligations ("CMOs") and interest only strips ("I/Os") valued at approximately \$1.3 million. In June 2010, the Capital Markets division of the FDIC began marketing the CMOs and GNMA securities on the open market. In November 2010, Capital Markets sold certain portions of CMOs for \$390,000. Also in November 2010, the loan portfolio generating the income associated with the I/Os was transferred and the value of the I/Os, totaling approximately \$700,000, was eliminated. As of the Petition Date, there are three remaining

CMOs with a total book value of \$103,130. At this point, the remaining CMOs are of very speculative value, and are conservatively treated as having no value.

**(7) BPPR Global Settlement:**

In contemplation of its final wind up, RG Mortgage management commenced settlement talks with BPPR, its largest known secured and unsecured creditor. After months of negotiations, the parties reached a global settlement agreement to resolve RG Mortgage's outstanding accrued and contingent liabilities with BPPR ("BPPR Settlement Agreement"). This transaction was consummated on June 2, 2011 ("Settlement Closing Date").

Pursuant to the BPPR Settlement Agreement, RG Mortgage agreed to assign to BPPR, without warranties, 450 loans pledged as collateral for the BPPR Secured Notes plus payment of \$5 million in cash in full satisfaction, cancellation, and release of the BPPR Secured Notes. In addition, RG Mortgage agreed to pay BPPR \$15 million in cash in full satisfaction of RG Mortgage's liabilities and obligations, including any and all accrued or future loan repurchase obligations, arising from a Servicing Rights Purchase and Transfer Agreement by and between RG Mortgage and BPPR, dated September 16, 2008, whereby RG Mortgage sold its mortgage servicing rights to BPPR on approximately \$4.9 billion (\$3.7 billion as of May 31, 2011) FHLMC/GNMA loan portfolio ("Servicing Rights Agreement").

The BPPR Settlement Agreement also provided for a limited release of BPPR by RG Mortgage and a general release of RG Mortgage and FDIC-R by BPPR with regard to any and all claims related to the BPPR Secured Notes, the Servicing Rights Agreement and any other agreement the parties may have entered into. On the Settlement Closing Date, RG Mortgage offset \$93,501.90 in loan advances and wire transferred the balance of the \$20 million to BPPR

for a net amount of \$19,906,498.10. Pursuant to the BPPR Settlement Agreement, RG Mortgage agreed to provide interim loan servicing with regard to the 450 loan collateral until July 1, 2011.

**(8) Transfer of Unclaimed Funds to OCIF:**

As of the Closing Date, RG Mortgage had more than \$14 million in cash held in various escrow accounts collected from borrowers/sellers for property taxes, note cancellation fees, appraisal fees, recording fees, legal fees, etc. These escrowed funds were held in RG Mortgage's escrow accounts for the benefit of borrowers/sellers going back as far as ten years and more. After months of analysis and research on how to handle these funds, RG Mortgage's management reached an agreement with OCIF to transfer these unclaimed funds to OCIF and OCIF agreed to manage these funds and release RG Mortgage from any liabilities arising from the same.

Since RG Mortgage began liquidating its assets, RG Mortgage has transferred more than \$9.3 million of escrowed funds to OCIF. Additionally, RG Mortgage transferred approximately \$777,000 of escrowed funds to SBPR for note cancellation fees related to the loans acquired by SBPR pursuant to the P&A Agreement, with the balance returned to borrowers or paid out for purposes originally intended. As of August 31, 2011, RG Mortgage was not holding any escrowed funds.

**(9) Settlements with Landlords:**

Prior to the Closing Date, RG Mortgage leased office space in Plaza del Sol in Bayamon, Puerto Rico. RG Mortgage vacated the space in connection with the shut-down of its business operations. The landlord demanded \$198,349 as damages, including arrears and future rent. On February 1, 2012, RG Mortgage settled with the Plaza del Sol landlord and paid \$60,000 in exchange for a full release.

Prior to the Closing Date, RG Mortgage leased office space at the Los Jardines Shopping Center in Guaynabo, Puerto Rico. RG Mortgage vacated the property in connection with its termination of business operations. The landlord is owed approximately \$26,000. The parties agreed to a settlement in principal of the claim for \$15,000, but the settlement was not consummated before filing bankruptcy. The Los Jardines landlord's claim, as finally determined, will be treated as a Class 6 General Unsecured Claim under the Plan.

**(10) Tax Settlement:**

The Departamento de Hacienda (Treasury) asserted that RG Mortgage owed \$393,000 in taxes. In November, 2011, RG Mortgage was able to resolve this tax claim by payment of \$55,366 pursuant to a tax amnesty program.

The Treasury also asserts a \$238,360 claim for a special property tax assessed on ORE. This tax claim is based on information supplied by CRIM to the Treasury. The Treasury cannot provide RG Mortgage with supporting documentation for this tax claim because CRIM cannot supply the Treasury with the information. As discussed below, CRIM's real estate records have substantial weaknesses. The Debtor disputes this claim. The claim of the Treasury, if any, as finally determined will be paid as a Class 3 claim.

The Debtor's Plan provides for all tax claims, as finally allowed, to be paid in full in cash.

**(11) CRIM Property Taxes:**

The Puerto Rico Center for Municipal Revenue Collection (CRIM) is a municipal entity created in 1991 as part of the municipal reform process that was controlled by the Central Government through the Department of Finance. CRIM has nine regional offices, in addition to

the Central Office with the responsibility of reporting, assessing, collecting and distributing public funds from property taxes.

CRIM assesses taxes based upon collected records of property ownership and valuations. Currently, CRIM has 217 properties listed as owned by RG Mortgage with taxes due of \$816,859 as of January 12, 2012. However, the records of RG Mortgage indicated that 70 properties were owned by RG Mortgage at the close of business on April 30, 2010 and RG Mortgage currently owns 6 properties. All transactions concerning the sale and transfer of real estate in Puerto Rico requires a lien search of outstanding taxes due and is thus collected at closing for distribution to CRIM. Also, a change of ownership is provided and submitted to CRIM by the closing attorney for their records of the transaction.

In July, 2011 RG Mortgage requested evidence of this debt from CRIM to research the validity of this claim but RG Mortgage has yet to receive a response. RG Mortgage's research from CRIM's debt certificate was only able to identify 83 properties of the 217 because of the vagueness of the property descriptions. The tax department at SBPR researched the identified properties and concluded that none of the properties were owned by RG Mortgage. Some of the properties were sold as early as 2003.

At issue was the foreclosure procedures practiced by RG Mortgage. The procedure was to foreclose on property of third party investors in the name of RG Mortgage to utilize the existing staff of the ORE department. The change of ownership would have been filed with CRIM and any assessed taxes paid at that time. Upon the sale and transfer of the ORE to the eventual buyer, the same procedure would have been followed.

After several discussions with the supervisor of the tax department with SBPR, the Deputy Director of OCIF and the Accounting Manager of Banco Popular, the consensus is

that based upon past events with CRIM specific to this type of claim, CRIM has been historically deficient in their record keeping of ORE transactions. Until evidence is provided by CRIM, RG Mortgage cannot substantiate any of the implied debt. This information has been regularly requested since July, 2011.

The Debtor disputes CRIM's tax claim. The final allowed amount of CRIM's claim, if any, will be paid in cash as a Class 3 claim.

**(12) Note Cancellation Fee Issue – Lost Mortgage Notes**

Any loan secured by Real Estate in Puerto Rico is documented with the Property Registry at the Departamento de Hacienda (Treasury). This lien is registered and remains outstanding until evidence is provided that the debt was paid in full and the original cancelled note is submitted to the Registry. There is a fee collected by the Treasury Department to clear this lien.

The responsibility for removing the lien is with the borrower that pledged the real estate as security on the note. However, it had been common practice in some situations for the financing institution to collect cancellation fees to perform this service for the borrower if 1) the property was refinanced from another lender or 2) the Registry listed a prior lien for a note that had been paid off and it was necessary to settle this with the Registry. In most circumstances, the cancellation process was delayed because the original financing institution did not or could not forward the original paid off note. To circumvent this outstanding lien to allow for refinancing, lending institutions issued a "Compromise" letter which was a pledge to cancel the mortgage or note with the Registry once it was received or located and fees were collected for stamps and processing. At the time of the RG Bank closing, RG Mortgage held in escrow approximately \$5 million in funds for this purpose. Of that amount, \$771,000 related to loans acquired by SBPR

and these funds were released to them with a written agreement assuming the responsibilities and liabilities concerning these monies. The remaining funds of approximately \$4.2 million were transferred to the Office of the Commissioner of Financial Institutions (OCIF) to manage through their Unclaimed Funds division. A release agreement was executed with OCIF that indemnified RG Mortgage from any further responsibilities relating to the Cancellation fees.

The Debtor does not believe it has any liability to any identified claimant with respect to a lost note.

**(13) Reasons for Bankruptcy.**

As stated above, RG Mortgage has not been engaged in loan origination or servicing operations for several years and is in the process of completing the liquidation of its assets and winding up its remaining business affairs. RG Mortgage believes it should have sufficient financial resources to pay all of its legitimate debts. However, the 34 pending lawsuits and almost \$1 million of disputed CRIM-related real estate tax claims interject substantial uncertainty and potential unfairness into the liquidation process. Given the “race-to-the-courthouse” approach of civil litigation, if a plaintiff wins a very large judgment and levies on the Debtor’s assets, such creditor will be paid in full and other creditors may receive nothing. Moreover the delay and expense of trying to resolve 34 lawsuits may exhaust the Debtor’s assets, even if the Debtor wins every case. The bankruptcy process provides a more efficient, faster and fairer procedure for addressing conflicting creditor claims. In addition, the Chapter 11 Plan provides the Debtor with a creative opportunity to offer plaintiffs in the lawsuits with the opportunity to accept a \$5,000 allowed unsecured claim for Employment Lawsuit Claims and a \$15,000 allowed unsecured claim for Lender-Liability Lawsuit Claims without the risk of encouraging new potential plaintiffs from filing additional lawsuits.

**B. Debtor's Financial Condition**

As of the petition date, RG Mortgage's financial condition is summarized as follows:

**Debtor's Assets at Estimated Fair Market Value  
(Conservative – After Liquidation Expenses)**

<i>(in thousands)</i>	
Cash	\$4,400
CMOs	-0-
36 Mortgage Loans (\$3,181,329 unpaid principal balance)	2,300
Hipodromo Warehouse	80
Hipodromo Insurance Claim	100
5 Houses	-0-
Advances and Receivables	-0-
	\$6,880

Please note the Debtor's Schedules of Financial Affairs indicate values for real estate, accounts receivable and contingent claims based on the Debtor's balance sheet and business records. As indicated in the Schedules, the Debtor believes the likely net realizable value of such assets will be very substantially less. The chart above is the Debtor's best estimate, on a conservative basis, of the likely net value to be recovered after liquidation expenses.

**Debtor's Estimated Claims**

<i>(in thousands)</i>		
Category	Best Case	Unfavorable Case*
<u>Class 1</u> Administrative Expense		
Legal	\$70	\$350**
Quantum	300	600
ORE Expenses	150	300
Other	50	250
	\$570	\$1,500
<u>Class 2</u>		
MassMutual	\$890	\$890
<u>Class 3 – CRIM Property Tax Claims</u>		
CRIM	\$-0-	\$817
Treasury	-0-	238
	\$-0-	\$1,055



Class 5 – Priority Claims

## Tax claims

Municipio de San Juan (VOB tax)	\$-0-	\$176
---------------------------------	-------	-------

Claim 6 – General Unsecured Claims

Payables	\$250	\$340
8 Employment Lawsuits	40	420
17 Lender Liability Lawsuits	225	1,050
Other	-0-	300
	<u>\$515</u>	<u>\$2,110</u>

Claim 7

FDIC-R	<u>\$500</u>	<u>\$500</u>
--------	--------------	--------------

Total	\$2,475	\$6,231
-------	---------	---------

\*Please understand this is not a “worst case” analysis. Given the uncertain nature of litigation, the ultimate amount of the allowed claims relating to the 34 lawsuits potentially could be much greater. Moreover, unforeseen events and unforeseen contingencies could increase the total claims.

\*\*The administrative expenses, including legal fees, could be much greater than projected in this illustration in the event of extensive claims litigation or unforeseen developments in the case.

**C. Insider Relationships**

FDIC-R owns all the stock of the Debtor.

FDIC-R has provided management and administrative services to the Debtor pursuant to an Agency Agreement. FDIC-R is owed in excess of \$500,000 by the Debtor for reimbursement of its internal costs and expenses under the Agency Agreement for the costs and expenses of FDIC-R’s full-time employees who provided management and administrative services as agent for the Debtor. The Debtor has never reimbursed FDIC-R for these internal costs, although FDIC-R is entitled to such reimbursement under the Agency Agreement.

