

DEBTOR: TMST, Inc. f/k/a Thornburg Mortgage, Inc., et al. (1) CASE NUMBER: 09-17787

**OFFICE OF THE UNITED STATES TRUSTEE - BALTIMORE DIVISION  
MONTHLY OPERATING REPORT  
CHAPTER 11  
BUSINESS DEBTORS**

**Form 2-A  
COVER SHEET AND QUESTIONNAIRE**

For Period Ended July 31, 2013

Accounting Method:  Accrual Basis  Cash Basis

**THIS REPORT IS DUE 20 DAYS AFTER THE END OF THE MONTH**

Mark One Box for Each Required Document: Debtor must attach each of the following reports/documents unless the U. S. Trustee has waived the requirement in writing. File the original with the Clerk of Court. Submit a duplicate, with original signature, to the U. S. Trustee.

Report/Document Attached	Previously Waived	REQUIRED REPORTS/DOCUMENTS
<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. Cash Receipts and Disbursements Statement (Form 2-B)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. Balance Sheet (Form 2-C)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. Profit and Loss Statement (Form 2-D)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. Supporting Schedules (Form 2-E)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. Disbursements Summary (Form 2-F)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	6. Narrative (Form 2-G)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. Bank Statements for All Bank Accounts (See Exhibit A)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. Bank Statement Reconciliations for all Bank Accounts (See Exhibit A)


**QUESTIONNAIRE**

Yes No

Please answer the questions below:

- |   |                |              |
|---|----------------|--------------|
| 1. Is the business still operating?   | <u> X </u> (2) | <u>     </u> |
| 2. Were any assets (other than inventory) sold this month?                  | <u>     </u>   | <u> X </u>   |
| 3. Were all employees timely paid this month?                               | <u> X </u>     | <u>     </u> |
| 4. Are all insurance policies and operating licenses current and in effect? | <u> X </u> (3) | <u>     </u> |
| 5. Did you open any new bank accounts this month?                           | <u>     </u>   | <u> X </u>   |
| 6. Did you deposit all receipts into your DIP account this month?           | <u> X </u>     | <u>     </u> |
| 7. Have all taxes been timely paid (payroll, sales, etc.)?                  | <u> X </u>     | <u>     </u> |
| 8. Are you current on U.S. Trustee quarterly fees payments?                 | <u> X </u>     | <u>     </u> |

***I declare under penalty of perjury that the following Monthly Operating Report, and any statements and attachments thereto are true, accurate and correct to the best of my belief.***

Executed on: Aug 21, 2013 Print Name: Joel I. Sher  
 Signature:   
 Title: Chapter 11 Trustee

- (1) Includes the following Debtors: TMST, Inc. f/k/a Thornburg Mortgage, Inc. (Case No. 09-17787), TMST Home Loans, Inc. f/k/a Thornburg Mortgage Home Loans, Inc. (Case No. 09-17791), TMST Hedging Strategies, Inc. f/k/a Thornburg Mortgage Hedging Strategies, Inc. (Case No. 09-17792), and TMST Acquisition Subsidiary, Inc. f/k/a Thornburg Acquisition Subsidiary, Inc. (Case No. 09-17790). The Adfitech, Inc. Monthly Operating Report is filed separately under Case No. 09-17788.
- (2) The Chapter 11 Trustee is in the process of winding-up all operations.
- (3) TMST Home Loans, Inc. is currently in the process of withdrawing state licenses due to the sale of the Servicing Portfolio.

DEBTOR: TMST, Inc. f/k/a Thornburg Mortgage, Inc., et al. CASE NO: 09-17787

**Form 2-B**  
**CASH RECEIPTS AND DISBURSEMENTS STATEMENT (1)**  
 For Period: 7/1/2013 to 7/31/2013

CASH FLOW SUMMARY	Current Month	Accumulated
<b>Beginning Cash Balance</b>	\$ 30,652,775 (2)	\$ 16,847,967 (2)
<b>2. Cash Receipts</b>		
Operations	4,151	28,041,590
Sale of Assets	-	80,041,433
Loans/advances	-	18,364,080
Other	-	37,617,389
Account Transfer	5,000	106,536,048
<b>Total Cash Receipts</b>	<u>\$ 9,151</u>	<u>\$ 270,600,540</u>
<b>3. Cash Disbursements</b>		
Operations	634,958	27,154,053
Professional fees/U.S. Trustee fees	388,870	30,330,649
Other	-	93,794,660 (3)
Account Transfer	5,000	106,536,048
<b>Total Cash Disbursements</b>	<u>\$ 1,028,828</u>	<u>\$ 257,815,409</u>
<b>4. Net Cash Flow (Total Cash Receipts less Total Cash Disbursements)</b>	<u>(1,019,677)</u>	<u>12,785,131</u>
<b>5. Ending Cash Balance (to Form 2-C)</b>	<u>\$ 29,633,098 (4)</u>	<u>\$ 29,633,098 (4)</u>

CASH BALANCE SUMMARY		Bank Balance	Deposits In Transit	Outstanding Checks	Book Balance
Account Name/Number	Institution				
<u>xxxxxxx2822</u>	<u>New