The FDIC-R, as agent for the Debtor, shall continue to manage the business and affairs of the Debtor following confirmation of the Plan. The President of the Debtor is a full-time employee of the FDIC-R.

The Plan, at Section 4.4, provides releases and exculpation for all claims and cause of action, whether known or unknown, against FDIC-R and its officers, directors, employees, accountants, advisors, attorneys, investment bankers and agents except for claims for willful misconduct or fraud.

### **III. The Plan of Liquidation.**

#### **A. Introduction.**

THE FOLLOWING IS A SUMMARY OF THE MATTERS CONTEMPLATED TO OCCUR EITHER PURSUANT TO OR IN CONNECTION WITH THE CONFIRMATION OF THE PLAN. THIS SUMMARY HIGHLIGHTS THE SUBSTANTIVE PROVISIONS OF THE PLAN BUT IS NOT, NOR IS IT INTENDED TO BE, A COMPLETE DESCRIPTION OF THE PLAN. STATEMENTS REGARDING PROJECTED AMOUNTS OF CLAIMS OR DISTRIBUTIONS ARE ESTIMATED BY THE DEBTOR BASED ON CURRENT INFORMATION AND ARE NOT A REPRESENTATION OF THE ACCURACY OF THESE AMOUNTS. ANY CONFLICT BETWEEN THE FOLLOWING SUMMARY AND THE PLAN ITSELF SHALL BE RESOLVED BY REFERENCE TO THE TERMS AND PROVISIONS OF THE PLAN, WHICH SHALL GOVERN.

#### **B. Classification of Claims and Interests.**

The Plan establishes 8 classes of Claims and Equity Interests:

##### **(1) Class 1: Allowed Administrative Expenses.**

All Allowed Administrative Expenses shall be paid in full in Cash on the later of the Effective Date or the date such Administrative Expense becomes Allowed, except to the extent that the holder of an Allowed Administrative Expense agrees to a different treatment.

**(2) Class 2: Allowed Secured Claim of MassMutual.**

The Debtor has contractual obligations to MassMutual pursuant to the sale in 2004 of approximately \$8 million of mortgage loans. As collateral to secure the Debtor's obligations, MassMutual has a lien on the 26 mortgage loans listed on Exhibit A and B of the Plan, which are in the aggregate unpaid principal balance of approximately \$2,070,000 and on approximately \$91,000 held in a bank account. MassMutual also holds a corporate guaranty from the Debtor.

The Plan provides for the Debtor to deliver to MassMutual the 11 mortgage loans identified on Exhibit A to the Plan, which have an aggregate principal balance of approximately \$870,000 and to take certain other actions to facilitate the orderly transfer of such mortgage loans to MassMutual as set forth in Section 2.3 of the Plan.

MassMutual will release its lien on the 15 mortgage loans listed on Exhibit B to the Plan, which have an aggregate unpaid principal balance of approximately \$1,180,000 and authorize the release to the Debtor of the approximately \$91,000 currently held in the bank account and shall release the Debtor's corporate guaranty.

**(3) Class 3: Allowed Secured Claim – CRIM Property Tax Claims.**

CRIM is the tax authority in Puerto Rico that collects property taxes.

CRIM has sent the Debtor a "Certificate of Debt" dated January 12, 2012 asserting that the Debtor owes \$816,859.92 in property taxes related to 217 properties. The Debtor believes CRIM's tax assessment is incorrect and has requested back-up documentation but to date sufficient back-up information has not been provided. The Debtor disputes CRIM's tax claim. The amount of CRIM's allowed claim will be a Class 3 Allowed CRIM Property Tax Claim.

The Treasury asserts a \$238,360 tax claim related to a special property tax assessed on ORE owned by the Debtor. The Treasury's tax claim is based on information provided to the Treasury from CRIM. The Debtor believes the information provided by CRIM is incorrect and has requested back-up documentation but to date sufficient back-up has not been provided. The Debtor disputes Treasury's tax claim. The amount of Treasury's allowed claim will be a Class 3 Allowed CRIM Property Tax Claim.

The Plan provides for payment in full in cash of the allowed amount of the Class 3 CRIM Property Tax Claim as soon as practical after the Effective Date.

**(4) Class 4: Other Allowed Secured Claims.**

The Debtor does not anticipate any other allowed secured claims. In the event any other allowed secured claims exist, such claims shall be paid in full, in cash, as soon as practical after the Effective Date except to the extent the holder of an Allowed Secured Claim agrees to a different treatment. The Allowed Secured Claim shall not exceed the current, fair market value of the Secured Creditors' collateral, subject to all prior liens and encumbrances. The Debtor reserves the right, in lieu of a cash payment to the holder of such Allowed Secured Claim, to surrender the collateral to the creditor in full satisfaction of such Allowed Secured Claim.

**(5) Class 5: Allowed Priority Claims.**

All Allowed Priority Claims, including all Allowed Priority Tax Claims shall be paid in full, in cash, as soon as practicable after the Effective Date, except to the extent that the holder of an Allowed Priority Claim agrees to a different treatment.

The Municipality of San Juan has asserted a VOB tax claim of approximately \$60,000 for the first semester of 2012 and \$116,000 for the second semester of 2012. The

Debtor disputes this claim. The Allowed Priority Tax Claim, including the Allowed Priority Tax Claim of the Municipality of San Juan for VOB taxes, shall be paid in full, in cash as soon as practical after the Effective Date.

**(6) Class 6: Allowed Unsecured Claims.**

The Debtor shall pay all remaining cash on hand and proceeds from liquidation of Debtor's other assets, in Cash, as soon as practical after the liquidation of the Debtor's remaining assets after the Effective Date, for Pro Rata distribution to the Allowed General Unsecured Claims up to the amount of such Allowed General Unsecured Claims.

The eight Employment Lawsuit Claims, which relate to certain prepetition lawsuits, shall each receive an allowed general unsecured claim in Class 6 of \$5,000 unless the holder of such claim objects to the proposed allowed amount of the claim by filing a proof of claim in a different amount, in which case the claim will be treated as a disputed and unliquidated claim, the Debtor will be deemed to have objected to the claim and requested that it be disallowed entirely, and the allowed amount of the claim, if any, will be determined by the Bankruptcy Court pursuant to the claims objection process. Prior to bankruptcy, the Debtor won eight employee lawsuits on the merits, obtained dismissal not on the merits of three additional employee lawsuits and lost three employment lawsuits with judgments entered of \$28,200, \$9,437 and \$7,425. This represents a loss percentage of approximately 13% with an average recovery of \$3,219 per case in the 14 resolved cases.

The 17 pending Lender-Liability Lawsuit Claims, which relate to certain prepetition lawsuits, shall each receive an allowed general unsecured claim in Class 6 of \$15,000 unless the holder of such claim objects to the proposed allowed amount of the claim by filing a proof of claim in a different amount, in which case the claim will be treated as a disputed and

unliquidated claim, the Debtor will be deemed to have objected to the claim and requested that it be disallowed entirely, and the allowed amount of the claim, if any, will be determined by the Bankruptcy Court as part of the claims objection process. Prior to bankruptcy, the Debtor won nine lender-liability cases at trial or at summary judgment, obtained dismissal not on the merits of six additional lender-liability cases and lost four lender-liability cases with judgments of \$58,000, \$47,000, \$15,000 and \$12,893. An additional two cases are on appeal, where the verdicts were \$66,000 and \$18,000. Excluding the cases on appeal, this represents a loss percentage of approximately 9% with an average recovery of \$7,000 per case in the 19 resolved cases.

The general unsecured creditors of the Debtor will also be included in this class.

The Debtor, in its discretion, may make a partial, interim distribution before the completion of liquidation of the Debtor's remaining assets and final determination of all general unsecured claims. Notwithstanding the foregoing, for the purpose of convenience, no payment of less than \$20 shall be paid to the holders of a general unsecured claim unless the creditor specifically requests that the payment be made by written notice to Debtor before the Effective Date.

**(7) Class 7: Allowed Unsecured Claim of FDIC-R for Administrative Support Services.**

The FDIC-R's claim for reimbursement of its internal costs and expense under the Agency Agreement for the costs and expenses of FDIC-R's full-time employees who provided management and administrative services as agent for the Debtor, including, without limitation, the services provided by Shellie Harvey, former President of the Debtor and a full-time employee of FDIC-R and Edward Gilman, the current President of the Debtor and a full-time

employee of FDIC-R, pursuant to the Agency Agreement shall be allowed in the amount of \$500,000 and shall be paid by Debtor only after the Class 6 General Unsecured Claims of Debtor are paid in full.

**(8) Class 8: Equity Interests.**

The FDIC-R, as owner of all the outstanding stock of the Debtor, shall receive any remaining assets of the Debtor following payment in full of Classes 1-7. Under the Plan, all Equity Interests (Class 8), including all the stock of Debtor, will be canceled, the Debtor shall be dissolved as a matter of corporate law and the Debtor shall be prohibited from conducting a trade or business in the future.

**C. Effective Date of the Plan.**

The Plan provides that the Effective Date shall be a business day that is one business day after the date upon which the order of the Bankruptcy Court confirming the Plan becomes a Final Order. In general, distributions shall be made as soon as practicable after the Effective Date. However, all the general unsecured claims including the 34 disputed and unliquidated claims related to pending lawsuits, will need to be liquidated and resolved before distribution to general unsecured claims can be made. In addition, the disputed CRIM tax claims and other tax claims will need to be resolved prior to a distribution to unsecured creditors.

**D. Means of Execution of the Plan and Feasibility.**

The Plan provides that substantially all of the noncash assets of the Debtor will be sold for cash on such terms as FDIC-R, as agent for the Debtor, and the Debtor's president deem advisable, or they will be abandoned, if determined to have little or no net value after cost of liquidation. Following the Effective Date, the Debtor will continue to engage Quantum to provide administrative, accounting and management support in connection with the final close-

out and liquidation of Debtor's assets. The Debtor will also continue to engage Prescient to provide real estate related advice and assistance.

**E. No Discharge Pursuant to Liquidating Plan**

The Plan and Bankruptcy Code Section 1141(d)(3) provide that the claims against a corporation in a liquidating Plan are not "discharged." However, as a practical matter there will never be any further source of repayment for such claims because the Debtor will cease all further operation and have no material assets following the distribution to creditors (and if remaining funds available, to equity) contemplated by the Plan. Moreover, creditors' liens and encumbrances on specific assets will be released under the Plan.

Except as otherwise provided in or contemplated by the Plan, or in any contract, instrument, indenture or other agreement or document created in connection with the Plan or the implementation thereof, on the Effective Date, all mortgages, deeds of trust, liens, or other security interests against the property of the Estate will be released and all the right, title and interests of any holder of such mortgages, deeds of trust, liens or other security interests shall revert to the Debtor.

Pursuant to Section 1141(a) of the Bankruptcy Code, as of the confirmation date the provisions of the Plan will be binding on the Debtor, holders of allowed claims under the Plan, holders of allowed interests, and any creditor of the Debtor, whether or not the holder of such claim or interest is impaired under the Plan, such creditor has accepted the Plan, or such holder has received a distribution under the Plan.

Pursuant to the Plan, the Debtor shall be dissolved as a matter of state corporate law and the Debtor will be prohibited from conducting future business activity except for liquidation of assets and distribution of funds as contemplated by the Plan. The outstanding stock of the Debtor will be cancelled.



**F. Claims Resolution and Distributions.**

In order for the holder of a Claim to receive the treatment offered to the class in which it is classified, the Claim must be Allowed. An Allowed Claim is defined in the Plan. All Claims scheduled by the Debtor which are disputed, contingent, unliquidated as to amount and for which no proof of claim is filed by the bar date as set by the Bankruptcy Court, will be extinguished. Furthermore, any proof of claim filed after the bar date will be extinguished under the terms of the Plan unless otherwise provided by order of the Court. The Debtor or any other party in interest desiring to file objections to proofs of claim may file objections to the allowance of the Claims to the extent they deem such objection is warranted.

Claims listed in schedules filed by the Debtor not identified as either disputed, contingent, or unliquidated and for which no proof of claims have been filed on or before the bar date, will be treated as Allowed claims unless the scheduled amounts are properly amended or objections are filed to the amounts set forth in schedules. Proofs of claims for which no objection is filed by the deadline in the Plan or such other date set by order of the Bankruptcy Court will, in the Debtor's discretion, be deemed allowed claims in the amounts set forth in proofs of claim filed with the Bankruptcy Court.

All distributions shall be made in Cash by check drawn on by a domestic bank or by wire transfer from a domestic bank at the option of the Debtor.

**G. Releases and Exculpation.**

Section 4.4 of the Plan contains the following release and exculpation by the holder of any claim that votes in favor of the Plan:

**AS OF THE EFFECTIVE DATE, IN CONSIDERATION FOR THE OBLIGATIONS OF THE DEBTOR UNDER THE PLAN AND THE AGREEMENT OF FDIC-R TO ACCEPT SUBORDINATED PAYMENT OF ITS CLAIM FOR CERTAIN**

**MONIES OWED UNDER THE AGENCY AGREEMENT PURSUANT TO CLASS 7, AND THE CASH, AND CONTRACTS, INSTRUMENTS, RELEASES AND OTHER AGREEMENTS AND DOCUMENTS TO BE ENTERED INTO OR DELIVERED IN CONNECTION WITH THE PLAN, EACH HOLDER OF A CLAIM THAT VOTES IN FAVOR OF THE PLAN WILL BE DEEMED TO FOREVER RELEASE, WAIVE AND DISCHARGE ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION AND LIABILITIES (OTHER THAN THE RIGHT TO ENFORCE THE DEBTOR'S OBLIGATIONS UNDER THE PLAN AND THE CONTRACTS, INSTRUMENTS, RELEASES AND OTHER AGREEMENTS AND DOCUMENTS DELIVERED THEREUNDER), WHETHER LIQUIDATED OR UNLIQUIDATED, FIXED OR CONTINGENT, MATURED OR UNMATURED, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, THEN EXISTING OR THEREAFTER ARISING IN LAW, EQUITY OR OTHERWISE, THAT ARE BASED IN WHOLE OR IN PART ON ANY ACT, OMISSION, NEGLIGENCE, TRANSACTION OR OTHER OCCURRENCE TAKING PLACE ON OR PRIOR TO THE EFFECTIVE DATE IN ANY WAY RELATING TO THE PREPETITION LIQUIDATION OF THE DEBTOR'S BUSINESS AND ASSETS, FDIC-R'S SERVICES BOTH PREPETITION AND POST-PETITION AS AGENT FOR THE DEBTOR UNDER THE AGENCY AGREEMENT, THE DEBTOR, THE REORGANIZATION CASE OR THE PLAN THAT SUCH ENTITY HAS, HAD OR MAY HAVE AGAINST THE DEBTOR, FDIC-R OR ANY OF THEIR RESPECTIVE PRESENT OR FORMER DIRECTORS, OFFICERS, EMPLOYEES, ACCOUNTANTS (INCLUDING INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS), ADVISORS, ATTORNEYS,**

**INVESTMENT BANKERS, UNDERWRITERS, CONSULTANTS OR OTHER REPRESENTATIVES, AGENTS OR SHAREHOLDERS, ACTING IN SUCH CAPACITY (WHICH RELEASE WILL BE IN ADDITION TO THE DISCHARGE OF CLAIMS AND TERMINATION OF INTERESTS PROVIDED HEREIN AND UNDER THE CONFIRMATION ORDER AND THE BANKRUPTCY CODE), EXCEPT FOR THOSE CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION AND LIABILITIES BASED ON ACTS OR OMISSIONS OF ANY SUCH PERSON CONSTITUTING WILLFUL MISCONDUCT OR FRAUD, AND THE DEBTOR, FDIC-R OR ANY OF THEIR RESPECTIVE PRESENT OR FORMER DIRECTORS, OFFICERS, EMPLOYEES, ACCOUNTANTS (INCLUDING INDEPENDENT CERTIFIED PUBLIC ACCOUNTS), ADVISORS, ATTORNEYS, INVESTMENT BANKERS, UNDERWRITERS, CONSULTANTS OR OTHER REPRESENTATIVES, AGENTS OR SHAREHOLDERS, ACTING IN SUCH CAPACITY, SHALL BE EXCULPATED FROM ANY AND ALL CLAIMS OF ANY KIND ARISING OUT OF OR RELATED TO THE LIQUIDATION OF DEBTOR'S ASSETS AND BUSINESS, THE NEGOTIATION AND IMPLEMENTATION OF THIS PLAN EXCEPT FOR THOSE CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION AND LIABILITIES BASED ON ACTS OR OMISSIONS OF ANY SUCH PERSON CONSTITUTING WILLFUL MISCONDUCT OR FRAUD.**

Section 12.2 of the Plan also contains the following release by the Debtor:

**THE DEBTOR, FDIC-R AND THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, PREDECESSORS, SUCCESSORS,**

**ASSIGNS AND PROFESSIONALS, ACTING IN SUCH CAPACITY, WILL NEITHER HAVE NOR INCUR ANY LIABILITY TO ANY ENTITY FOR ANY ACT TAKEN OR OMITTED TO BE TAKEN ON OR AFTER APRIL 30, 2010 (THE DATE FDIC-R WAS APPOINTED AS EXCLUSIVE AGENT FOR DEBTOR) IN CONNECTION WITH OR RELATED TO MANAGEMENT OR SUPERVISION OF THE DEBTOR OR ANY ACTIONS TO TERMINATE DEBTOR'S BUSINESS OPERATIONS OR LIQUIDATE AND SELL ITS ASSETS OR THE FORMULATION, PREPARATION, DISSEMINATION, IMPLEMENTATION, CONFIRMATION OR CONSUMMATION OF THE PLAN, THE DISCLOSURE STATEMENT OR ANY CONTRACT, INSTRUMENT, RELEASE OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO, OR ANY OTHER ACT TAKEN OR OMITTED TO BE TAKEN, IN CONNECTION WITH THE SHUT-DOWN OF THE DEBTOR'S BUSINESS AND LIQUIDATION OF ITS ASSETS OR THE PLAN; PROVIDED, HOWEVER, THAT THE FOREGOING PROVISIONS OF THIS SECTION 12.2 WILL HAVE NO EFFECT ON (A) THE LIABILITY OF ANY ENTITY THAT WOULD OTHERWISE RESULT FROM THE FAILURE TO PERFORM OR PAY ANY OBLIGATION OR LIABILITY UNDER THE PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE OR OTHER AGREEMENT OR DOCUMENT TO BE ENTERED INTO OR DELIVERED IN CONNECTION WITH THE PLAN OR (B) THE LIABILITY OF ANY ENTITY THAT WOULD OTHERWISE RESULT FROM ANY SUCH ACT OR OMISSION TO THE EXTENT THAT SUCH ACT OR OMISSION IS DETERMINED IN A FINAL ORDER TO HAVE CONSTITUTED WILLFUL MISCONDUCT OR FRAUD.**

**H. No Preference Claims.**

The Debtor will not pursue any preference claims pursuant to Bankruptcy Code Section 547.

**I. Miscellaneous.**

The Plan provides that all executory contracts and unexpired leases of the Debtor will be rejected, excepting only the Agency Agreement with FDIC-R and the Management Services Agreement with Quantum and real estate advisory agreement with Prescient. FDIC will agree that its prepetition claim under the Agency Agreement for internal costs and expenses of FDIC-R's full-time employees who provided management and administrative services as agent for the Debtor will be treated as a Class 7 claim pursuant to the Plan.

Prior to the Confirmation Date, the Debtor may, with the approval of the Bankruptcy Court and without notice to or consent of any holders of Claims and Equity Interests, correct any defect, omission, or consistency in the Plan in such manner and to such extent as may be necessary to expedite the execution of the Plan. The Plan may be altered or amended after the confirmation date and before the distribution date only as provided in Section 1127 of the Bankruptcy Code.

From the Confirmation Date to the Effective Date, the Bankruptcy Court shall retain full jurisdiction of the Chapter 11 case notwithstanding the confirmation of the Plan has occurred by entry of the Confirmation Order.

**IV. Alternatives to Confirmation of the Plan.**

If the Plan is not confirmed, the following alternatives could occur:

1. Conversion to Chapter 7. The Debtor's Chapter 11 bankruptcy case may be converted to Chapter 7. A trustee would then be appointed by the Bankruptcy Court to liquidate the Debtor's assets for distribution to Creditors in accordance with priorities established

by the Bankruptcy Code. In that case, the FDIC-R's claim for more than \$500,000 would not be voluntarily subordinated to the general unsecured creditors. In addition, the proposed settlement of the Employment Lawsuit Claims for \$5,000 and the proposed settlement of the Lender-Liability Lawsuit Claims for \$15,000 would not be possible and the legal expenses of resolving all the claims on a case-by-case basis would be substantially greater.

2. Dismissal. The Debtor's Chapter 11 case may be dismissed thus restoring the status quo prior to the Petition Date. However, there is no assurance of an equitable, pro rata distribution of assets if the unsecured creditor claims ultimately exceeded the value of Debtor's assets.

3. Alternative Plan Proposals. If the Plan is not confirmed, any other party in interest in the Chapter 11 case could propose an alternative plan. However, the Debtor presently intends, but is not legally obligated to, move to dismiss the case if the Plan is not confirmed.

**V. Requirements for Confirmation of the Plan of Liquidation.**

**A. In General.**

At the confirmation hearing, the Bankruptcy Court will determine whether the requirements of Section 1129 of the Bankruptcy Code have been satisfied, and will confirm the Plan only if it finds that all requirements set forth in that Section have been met. The Debtor believes the Plan satisfies or will satisfy each of the requirements set forth in Section 1129, including the following:

- (i) The Plan complies with the applicable provisions of the Bankruptcy Code.
- (ii) The Plan has been proposed in good faith and not by any means forbidden by law.
- (iii) Any payment made or promised by the Debtor under the Plan for services or for costs and expenses and, or in connection with, the Chapter 11 case, or in connection with

the Plan and incident to the Chapter 11 case, has been disclosed to the Bankruptcy Court, and any payment before confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation, such payment is subject to approval of the Bankruptcy Court or FDIC-R, as the party with all residual economic interest as reasonable.

(iv) The Debtor will terminate its existence upon confirmation of the Plan.

The FDIC-R, as agent for the Debtor, shall continue to provide management services to the Debtor. Quantum will continue to provide management, accounting and support services and Prescient will continue to provide real estate related advice and support. The Debtor's Board of Directors will continue to be elected by FDIC-R. The Debtor's President will be an employee of the FDIC-R. Currently Edward Gilman is the President of the Debtor.

(v) With respect to each class of impaired Claims or Equity Interests, either each holder of a Claim or Equity Interest of such class has accepted the Plan, or will receive or retain under the Plan on account of such Claim or Equity Interest, property of a value, after the Effective Date, that is not less than the amount that such holder would receive or retain if the Debtor was liquidated on such date under Chapter 7 of the Bankruptcy Code.

(vi) Each class of Claims or Equity Interests entitled to vote on the Plan has either accepted the Plan or is not impaired under the Plan.

(vii) Except to the extent that the holder of a particular administrative expense has agreed to a different treatment of such Claim, the Plan provides that administrative expenses on the confirmation date will be paid in full on the effective date.

(viii) At least one class of impaired Claims or Equity Interests has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a claim of such class.

(ix) Liquidation of the Debtor is proposed in the Plan.

(x) All fees payable under 28 U.S.C. Section 1930, including the fees of the United States Trustee, will be paid as of the Effective Date. The Debtor believes that the Plan satisfies or will satisfy all the statutory requirements of Chapter 11 of the Bankruptcy Code, it has complied or will comply with all the requirements of Chapter 11, and the Plan has been proposed in good faith.

**B. Best Interests of Creditors Test/Liquidation Analysis.**

Before the Plan may be confirmed, the Court must find (with certain exceptions) that the Plan provides, with respect to each class, that each holder of the Claim or Equity Interest in such class either has accepted the Plan or will receive or retain under the Plan property of a value as of the Effective Date which is not less than the amount that such person would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

In Chapter 7 liquidation cases, creditors and interest holders of a debtor are paid from available assets generally in the following order, with no lower class receiving any payments until all amounts to senior classes have been paid fully or payment provided for: (i) secured creditors (to the extent of the value of their collateral); (ii) administrative and priority creditors; (iii) unsecured creditors; (iv) debt expressly subordinated by its terms or by order of the court; and (v) equity interest holders.

If the Debtor were liquidated under Chapter 7, the Secured Claim holders of Class 2 (Mass Mutual) would receive no more than they will receive under the Plan. Moreover, the holders of Class 6 (General Unsecured Claims) would likely receive less if and to the extent FDIC-R's claim for \$500,000 shared with the general unsecured claims. In addition, the administrative costs of resolving the 34 pending lawsuits on a case-by-case basis would be



substantially greater than by using the proposed settlement approach (\$5,000 for Employment Lawsuits and \$15,000 for Lender-Liability Lawsuits) set forth in the Plan.

The Debtor believes that Chapter 11 liquidation pursuant to this Plan is desirable from the creditors' perspective rather than Chapter 7, because FDIC-R is subordinating its claim for \$500,000 and FDIC-R has better knowledge than a Chapter 7 trustee regarding the potential objection to disputed claims.

Based on the above analysis, the Debtor believes that the best interests test will be satisfied at the confirmation hearing in connection with the Plan.

**C. Financial Feasibility.**

The Bankruptcy Code requires the Bankruptcy Court to find, as a condition to confirmation, that the confirmation of the Plan is not likely to be followed by the liquidation of the reorganized Debtor or the need for further financial reorganization, except as provided for under the Plan. The Debtor's mortgage banking business is not practical and therefore liquidation of the Debtor under the Plan is the only viable alternative for making distributions to Class 6 (unsecured creditors).

**D. Acceptance by Impaired Classes.**

The Bankruptcy Code requires, as a condition to confirmation, that each class of Claims or Equity Interests that is impaired under the Plan accept the Plan, with the exception described in the following section. A class that is not impaired under the Plan is deemed to have accepted the Plan and, therefore, solicitation of acceptance with respect to such class is not required.

**E. Confirmation Without Acceptance by All Impaired Classes.**

Section 1129(b) of the Bankruptcy Code allows confirmation of the Plan, even if such Plan has not been accepted by all impaired classes entitled to vote on such Plan, provided

that such Plan has been accepted by at least one impaired class. If Class 2 (Mass Mutual), 3 (CRIM Property Tax) or 6 (Allowed Unsecured Claims) accepts the Plan, the Debtor will seek confirmation of the Plan pursuant to Section 1129(b) of the Bankruptcy Code despite lack of acceptance by all impaired classes.

**VI. Conclusion**

For the reasons set forth above, the Debtor urges all holders of claims which are or may be impaired under the Plan to vote to accept the Plan and to demonstrate this acceptance by timely returning their ballots in the manner described in the order of the Bankruptcy Court approving the Disclosure Statement. In the opinion of the Debtor, the Plan is preferable to all other alternatives in that it provides the best available opportunity to maximize the potential for the largest possible payment of all claims against the Debtor.

(Signature page follows)

Dated: Jacksonville, Florida  
March 1, 2012

Respectfully submitted,

R&G MORTGAGE CORP.

By /s/ Edward Gilman  
Edward Gilman  
Its President

FOLEY & LARDNER LLP

/s/ Gardner F. Davis

Gardner F. Davis

Florida Bar No. 0471712

[gdavis@foley.com](mailto:gdavis@foley.com)

John J. Wolfel, Jr.

Florida Bar No. 030664

[jwolfel@foley.com](mailto:jwolfel@foley.com)

One Independent Drive, Suite 1300

Jacksonville, FL 32202-5017

P. O. Box 240

Jacksonville, FL 32201-0240

904.359.2000

and

Jennifer Hayes

Foley & Lardner LLP

Florida Bar No. 017325

[jhayes@foley.com](mailto:jhayes@foley.com)

100 North Tampa Street, Suite 2700

Tampa, FL 33602-5810

Phone: 813.229.2300

Exhibit A – Plan of Liquidation

**EXHIBIT A**

**Plan of Liquidation**

UNITED STATES BANKRUPTCY COURT  
MIDDLE DISTRICT OF FLORIDA  
JACKSONVILLE DIVISION

In re: :  
: :  
R&G MORTGAGE CORP.<sup>1</sup> : Case No. 3:12-bk-01360  
: :  
Debtor. : Chapter 11  
: :  
: :  
: :

---

**DEBTOR'S PLAN OF LIQUIDATION**

FOLEY & LARDNER LLP  
Gardner F. Davis  
John J. Wolfel, Jr.  
One Independent Drive, Suite 1300  
Jacksonville, FL 32202-5017  
P. O. Box 240  
Jacksonville, FL 32201-0240  
Phone: 904.359.2000

and

Jennifer Hayes  
Foley & Lardner LLP  
100 North Tampa Street, Suite 2700  
Tampa, FL 33602-5810  
Phone: 813.229.2300

---

<sup>1</sup> The tax identification number of the Debtor is 66-0311912. The address of the principal office of the Debtor is: 7777 Baymeadows Way West, Jacksonville, Florida 32256.

## TABLE OF CONTENTS

ARTICLE 1. DEFINITIONS.....	4
ARTICLE 2. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS .....	11
2.1. Summary.....	11
2.2. Class 1: Allowed Administrative Expenses.....	11
2.3. Class 2: Allowed Secured Claim of MassMutual.....	11
2.4. Class 3: CRIM and Treasury Property Tax Claims.....	12
2.5. Class 4: Other Allowed Secured Claims.....	13
2.6. Class 5: Allowed Priority Claims.....	13
2.7. Class 6: Allowed General Unsecured Claims.....	13
2.8. Class 7: Allowed Unsecured Claim of FDIC-R for Internal Administrative Support Services.....	15
2.9. Class 8: Equity Interests.....	15
ARTICLE 3. PROVISIONS FOR TREATMENT OF DISPUTED, CONTINGENT AND UNLIQUIDATED ADMINISTRATIVE EXPENSES AND CLAIMS.....	15
3.1. Characterizations of Claims as Disputed.....	15
3.2. Reserve for Disputed Administrative Expenses and Disputed Claims.....	16
3.3. Resolution of Contested Administrative Expenses, Claims and Equity Interests.....	17
ARTICLE 4. IMPLEMENTATION OF THE PLAN.....	18
4.1. Liquidating Plan.....	18
4.2. Activities; Wind-Down.....	19
4.3. Method of Distribution under the Plan.....	19
4.4. Releases and Exculpation.....	21
ARTICLE 5. MISCELLANEOUS POST-CONFIRMATION MATTERS.....	23
5.1. Management of Debtor Post-Confirmation.....	23
5.2. Debtor's Release of Preference Claims.....	23
ARTICLE 6. CLASSES OF CLAIMS AND EQUITY INTERESTS IMPAIRED UNDER THE PLAN.....	24
6.1. Impaired Classes.....	24
6.2. Unimpaired Classes.....	24
6.3. Resolution of Controversy Concerning Impairment.....	24
ARTICLE 7. EXECUTORY CONTRACTS.....	24
7.1. Executory Contracts.....	24
7.2. Unexpired Leases.....	25
ARTICLE 8. POST-REORGANIZATION PROFESSIONAL FEES .....	25
8.1. Payment of Fees and Expenses After Effective Date.....	25

ARTICLE 9. BANKRUPTCY COURT'S RETENTION OF JURISDICTION .....	25
9.1. Retention of Jurisdiction.....	25
ARTICLE 10. DISCHARGE, TERMINATION AND INJUNCTION.....	27
10.1. Termination of Interests.....	27
10.2. Injunction.....	28
ARTICLE 11. CRAMDOWN .....	28
11.1. Nonconsensual Confirmation.....	28
ARTICLE 12. MISCELLANEOUS PROVISIONS.....	29
12.1. No Liability for the Debtor.....	29
12.2. Limitation of Liability.....	29
12.3. Payment of Statutory Fees.....	30
12.4. Change of Address.....	30
12.5. Correction or Modification of the Plan.....	31
12.6. Headings.....	31
12.7. Binding Effect.....	31
12.8. Revocation or Withdrawal.....	31
12.9. Notices.....	32
12.10. Governing Law.....	32

## DEBTOR'S PLAN OF LIQUIDATION

R&G Mortgage Corp. (the "Debtor"), as Debtor and Debtor-in-Possession, proposes the following Plan of Liquidation pursuant to Chapter 11 of the Bankruptcy Code. The Plan is a plan of self-liquidation by which the Debtor, under the control of the Bankruptcy Court, shall sell the Debtors' remaining assets, determine the allowed amount of the creditors' claims and pay the creditors to the fullest extent possible from the cash so created.

Subject to the restrictions in Section 1127 of the Bankruptcy Code, the Debtor reserves the right to alter, amend or modify the Plan before its substantial completion.

### **ARTICLE 1. DEFINITIONS**

The following shall have the respective meanings specified below, unless the context otherwise requires. Unless otherwise indicated the singular shall include the plural and the plural shall include the singular.

(a) "**Administrative Expense**" means any cost or expense of administration of the Chapter 11 Case allowed under Sections 503(b) and 507(a)(1) of the Bankruptcy Code, including, without limitation, any actual and necessary expenses of preserving the Estate of the Debtor, any actual and necessary expenses of operating the business of the Debtor and selling the Debtor's assets, all legal and professional fees of counsel for the Debtor and other compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court under Section 330 or Section 503 of the Bankruptcy Code, and any fees or charges assessed against the Estate of the Debtor under Chapter 123 of Title 28, United States Code.

(b) "**Agency Agreement**" means the Subsidiary Agency Agreement dated April 30, 2010 between FDIC-R and the Debtor, pursuant to which FDIC-R was appointed as Debtor's



exclusive agent to provide management, marketing, accounting, legal and other services. The Debtor is required to reimburse FDIC-R for all actual costs and expenses incurred by FDIC-R in performing any of the services provided by FDIC-R, as agent, under this agreement.

(c) “**Allowed**” means, with respect to an Administrative Expense, a Secured Claim, a Priority Claim, or an Unsecured Claim, any such Claim, proof of which was timely and properly filed or, if no proof of claim was filed, which has been or hereafter is listed by the Debtor on its schedules as liquidated in amount and not disputed or contingent, and, in either case, a Claim as to which no objection to the allowance thereof has been interposed on or before the Confirmation Date or such other applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or as to which any objection has been determined by Final Order to the extent such objection is determined in favor of a claimant. Unless otherwise specified herein or by order of the Bankruptcy Court, an “Allowed Administrative Expense” or an “Allowed Claim” shall not, for purposes of computation of distributions under the Plan, include interest on such Claim for the period from and after the Petition Date.

(d) “**Bankruptcy Code**” means the Bankruptcy Reform Act of 1978, as amended, and set forth in Section 101, *et seq.* of Title 11 of the United States Code.

(e) “**Bankruptcy Court**” means the United States Bankruptcy Court for the Middle District of Florida, Jacksonville Division.

(f) “**Bankruptcy Rules**” means the Rules of Bankruptcy Procedure, as amended from time to time, as applicable to the Chapter 11 Case, including the Local Rules of the Bankruptcy Court.

(g) “**Business Day**” means any day on which commercial banks are open for business in Jacksonville, Florida.

(h) “**Cash**” means cash, cash equivalents, readily marketable direct obligations of the United States of America, certificates of deposit issued by banks, plus any interest earned or accrued thereon.

(i) “**Chapter 11 Case**” means the case under Chapter 11 of the Bankruptcy Code, commenced by the filing of voluntary petition and styled *In re R&G Mortgage Corp.*

(j) “**Claim**” means any right to payment from Debtor, whether or not such right is reduced, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or any right to an equitable remedy for breach of performance if such breach gives rise to a right of payment from the Debtor, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

(k) “**Confirmation Date**” means the date on which the Bankruptcy Court shall enter the Confirmation Order.

(l) “**Confirmation Order**” means the order entered by the Bankruptcy Court confirming the Plan in accordance with the provisions of Chapter 11 of the Bankruptcy Code.

(m) “**Consummation**” means, with respect to the Plan, the substantial completion of all tasks assigned in the Plan.

(n) “**Creditor**” means any Person that is the holder of a Claim against the Estate of the Debtor that arose before the Petition Date, or a Claim against the Estate of the Debtor of a kind specified in Section 348(d), 502(f), 502(c), 502(h) or 502(i) of the Bankruptcy Code.

(o) “**CRIM**” means the Commonwealth of Puerto Rico Municipal Collection Center, which is the property tax collection agency in Puerto Rico.

(p) “**Debtor**” means R&G Mortgage Corp. The Debtor, a subsidiary of R-G Premier Bank of Puerto Rico, previously engaged in the mortgage banking and mortgage servicing business. On April 30, 2010, R-G Premier Bank of Puerto Rico was closed by the office of the Commissioner of Financial Institutions of the Commonwealth of Puerto Rico and FDIC-R was appointed as its receiver. The Debtor, under the supervision of FDIC-R as agent, sold its mortgage servicing operation, liquidated most of its mortgage loan portfolio and real estate owned, and moved its headquarters and business operations to Jacksonville, Florida.

(q) “**Disclosure Statement**” means the written statement describing the Plan that is approved by the Bankruptcy Court and distributed in accordance with Section 1125(b) of the Bankruptcy Code.

(r) “**Disputed Claim**” means a Claim as to which the Debtor or any other party in interest has interposed or will interpose an objection in accordance with the Plan, the Disclosure Statement, the Bankruptcy Code, and the Bankruptcy Rules, which objection has not been withdrawn or determined by a Final Order.

(s) “**Distribution Date**” means any date on which a distribution is made.

(t) “**Distribution Reserve**” has the meaning ascribed to it in Section 3.2.

(u) “**Effective Date**” means a Business Day selected by the Debtor that is after the Confirmation Order becomes a Final Order.

(v) “**Employment Lawsuit Claims**” means the total claims of every kind and nature asserted in, or which could have been asserted in or which relate to, each of the 8 lawsuits listed on Exhibit C of the Plan, all of which lawsuits relate to former employees of the Debtor and assert causes of action related to employment discrimination or wrongful termination of employment. For the avoidance of doubt, claims arising from or relating to a lawsuit which is

not listed on Exhibit C will not constitute an Employment Lawsuit Claim. In addition, if a lawsuit has multiple plaintiffs, they will be treated as the co-owners of a single Employment Lawsuit Claim. For example, if a former employee and spouse of a former employee file a lawsuit seeking damages based on various causes of action, including loss of consortium, the entire aggregate claim of both plaintiffs for all causes of action constitutes a single Employment Lawsuit Claim.

(w) “**Equity Interest**” means any stock interest in the Debtor, including any options to acquire stock of the Debtor.

(x) “**Estate**” means the estate created pursuant to Section 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Case.

(y) “**FDIC-R**” means Federal Deposit Insurance Corporation, in its capacity as Receiver for R-G Premier Bank of Puerto Rico, which is the sole shareholder of Debtor.

(z) “**Final Order**” means an order of the Bankruptcy Court or a court having jurisdiction to hear appeals from orders of the Bankruptcy Court which has not been reversed, modified, amended or stayed by a court of competent jurisdiction within the time permitted by applicable law or rule, and which has become final and nonappealable and is in full force and effect.

(aa) “**Lender-Liability Lawsuit Claim**” means the total claims of every kind and nature asserted in, or which could have been asserted in or which relate to each of the 17 lawsuits listed on Exhibit D of the Plan, all of which lawsuits relate to claims against the Debtor for failure to make a loan, failure to renew a loan or other lender-liability related claims. For the avoidance of doubt, claims arising from or relating to a lawsuit which is not listed on Exhibit D will not constitute a Lender-Liability Lawsuit Claim. In addition, if a lawsuit has multiple

plaintiffs, they will be treated as the co-owners of a single Lender-Liability Lawsuit Claim. For example, if three investors file a lawsuit based on various causes of action related to a single loan or single mortgaged property, the entire aggregate claim of all three plaintiffs for all causes of action constitute a single Lender-Liability Lawsuit Claim.

(bb) “**Loan Files**” has the meaning ascribed to it in Section 2.3.

(cc) “**MassMutual**” means Massachusetts Mutual Life Insurance Company.

(dd) “**Person**” means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, an estate, a trust, an unincorporated organization or a government or any political subdivision thereof, or other entity.

(ee) “**Petition Date**” means the date on which the Debtor filed its petition for relief commencing the Chapter 11 Cases.

(ff) “**Plan**” means this Chapter 11 Plan of Liquidation, either in its present form or as it may be altered, amended, or modified from time to time.

(gg) “**Prescient**” means Prescient, Inc., a real estate advisory firm engaged by the Debtor.

(hh) “**Priority Claim**” means any Claim accorded priority in right of payment under Section 507(a) of the Bankruptcy Code.

(ii) “**Priority Tax Claim**” means a claim of a governmental unit of the kind specified in Subsection 507(a)(8) of the Bankruptcy Code.

(jj) “**Pro Rata**” means in the proportion that the amount of an Allowed Claim against the Debtor in a particular class bears to the aggregate amount of all Allowed Claims against the Debtor in that class.

(kk) “**Quantum**” means Quantum G&A Joint Venture, a management services and support contractor engaged by the Debtor.

(ll) “**RGM Loans**” has the meaning ascribed to it in Section 2.3.

(mm) “**Schedules**” means the schedules of assets and liabilities and the statement of financial affairs described in Section 521 of the Bankruptcy Code and the Official Bankruptcy Forms, and as filed by the Debtor.

(nn) “**Secured Claim**” shall mean a Claim, to the extent the Claim is secured by a lien, security interest or other encumbrance which has been properly perfected as required by applicable law for the property owned by the Debtor. A claim is only a Secured Claim up to the value of the Creditor's interest in the collateral securing the Claim.

(oo) “**Transferred Loans**” has the meaning ascribed to it in Section 2.3.

(pp) “**Treasury**” means the Puerto Rico Departamento de Hacienda.

(qq) “**Unsecured Claim**” means any Claim that is not either (i) an Administrative Expense or (ii) a Secured Claim, and is not entitled to priority under the Bankruptcy Code, excluding expenses and Claims of the kind specified in Subsection 507(a) of the Bankruptcy Code.

(rr) “**Wind-Down Fund**” has the meaning ascribed to it in Section 4.2.

(ss) **Other Terms.** The words “herein,” “hereof,” “hereto,” “hereunder,” and others of similar import refer to the Plan as a whole and not to any particular section, subsection or clause contained in the Plan. A term used herein that is not defined herein shall have the meaning ascribed to that term, if any, in the Bankruptcy Code.

**ARTICLE 2.**  
**CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS**

**2.1. Summary.**

The categories of Claims and interests listed below are classified for all purposes, including voting, confirmation, and distribution pursuant to the Plan:

Class 1: Allowed Administrative Expenses

Class 2: Allowed Secured Claim of MassMutual

Class 3: Allowed Secured Claim of CRIM Property Tax Claims

Class 4: Other Allowed Secured Claims

Class 5: Allowed Priority Claims

Class 6: Allowed General Unsecured Claims

Class 7: Allowed Unsecured Claim of FDIC-R for Internal Administrative Support Services

Class 8: Equity Interests of Debtor

**2.2. Class 1: Allowed Administrative Expenses.**

All Allowed Administrative Expenses shall be paid in full in Cash on the later of the Effective Date or the date such Administrative Expense becomes Allowed, except to the extent that the holder of an Allowed Administrative Expense agrees to a different treatment.

**2.3. Class 2: Allowed Secured Claim of MassMutual.**

The Debtor and MassMutual shall finally and irrevocably resolve, settle and discharge all Claims, debts and causes of action among themselves on the following terms:

(a) Debtor shall transfer and convey to MassMutual all of its right, title and interest in and to the loans described in the attached Exhibit A (the "Transferred Loans"), including the loan files for the Transferred Loans ("Loan Files"), such assignment being

made on an “as is,” “where is” basis, with all faults, without recourse against the Debtor, for any cause whatsoever, by MassMutual. The Debtor makes no representation or warranty, express or implied, or arising by operation of law relating to the Transferred Loans or the Loan Files. The Debtor shall have no obligation to perform or liability to MassMutual with regard to the delivery of the Loan Files.

(b) The servicing transfer of the Transferred Loans shall occur on the Effective Date of the Plan or upon such other date as the parties agree..

(c) MassMutual shall release the RGM Releasees on substantially similar terms as set forth in the General Release attached hereto as Exhibit E.

(d) MassMutual shall release to the Debtor the remaining loans set forth on Exhibit B attached hereto (“RGM Loans”), which are currently subject to the June 29, 2004 Pledge and Security Agreement, and disclaim any rights, title or interest it may have in or to the RGM Loans.

(e) MassMutual shall release to the Debtor and disclaim any rights, title or interest it may have in or to the cash balance in account number 347041738 held at Banco Popular de Puerto Rico.

**2.4. Class 3: CRIM and Treasury Property Tax Claims.**

The Debtor shall pay CRIM in cash CRIM’s total allowed claim for all property tax related matters in full and complete satisfaction of the Claims. The Debtor shall pay Treasury in cash Treasury’s total allowed claim for all special property taxes assessed on property owned by Debtor based on information supplied to Treasury by CRIM in full and complete satisfaction of the Claims.



**2.5. Class 4: Other Allowed Secured Claims.**

The Debtor does not anticipate any other Allowed Secured Claims. In the event any other Allowed Secured Claims exist, such claims shall be paid in full, in Cash, as soon as practical after the Effective Date except to the extent the holder of an other Allowed Secured Claim agrees to a different treatment. Notwithstanding anything contained herein to the contrary, a Claim shall not be permitted as an other Allowed Secured Claim unless its lien is superior as to an item of collateral to all the liens of other secured creditors. The amount of any other Allowed Secured Claim shall not exceed the current, fair market value of the secured creditors' interest in the collateral, subject to all prior liens and encumbrances. The Debtor reserves the right, in lieu of a Cash payment to the holder of such other Allowed Secured Claim, to surrender the collateral to the Creditor in full satisfaction of such other Allowed Secured Claim.

**2.6. Class 5: Allowed Priority Claims.**

All Allowed Priority Claims, including all Allowed Priority Tax Claims (but excluding claim of CRIM Property Tax Claims, which are treated in Class 4) shall be paid in full, in Cash, as soon as practicable after the Effective Date, except to the extent that the holder of an Allowed Priority Claim agrees to a different treatment. The Municipality of San Juan's claim for volume of business taxes, to the extent allowed, will be treated as an Allowed Priority Tax Claim.

**2.7. Class 6: Allowed General Unsecured Claims.**

The Debtor shall pay all remaining cash on hand and proceeds from liquidation of Debtor's remaining assets, in Cash, as soon as practical after Effective Date, for Pro Rata

distribution to the Allowed General Unsecured Claims up to the amount of such Allowed General Unsecured Claims.

The Employment Lawsuit Claims, which relate to certain prepetition lawsuits, shall each receive an allowed general unsecured claim in Class 6 of \$5,000 unless the holder of such claim objects to the proposed allowed amount of the claim by filing a proof of claim in a different amount, in which case the claim will be treated as a disputed and unliquidated claim, the Debtor will be deemed to have objected to the claim and requested that it be disallowed entirely, and the allowed amount of the claim, if any, will be determined by the Bankruptcy Court pursuant to the claims objection process.

The Lender-Liability Lawsuit Claims, which relate to certain prepetition lawsuits, shall each receive an allowed general unsecured claim in Class 6 of \$15,000 unless the holder of such claim objects to the proposed allowed amount of the claim by filing a proof of claim in a different amount, in which case the claim will be treated as a disputed and unliquidated claim, the Debtor will be deemed to have objected to the claim and requested that it be disallowed entirely, and the allowed amount of the claim, if any, will be determined by the Bankruptcy Court as part of the claims objection process.

The Debtor, in its discretion, may make a partial, interim distribution before the completion of liquidation of the Debtor's remaining assets. Notwithstanding the foregoing, for the purpose of convenience, no payment of less than \$20 shall be paid to the holders of a general unsecured claim unless the creditor specifically requests that the payment be made by written notice to Debtor before the Effective Date.

**2.8. Class 7: Allowed Unsecured Claim of FDIC-R for Internal Administrative Support Services.**

The FDIC-R's claim for reimbursement of its internal costs and expense under the Agency Agreement for the prepetition costs and expenses of FDIC-R's full-time employees who provided management and administrative services as agent for the Debtor, including, without limitation, the services provided by Shellie Harvey, former President of the Debtor and a full-time employee of FDIC-R and Edward Gilman, the current President of the Debtor and a full-time employee of FDIC-R, pursuant to the Agency Agreement shall be allowed in the amount of \$500,000 and shall be paid by Debtor only after the Class 6 General Unsecured Claims of Debtor are paid in full.

**2.9. Class 8: Equity Interests.**

The FDIC-R, as owner of all the outstanding stock of the Debtor, shall receive any remaining assets of the Debtor following payment in full of Classes 1-7.

**ARTICLE 3.  
PROVISIONS FOR TREATMENT OF DISPUTED, CONTINGENT  
AND UNLIQUIDATED ADMINISTRATIVE EXPENSES AND CLAIMS**

**3.1. Characterizations of Claims as Disputed.**

Pursuant to Section 1111 of the Bankruptcy Code, evidence of a Claim is deemed filed under Section 501 of the Bankruptcy Code if that Claim is included in the Schedules, except if the Claim is scheduled as disputed, contingent, or unliquidated. Such a disputed, contingent, or unliquidated Claim must be asserted by its holder by the timely filing of a proof of Claim. If a proof of Claim is not filed in a timely manner, the Claim will be deemed allowed in the amount set forth on the Schedules of the Debtor. The Debtor and any other interested party shall have the authority to object to and contest the allowance of any Claim filed with the

Bankruptcy Court, whether or not such Claim was scheduled as disputed, contingent or unliquidated, which objection must be filed with the Court no later than twenty-one (21) days following the claims bar date as established by court order or the Bankruptcy Rules.

**3.2. Reserve for Disputed Administrative Expenses and Disputed Claims.**

In determining the amounts of distributions to be made to holders of Allowed Claims, the appropriate Pro Rata calculations required by the Plan (i) shall be made as if all Disputed Claims were Allowed Claims and all Disputed Administrative Expenses were Allowed Administrative Expenses, in the full amount claimed by the holders thereof and (ii) shall include an appropriate estimate for Administrative Expenses that have not been Allowed at the time of such distribution but which are not likely to be disputed, including potential post-confirmation professional fees. Distributions for holders of Disputed Administrative Expenses and Disputed Claims and estimated potential future Administrative Expenses shall be deposited by the Debtor in one or more separate accounts (collectively, the "Distribution Reserve"), which shall be held in trust for the benefit of holders of Disputed Administrative Expenses and Disputed Claims and potential future Administrative Expenses pending determination of the entitlement thereto.

At such time as a Disputed Administrative Expense or Disputed Claim becomes an Allowed Administrative Expense or Allowed Claim, respectively, the Distribution Reserved for such Administrative Expense or Claim shall be released from the Distribution Reserve and delivered by the Debtor to the holder of such Allowed Administrative Expense or Allowed Claim. In the event any disputed Administrative Expense or Disputed Claim is disallowed, funds held in the Distribution Reserve on account of those disallowed Administrative Expenses or Claims shall be retained pending final disposition of all disputed Administrative Expenses and

Disputed Claims and upon resolution of all such Disputed Administrative Expenses and Disputed Claims.

Notwithstanding anything to the contrary contained in the Plan, the Debtor shall make a distribution on the undisputed portion of an Allowed Administrative Expense and an Allowed Claim in accordance with the provisions of the Plan. For the avoidance of doubt, the filing of a proof of claim with respect to an Employment Lawsuit Claim, or Lender-Liability Lawsuit Claim in a different amount than proposed as the allowed amount in Class 6 (Section 2.7 of the Plan) will result in the entire claim being disputed and the Debtor will contend the claim should be entirely disallowed and entitled to no recovery.

**3.3. Resolution of Contested Administrative Expenses, Claims and Equity Interests.**

(a) Objections. Unless otherwise ordered by the Bankruptcy Court, after notice and a hearing, the Debtor shall have the right to make and file objections to Administrative Expenses and Claims and shall serve a copy of each objection upon the holder of the Administrative Expense or Claim to which the objection is made, as soon as practicable, but no later than thirty (30) days after the later of (i) the claims bar date, (ii) the Effective Time or (iii) the date such Administrative Expense application or proof of claim with respect to a Claim is filed. Any proof of claim with respect to an Employment Lawsuit Claim or Lender-Liability Lawsuit Claim seeking a claim different than the amounts of allowed claim proposed in Section 2.7 of the Plan shall automatically be deemed to be the subject of an objection.

(b) Prosecution of Objections. The Debtor, in its good faith business judgment, shall litigate to judgment, settle, or withdraw objections to Administrative Expenses and Claims.

**ARTICLE 4.**  
**IMPLEMENTATION OF THE PLAN**

**4.1. Liquidating Plan.**

The Plan is a liquidating plan. Prior to the petition, the Debtor, acting through FDIC-R, as its agent, liquidated substantially all Debtor's business and assets.

Following Confirmation of the Plan, the Debtor shall sell or abandon its remaining assets, other than cash, on such terms and conditions as the President of the Debtor and FDIC-R, in their business judgment, shall deem appropriate and in the Debtor's best financial interests. The Debtor shall be entitled to abandon its interest in assets by filing a Notice of Abandonment as the President of the Debtor and FDIC-R, in their business judgment, shall deem appropriate and in the Debtor's best financial interests.

After the Effective Time, the Debtor will liquidate for cash, where practical, or abandon where sale for cash is not deemed practical, all of the Debtor's remaining loans and owned real estate and distribute the net proceeds, after payment of the cost of sale and liquidation, and wind-down of the Debtor to creditors according to the Plan.

The Debtor shall be managed during the liquidation by its President, Edward Gilman, a full-time employee of FDIC-R, or his successor elected by FDIC-R. The Debtor shall have authority to pay such expenses if approved by FDIC-R as agent for the Debtor. The Debtor will contract for administrative services from Quantum, an independent service provider to FDIC-R based on historical pricing and payment terms. The Debtor will contract with Prescient to provide real estate advice and support. The Debtor will continue to receive legal advice from

Foley & Lardner LLP. FDIC-R will also provide management, accounting and other services to the Debtor under the Agency Agreement. The Debtor shall engage professionals and independent contractors to complete the liquidation of the Debtor's assets, determination of allowed claims and distribution of funds under the Plan.

All property of the Debtor not abandoned shall be liquidated and all funds will be distributed under the Plan after payment of the Debtor's expenses.

**4.2. Activities; Wind-Down.**

After the Debtor's assets are liquidated and funds distributed to creditors, the Debtor shall retain \$100,000 as a wind-down fund to pay the reasonable costs and expenses of preparing the final tax returns, and reasonable and necessary expenses related to the "shut down" of the Debtor and any other final expenses (the "Wind-Down Fund"). Any excess funds left in the Wind-Down Fund shall be paid, Pro Rata, after the shutdown of the Debtor is complete, to be distributed in accordance with the Plan.

**4.3. Method of Distribution under the Plan.**

(a) General. All distributions are to be made by the Debtor. Except as set forth herein, the Debtor shall pay Allowed Administrative Expenses, Allowed Priority Tax Claims, Allowed Priority Claims and Allowed Unsecured Claims in Cash once the Debtor has resolved the disputed or contingent unsecured claims, or as soon thereafter as practicable.

(b) Investment in Cash. In the period between distributions of Cash, all Cash of the Debtor, including Cash held in the Distribution Reserve, shall be invested by the Debtor in United States Treasury Bills, interest-bearing certificates of deposits, interest-bearing savings accounts, and investments permitted by Section 345 of the Bankruptcy

Code and local rules. All interest earned on such Cash shall be held by the Debtor and distributed as part of the Estate in accordance with the provisions of the Plan.

(c) Manner of Payment under the Plan. Any payment made by the Debtor pursuant to the Plan shall be made in Cash by check drawn on a domestic bank or by wire transfer from a domestic bank at the option of the Debtor. Notwithstanding anything contained herein to the contrary, the Debtor shall not make any payments to creditors of less than \$20 unless the creditor specifically requests such payment by written notice to the Debtor prior to the Effective Date.

(d) Distribution of Unclaimed Property. Any distribution under the Plan which is unclaimed after one hundred eighty (180) days following the Distribution Date shall be retained by the Debtor and redistributed to creditors in accordance with the provisions of the Plan.

(e) Setoffs. On behalf of the Estate, the Debtor may, but shall not be required to, set off against any Claim and the payments to be made pursuant to the Plan in respect of such Claim, or claims of any nature whatsoever the Debtor may have against the claimant, but neither the failure to do so nor the allowance of any claim hereunder shall constitute a waiver or release by the Estate of any such claim the Debtor may have against such Claimant.

(f) Distributions under Twenty Dollars. No distributions of less than \$20.00 shall be made by the Debtor to any Creditor unless a request therefor is made in writing to the Debtor prior to the Effective Date.

(g) Saturday, Sunday, or Legal Holiday. If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making



of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

**4.4. Releases and Exculpation.**

**AS OF THE EFFECTIVE DATE, IN CONSIDERATION FOR THE OBLIGATIONS OF THE DEBTOR UNDER THE PLAN AND THE AGREEMENT OF FDIC-R TO ACCEPT SUBORDINATED PAYMENT OF ITS CLAIM FOR CERTAIN MONIES OWED UNDER THE AGENCY AGREEMENT PURSUANT TO CLASS 7, AND THE CASH, AND CONTRACTS, INSTRUMENTS, RELEASES AND OTHER AGREEMENTS AND DOCUMENTS TO BE ENTERED INTO OR DELIVERED IN CONNECTION WITH THE PLAN, EACH HOLDER OF A CLAIM THAT VOTES IN FAVOR OF THE PLAN WILL BE DEEMED TO FOREVER RELEASE, WAIVE AND DISCHARGE ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION AND LIABILITIES (OTHER THAN THE RIGHT TO ENFORCE THE DEBTOR'S OBLIGATIONS UNDER THE PLAN AND THE CONTRACTS, INSTRUMENTS, RELEASES AND OTHER AGREEMENTS AND DOCUMENTS DELIVERED THEREUNDER), WHETHER LIQUIDATED OR UNLIQUIDATED, FIXED OR CONTINGENT, MATURED OR UNMATURED, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, THEN EXISTING OR THEREAFTER ARISING IN LAW, EQUITY OR OTHERWISE, THAT ARE BASED IN WHOLE OR IN PART ON ANY ACT, OMISSION, NEGLIGENCE, TRANSACTION OR OTHER OCCURRENCE TAKING PLACE ON OR PRIOR TO THE EFFECTIVE DATE IN ANY WAY RELATING TO THE PREPETITION**

**LIQUIDATION OF THE DEBTOR'S BUSINESS AND ASSETS, FDIC-R'S SERVICES BOTH PREPETITION AND POST-PETITION AS AGENT FOR THE DEBTOR UNDER THE AGENCY AGREEMENT, THE DEBTOR, THE REORGANIZATION CASE OR THE PLAN THAT SUCH ENTITY HAS, HAD OR MAY HAVE AGAINST THE DEBTOR, FDIC-R OR ANY OF THEIR RESPECTIVE PRESENT OR FORMER DIRECTORS, OFFICERS, EMPLOYEES, ACCOUNTANTS (INCLUDING INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS), ADVISORS, ATTORNEYS, INVESTMENT BANKERS, UNDERWRITERS, CONSULTANTS OR OTHER REPRESENTATIVES, AGENTS OR SHAREHOLDERS, ACTING IN SUCH CAPACITY (WHICH RELEASE WILL BE IN ADDITION TO THE DISCHARGE OF CLAIMS AND TERMINATION OF INTERESTS PROVIDED HEREIN AND UNDER THE CONFIRMATION ORDER AND THE BANKRUPTCY CODE), EXCEPT FOR THOSE CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION AND LIABILITIES BASED ON ACTS OR OMISSIONS OF ANY SUCH PERSON CONSTITUTING WILLFUL MISCONDUCT OR FRAUD, AND THE DEBTOR, FDIC-R OR ANY OF THEIR RESPECTIVE PRESENT OR FORMER DIRECTORS, OFFICERS, EMPLOYEES, ACCOUNTANTS (INCLUDING INDEPENDENT CERTIFIED PUBLIC ACCOUNTS), ADVISORS, ATTORNEYS, INVESTMENT BANKERS, UNDERWRITERS, CONSULTANTS OR OTHER REPRESENTATIVES, AGENTS OR SHAREHOLDERS, ACTING IN SUCH CAPACITY, SHALL BE EXCULPATED FROM ANY AND ALL CLAIMS OF ANY KIND ARISING OUT OF OR RELATED TO THE LIQUIDATION OF DEBTOR'S ASSETS AND BUSINESS, THE NEGOTIATION AND IMPLEMENTATION OF THIS**

**PLAN EXCEPT FOR THOSE CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION AND LIABILITIES BASED ON ACTS OR OMISSIONS OF ANY SUCH PERSON CONSTITUTING WILLFUL MISCONDUCT OR FRAUD.**

**ARTICLE 5.  
MISCELLANEOUS POST-CONFIRMATION MATTERS**

**5.1. Management of Debtor Post-Confirmation.**

After the Effective Date, the Debtor shall continue to engage FDIC-R as exclusive agent of the Debtor under the Agency Agreement to provide management, accounting, legal and supervisory services. The Debtor may also employ persons as employees or engage them as independent contractors, including Quantum, as management services contractor, and Prescient, as a real estate advisor, at customary compensation arrangements consistent with historical practice, to handle (i) the sale and liquidation of any remaining assets, (ii) the preparation and filing of final tax return, (iii) payments under the Plan, (iv) preparation of final Bankruptcy Court reports and filings, preparation of financial statements, claims analysis and other administrative services, and (v) miscellaneous matters reasonably related to the winding up of the Debtor's business and affairs. The Debtor may also engage professionals to complete liquidation of Debtor's assets and administration of the Bankruptcy Plan and wind-down of the Debtor's affairs. The Debtor shall be authorized to pay such professionals upon approval of FDIC-R as agent for Debtor.

**5.2. Debtor's Release of Preference Claims.**

The Debtor will not pursue any preference claims pursuant to Bankruptcy Code Section 547.

**ARTICLE 6.  
CLASSES OF CLAIMS AND EQUITY  
INTERESTS IMPAIRED UNDER THE PLAN**

**6.1. Impaired Classes.**

Classes 2, 6, 7 and 8 are impaired under the Plan.

**6.2. Unimpaired Classes.**

Classes 1, 3, 4 and 5 are unimpaired under the Plan.

**6.3. Resolution of Controversy Concerning Impairment.**

The Bankruptcy Court shall, after notice and a hearing, determine any controversy relating to whether any Creditors or holders of an Equity Interest, or class of Creditors or class of Equity Interests, are impaired under the Plan.

**ARTICLE 7.  
EXECUTORY CONTRACTS**

**7.1. Executory Contracts.**

All executory contracts that exist between the Debtor and any Person, are hereby specifically rejected (to the extent that such executory contracts have not been previously rejected). Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of that rejection pursuant to Section 365(a) of the Bankruptcy Code. Notwithstanding the foregoing, FDIC-R shall continue to serve as exclusive agent of the Debtor and provide services under the Agency Agreement and Quantum shall continue to provide management, accounting and advisory services to the Debtor pursuant to historical arrangements, terms and payment terms. However, FDIC-R's prepetition claim for payment of its prepetition internal, prepetition expenses shall be paid pursuant to Class 7 of the Plan.

**7.2. Unexpired Leases.**

All unexpired leases of real property under which the Debtor is the lessor or lessee are hereby rejected (to the extent that such leases of real property have not been previously rejected). Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of that rejection pursuant to Section 365(a) of the Bankruptcy Code.

**ARTICLE 8.  
POST-REORGANIZATION PROFESSIONAL FEES**

**8.1. Payment of Fees and Expenses After Effective Date.**

Subsequent to the Effective Date of the Plan, the Debtor shall be authorized to pay professional fees and expenses incurred by professionals retained by the Debtor and fees of Quantum and Prescient, subject to approval by FDIC-R. No further Bankruptcy Court approval shall be required for payment of such fees and expenses.

**ARTICLE 9.  
BANKRUPTCY COURT'S RETENTION OF JURISDICTION**

**9.1. Retention of Jurisdiction.**

In addition to the continuing jurisdiction after entry of a Confirmation Order as provided by the Bankruptcy Code and the Bankruptcy Rules, the Bankruptcy Court shall retain jurisdiction for the following purposes:

- (a) To hear and determine pending applications for the rejection of executory contracts or unexpired leases, if any are pending, and the allowance of claims resulting therefrom;
- (b) To determine any and all pending adversary proceedings, applications, and contested matters;

- (c) To ensure that distributions to holders of Allowed Claims are accomplished as provided herein;
- (d) To hear and determine any objections to Administrative Expenses or to Claims filed, both before and after Confirmation, including any objections to the classification of any Claim, and to allow or disallow any contested Administrative Expense or contested Claim in whole or in part;
- (e) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;
- (f) To hear and determine all applications for compensation and reimbursement of expenses of professionals under Sections 330 and 331 of the Bankruptcy Code;
- (g) To hear an application, if any, by any party in interest, to modify the Plan in accordance with Section 1127 of the Bankruptcy Code;
- (h) To hear and determine disputes arising in connection with the Plan or its implementation and Consummation;
- (i) To recover all assets of the Debtor and property of the Estate, wherever located, including collection of accounts receivable;
- (j) To hear and determine all controversies, suits, and disputes that may arise in connection with the interpretation or enforcement of the Plan;
- (k) To construe, interpret and enforce the Purchase Agreements, and to grant judgment against any party in the event of a breach of the Purchase Agreements;
- (l) To hear and determine matters concerning state, local, and federal laws in accordance with Sections 346, 505, and 1146 of the Bankruptcy Code;

- (m) To enter a final decree closing the Chapter 11 Cases; and
- (n) To hear any other matter not inconsistent with the Bankruptcy Code.

**ARTICLE 10.  
DISCHARGE, TERMINATION AND INJUNCTION**

**10.1. Termination of Interests**

(a) Except as provided in the Plan or the Confirmation Order, the rights afforded under the Plan and the treatment of Claims and Interests under the Plan will be in exchange for and in complete satisfaction, discharge and release of all Claims and termination of all Interests arising on or before the Effective Date, including any interest accrued on Claims from the Petition Date. Except as provided in the Plan or, in the Confirmation Order, Confirmation will, as of the Effective Date: (i) discharge the Debtor from all Claims or other debts and Interests that arose on or before the Effective Date, and all debts of the kind specified in §§ 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (A) a proof of Claim based on such debt is filed or deemed filed pursuant to § 501 of the Bankruptcy Code, (B) a Claim based on such debt is allowed pursuant to § 502 of the Bankruptcy Code, or (C) the holder of a Claim based on such debt has accepted the Plan; and (ii) terminate all Interests and other rights of equity security holders in the Debtor.

(b) In accordance with the foregoing, except as provided in the Plan or the Confirmation Order, the Confirmation Order will be a judicial determination, as of the Effective Date, of a discharge of all Claims and other debts and liabilities against the Debtor and a termination of all Interests and other rights of equity security holders in the Debtor, pursuant to §§ 524 and 1141 of the Bankruptcy Code, and such discharge will

void any judgment obtained against the Debtor at any time, to the extent that such judgment relates to a discharged Claim or terminated Interest.

**10.2. Injunction.**

All entities that have held, currently hold or may hold a Claim or other debt or liability of the Debtor, or an Interest or other right of an equity security holder with respect to the Debtor, that is discharged, released, waived, settled or deemed satisfied in accordance with the Plan will be permanently enjoined from taking any of the following actions on account of any such Claims, debts, liabilities, Interests or rights: (a) a commencing or continuing in any manner any action or other proceeding against the Debtor or its property, other than to enforce any right pursuant to the Plan to a distribution; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtor or its property, other than as permitted pursuant to (a) above; (c) creating, perfecting or enforcing any lien or encumbrance of any kind against the Debtor or its property; (d) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtor; and (e) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the Plan.

**ARTICLE 11.  
CRAMDOWN**

**11.1. Nonconsensual Confirmation.**

The Debtor requests Confirmation under Section 1129(b) of the Bankruptcy Code with respect to: (a) any impaired Class that does not accept the Plan pursuant to Section 1126 of the Bankruptcy Code; and (b) any Class that is deemed to have not accepted the Plan pursuant to Section 1126(g) of the Bankruptcy Code. The Debtor reserves the right to modify the Plan to the



extent, if any, that Confirmation pursuant to Section 1129(b) of the Bankruptcy Code requires modification.

**ARTICLE 12.  
MISCELLANEOUS PROVISIONS**

**12.1. No Liability for the Debtor.**

Neither the Debtor's officers, directors, employees, attorneys, accountants or agents of the Debtor, FDIC-R or any other person, firm or corporation shall be liable for any error of judgment, negligence or any act or omission which occurred during the bankruptcy proceeding, it being understood that the Debtor, its officers, directors, attorneys, accountants and agents and FDIC-R shall be liable only for their own willful misconduct or fraud.

**12.2. Limitation of Liability.**

**THE DEBTOR, FDIC-R AND THEIR RESPECTIVE DIRECTORS,  
OFFICERS, EMPLOYEES, REPRESENTATIVES, PREDECESSORS, SUCCESSORS,  
ASSIGNS AND PROFESSIONALS, ACTING IN SUCH CAPACITY, WILL NEITHER  
HAVE NOR INCUR ANY LIABILITY TO ANY ENTITY FOR ANY ACT TAKEN OR  
OMITTED TO BE TAKEN ON OR AFTER APRIL 30, 2010 (THE DATE FDIC-R WAS  
APPOINTED AS EXCLUSIVE AGENT FOR DEBTOR) IN CONNECTION WITH OR  
RELATED TO MANAGEMENT OR SUPERVISION OF THE DEBTOR OR ANY  
ACTIONS TO TERMINATE DEBTOR'S BUSINESS OPERATIONS OR LIQUIDATE  
AND SELL ITS ASSETS OR THE FORMULATION, PREPARATION,  
DISSEMINATION, IMPLEMENTATION, CONFIRMATION OR CONSUMMATION  
OF THE PLAN, THE DISCLOSURE STATEMENT OR ANY CONTRACT,  
INSTRUMENT, RELEASE OR OTHER AGREEMENT OR DOCUMENT CREATED  
OR ENTERED INTO, OR ANY OTHER ACT TAKEN OR OMITTED TO BE TAKEN,**

**IN CONNECTION WITH THE SHUT-DOWN OF THE DEBTOR'S BUSINESS AND LIQUIDATION OF ITS ASSETS OR THE PLAN; PROVIDED, HOWEVER, THAT THE FOREGOING PROVISIONS OF THIS SECTION 12.2 WILL HAVE NO EFFECT ON (A) THE LIABILITY OF ANY ENTITY THAT WOULD OTHERWISE RESULT FROM THE FAILURE TO PERFORM OR PAY ANY OBLIGATION OR LIABILITY UNDER THE PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE OR OTHER AGREEMENT OR DOCUMENT TO BE ENTERED INTO OR DELIVERED IN CONNECTION WITH THE PLAN OR (B) THE LIABILITY OF ANY ENTITY THAT WOULD OTHERWISE RESULT FROM ANY SUCH ACT OR OMISSION TO THE EXTENT THAT SUCH ACT OR OMISSION IS DETERMINED IN A FINAL ORDER TO HAVE CONSTITUTED WILLFUL MISCONDUCT OR FRAUD.**

**12.3. Payment of Statutory Fees.**

All fees payable pursuant to 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the hearing pursuant to Section 1128 of the Bankruptcy Code, shall be paid on or before the Effective Date.

**12.4. Change of Address.**

It is the duty of each holder of a Claim to keep the Debtor informed of any changes in address by giving notice of such changes in writing. Should a holder of any Claim fail to notify the Debtor of any change of address and the Debtor are unable to obtain the changed mailing address of a holder of a Claim (after using reasonable efforts to obtain such changed address), the Debtor shall cancel any checks returned, redeposit the funds, and strike the Claim from the class, and distribute such funds to allowed Claims and interests in accordance with the provisions of the Plan.

**12.5. Correction or Modification of the Plan.**

After the Confirmation Date, the Debtor, so long as it does not adversely affect the interests of the Creditors, may institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, Disclosure Statement, or the Confirmation Order, and such matters as may be necessary to carry out the purposes and effects of the Plan; provided, however, that prior notice of such proceedings is served in accordance with Bankruptcy Rules 7004 and 9016.

**12.6. Headings.**

Headings are used in the Plan for convenience and reference only, and shall not constitute a part of the Plan for any other purpose.

**12.7. Binding Effect.**

The Plan shall be binding upon and inure to the benefit of the Debtor, its Creditors, the holders of Equity Interests, and their respective successors and assigns.

**12.8. Revocation or Withdrawal.**

The Debtor reserves the right to revoke or withdraw the Plan prior to the Confirmation Date. If the Debtor revokes or withdraws the Plan prior to the Confirmation Date, or if the Confirmation Date or the Effective Date do not occur, then the Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Debtor or any other Person or to prejudice in any matter the rights of the Debtor or any Person in any further proceedings involving the Debtor.

**12.9. Notices.**

Any notice required or permitted to be provided under the Plan shall be in writing and served by either (a) certified mail, return receipt requested, postage prepaid, (b) hand delivery, or (c) reputable overnight delivery service, freight prepaid, to be addressed as follows:

If to the Debtor:                   R&G Mortgage Corp.  
  Attn: President  
  7777 Baymeadows Way West  
  Jacksonville, FL 32256

With a copy to:                   Foley & Lardner LLP  
  Attn: Gardner F. Davis  
  One Independent Drive, Suite 1300  
  Jacksonville, FL 32202

**12.10. Governing Law.**

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Rules), Florida law shall govern the construction of the Plan and any agreements, documents, and instruments executed in connection with the Plan and under such agreements, documents and instruments (except to the extent such agreements, documents, and instruments provide for a different governing law).

(Signature page follows)

Dated: Jacksonville, Florida  
March 1, 2012

Respectfully submitted,

R&G MORTGAGE CORP.

By /s/ Edward Gilman  
Edward Gilman  
Its President

FOLEY & LARDNER LLP

/s/ Gardner F. Davis

Gardner F. Davis  
Florida Bar No. 0471712  
[gdavis@foley.com](mailto:gdavis@foley.com)

John J. Wolfel, Jr.  
Florida Bar No. 030664  
[jwolfel@foley.com](mailto:jwolfel@foley.com)

One Independent Drive, Suite 1300  
Jacksonville, FL 32202-5017  
P. O. Box 240  
Jacksonville, FL 32201-0240  
Phone: 904.359.2000

and

Jennifer Hayes  
Foley & Lardner LLP  
Florida Bar No. 017325  
[jhayes@foley.com](mailto:jhayes@foley.com)  
100 North Tampa Street, Suite 2700  
Tampa, FL 33602-5810  
Phone: 813.229.2300

**Exhibits:**

- A List of Mortgage Loans transferred to MassMutual
- B List of Mortgage Loans released from MassMutual's lien
- C List of Employment Lawsuits
- D List of Lender-Liability Lawsuits
- E Form of MassMutual General Release

**EXHIBIT A**

**List of Mortgage Loans Transferred to MassMutual**

**EXHIBIT A**

RGMC	Orig_Balance	Origin_Date	Paid_Through	Note_Rate	PTR	Maturity	FIC	Orl_Term	UPB	FHA CASE#	Endorse Date	Remain_Term	Age	No_Days_PastDue	rst_Pay_D	Due Date
11400574	\$84,800.00	5081992	2012011	8.000%	8.000%	6012022	\$612.69	360	\$72,497.15	501-3921723	7/14/1992	236	124	0	19920601	20110301
1206805	\$69,426.00	12272001	2012011	7.000%	7.000%	1012032	\$461.89	360	\$60,791.73	501-6237805	6/15/2008	251	109	0	20020201	20110301
194563	\$49,582.00	2152001	2012011	8.500%	8.500%	3012016	\$488.25	180	\$24,116.19	501-6334034	7/28/2006	61	119	0	20010401	20110301
1205072	\$68,411.00	6212001	2012011	7.000%	7.000%	7012031	\$455.14	360	\$59,258.33	501-6416287	2/7/2005	245	115	0	20010801	20110301
1215060	\$104,139.00	11012001	2012011	7.000%	7.000%	11012031	\$692.84	360	\$90,863.96	501-6461914	1/11/2005	249	111	0	20011201	20110301
1212932	\$123,982.00	10012001	2012011	8.500%	8.500%	10012031	\$953.31	360	\$111,209.95	501-6477989	5/2/2005	248	112	0	20011101	20110301
1222011	\$87,290.00	2012002	2012011	7.500%	7.500%	2012032	\$610.34	360	\$77,341.14	501-6546159	4/4/2005	252	108	0	20020301	20110301
1226190	\$94,902.00	3112002	2012011	6.500%	6.500%	4012022	\$707.56	240	\$67,251.63	501-6568125	7/12/2004	134	106	0	20020501	20110301
1240669	\$69,426.00	12102002	2012011	6.500%	6.500%	1012033	\$438.82	360	\$61,445.34	501-6578904	2/4/2005	263	97	0	20030201	20110301
1239632	\$250,705.00	7312002	2012011	6.500%	6.500%	8012032	\$1,584.62	360	\$219,952.38	501-6678493	1/6/2005	258	102	0	20020901	20110301
96092724	\$77,500.00	7291997	3012011	7.500%	7.500%	8012027	\$565.39	282	\$66,096.14	501-5286918	1/15/1998	197	85	0	19970901	20110401
									\$910,824.44							

**EXHIBIT B**

**List of Mortgage Loans Released from MassMutual's Lien**



**EXHIBIT B**

RGMC	Orig_Balance	Origin_Date	Paid_Through	Note_Rate	PTR	Maturity	FIC	Ori_Term	UPB	FHA CASE#	FHA Endorse Date	Remain_Term	Age	No_Days_PastDue	First_Pay_Due	Due_Date
1203556	\$90,284.00	6252001	2012008	8.000%	8.000%	7012031	\$662.47	360	\$84,011.37	501-6404300	12/15/2005	281	79	999	20010801	20080301
1228124	\$136,923.00	5222002	2012009	6.500%	6.500%	6012032	\$865.44	305	\$127,832.17	501-6586784	8/17/2005	298	7	729	20020701	20090301
199134	\$63,488.00	9252001	1012010	7.000%	7.000%	10012031	\$422.39	360	\$56,541.65	501-6293938	6/15/2005	261	99	392	20011101	20100201
1205695	\$69,426.00	9242001	5012010	7.000%	7.000%	10012031	\$461.89	360	\$61,422.42	501-6279703	10/21/2004	257	103	272	20011101	20100601
1224609	\$94,800.00	3302002	9012010	5.400%	5.400%	4012032	\$543.01	343	\$82,948.75	501-6568726	3/24/2004	259	84	150	20020501	20101001
1245391	\$69,426.00	12102002	12012010	6.500%	6.500%	1012033	\$488.82	360	\$61,655.61	501-6578910	7/27/2005	265	95	58	20030201	20110101
11461552	\$64,750.00	4071988	1012011	9.000%	9.000%	5012018	\$461.41	360	\$49,691.07	501-3169502	6/22/1988	245	115	27	19880501	20110201
1227741	\$117,537.00	3272002	1012011	8.000%	8.000%	4012032	\$882.44	360	\$105,600.57	501-6586091	10/7/2005	255	105	27	20020501	20110201
8965781	\$62,000.00	4071994	11012010	7.500%	7.500%	4012024	\$433.51	360	\$66,220.87	5555-60082187	VA-4/7/1984	267	93	89	19940501	20101201
182040	\$110,400.00	7212000	2012011	7.500%	7.500%	8012030	\$771.93	360	\$94,767.53			234	126	0	20000901	20110301
182324	\$70,100.00	8162000	1012011	8.000%	8.000%	9012030	\$526.49	329	\$63,550.71			236	93	27	2001001	20110201
187763	\$89,877.00	12292000	1012009	7.500%	7.500%	1012031	\$628.43	360	\$80,956.93			264	96	757	20010201	20090201
1213486	\$83,050.00	9182001	2012011	6.500%	6.500%	10012031	\$524.93	360	\$71,527.93			248	112	0	20011101	20110301
1213686	\$63,488.00	9252001	11012007	7.000%	7.000%	10012031	\$422.39	360	\$58,768.66			287	73	999	20011101	20071201
1248712	\$118,146.00	12052002	4012008	6.500%	6.500%	12012032	\$746.76	360	\$113,518.42			320	40	999	20030101	20060501
									\$1,169,014.64							

**EXHIBIT C**

**List of Lawsuits Giving Rise to Employment Lawsuit Claims**

**R&G Mortgage Corp. Employment Claims**

<b>Case Name</b>	<b>Court &amp; Docket Number</b>
Carmen Socorro Martinez v. RG Mortgage	Court of First Instance, Case No. KDP 2007-001024
Maria Villafane Semidey v. RG Mortgage Corp.	Mediation Office, Human Resources Department of PR OMA AC-09084
Lorna Morales v. RG Mortgage	Court of First Instance, San Juan Part, Case No. KPE 2008-4363
Nerty J. Garcia v. RG Mortgage Corp.	Court of First Instance, San Juan Part, Case No. KPE 2008-1176
Elizabeth Caba Virola v. RG Mortgage	U.S. District Court for the District of Puerto Rico; Case No. 11-cv-2029
Abraham Rivera Berrios, et al. v. RG Mortgage	U.S. District Court for the District of Puerto Rico; Case No. 11-cv-2071
Edna Sempritt Rivera v. RG Mortgage	Court of First Instance, Case No. CM2011-525,
Elsie Font Llacer v. RG Mortgage, et. al.	U.S. District Court for the District of Puerto Rico; Case No. 10-cv-2086
Millie Becerril v. RG Mortgage, et. al.	Puerto Rico Department of Labor, Anti-Discrimination Unit

**EXHIBIT D**

**List of Lawsuits Giving Rise to Lender-Liability Lawsuit Claim**

## EXHIBIT D

**R&G Mortgage Corp. Lender Liability Lawsuits**

<b>Case Name</b>	<b>Court &amp; Docket Number</b>
Tania Cintron Cruz and Jorge Luis Alejandro Serrano v. RG Mortgage, et. al.	Court of First Instance, San Juan Part, Case No. KAC 2008-0732
David Alers Soto v. RG Mortgage Corp.	Court of First Instance, Mayaguez Part, Case No. ISCI 2008-01483
Ruben Leon Torres et al. v. RG Mortgage	Court of First Instance, Ponce Part, Case No. JAC 09-0262
Felix González-González, et al. v. RG Mortgage Corp.	Court of First Instance, San Juan Part, Case No. KDP 2001-1993
Carlos Ruiz Sosa v. RG Mortgage Corp., et al.	Court of First Instance, Rio Grande Part Case No. W3CI 06-391
Juan Cardona Muñiz and Marisol Martinez Garayalde v. RG Mortgage	Court of First Instance, San Juan Part, Case No. KAC 09-0338
Francisco Rivera Ayala, Viviana Vega Lorenzo, Vivianette Rivera Vega, Frainyahiri Rivera Vega, Shakira Rivera Vega, Neysha Rivera Vega, Franciso Rivera Vega and William Rivera Vega v. RG Mortgage Corp.	Court of First Instance, Aguada Part, Case No. ABCI 2011-00770
Felicita Ortiz Sanchez v. RG Mortgage	Court of First Instance, San Juan Part, Case No: KDP 2006-0420
RG Mortgage v. Italo Ursino Albanese and Juan Figueroa	Court of First Instance, Fajardo Part, Case No. NSCI 2003-0847
Maximo Nieves Ocasio and Madeline Rodriguez Vega v. RG Mortgage Corp.	Court of First Instance, Mayaguez Part, Case No. ISCI 2007-01970
Zelma Iris Jimenez Rivera v. R & G Mortgage Inc.	Court of First Instance, San Juan Part, Case No. KDP10-0666

**EXHIBIT D**

<b>Case Name</b>	<b>Court &amp; Docket Number</b>
Juan Oliveras Marrero, et. al. v. Manuel Díaz Collazo, et. al. v. RG Mortgage	Court of First Instance, Manati Part, Case No. CD 2011-0396
Carlos I. Pabán Vázquez and Edna Rosado Malpica v. RG Mortgage Corp., et. al.	Court of First Instance, Arecibo Part, Case No. CDP 2009-0221
Hector Lopez Sierra v. RG Mortgage Corp.	Court of First Instance, San Juan Part, Case No. KAC 2005-4711
Jamillette Torres Vélez v. RG Mortgage Corporation	Court of First Instance, Case No.: EAC 2005-0149
Jorge Luis Ramos Rivera v. RG Mortgage Corp, et al.	Court of First Instance, Caguas Part, Case No. EAC 2005-0588 Court of Appeals Case No. KLAN 2011-00745
Gladys M. Rivera Vélez v. RG Mortgage Corp.,	Court of First Instance, San Juan Part, Case No. KAC 2011-0939

**EXHIBIT E**

**Form of MassMutual General Release**

**EXHIBIT E**

**GENERAL RELEASE**

MassMutual hereby releases, cancels, forgives, satisfies and forever discharges RGM together with its directors, officers, managers, employees, agents, consultants, advisors, accountants, financial advisors, legal counsel or other representatives, and its divisions, heirs, successors and assigns and the Federal Deposit Insurance Corporation solely in its capacity as receiver for R-G Premier Bank of Puerto Rico together with its officers, managers, employees, agents, consultants, advisors, accountants, financial advisors, legal counsel or other representatives, and its divisions, heirs, successors and assigns (collectively the "RGM Releasees"), from and against any and all liability on account of any and all claims (including without limitation, cross-claims, counterclaims, rights of setoff and recoupment), defenses, causes of action, demands, suits, costs, expenses and damages that it now has or hereafter may have, of whatsoever nature and kind, whether known or unknown, whether now existing or hereafter arising, whether arising at law or in equity (collectively, "MassMutual Claims"), against the RGM Releasees, based in whole or in part on facts, whether or not known existing or occurring on or prior to the date of Settlement and in any way directly or indirectly arising out of or in any way connected to, but not limited to, any and all agreements between the Parties (other than the obligations contained in the Agreement), solely and exclusively related to the loans covered by the following documents (but not with respect to any other loans or loan pools): Pledge and Security Agreement by and between Massachusetts Mutual Life Insurance Company as Secured Party; R&G Mortgage Corp., as Pledgor and R&G Premier Bank of Puerto Rico as Custodian dated as of June 30, 2004; the Seller's Warranty and Servicing Agreement between Massachusetts Mutual Life Insurance Company and R&G Mortgage Corp., Seller and Servicer dated as of June 30, 2004; the Custodial Agreement Between R&G Mortgage Corp. the Seller/Servicer and Massachusetts Mutual Life Insurance Company the Purchaser and R & G Premier Bank of Puerto Rico the Custodian dated as of June 30, 2004; and the Letter Agreement between R&G Mortgage Corporation and Massachusetts Mutual Life Insurance Company dated May 18, 2004, and MassMutual agrees to hold RGM Releasees harmless from and against all such MassMutual Claims. Should any part, term or provision of this General Release be determined by any court to be illegal or invalid, the validity of the remaining parts, terms or provisions shall not be affected thereby and said illegal or invalid part, term or provision shall be deemed not to be a part of this General Release.

Massachusetts Mutual Life Insurance  
Company  
By: Cornerstone Real Estate Advisers LLC,  
its authorized agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_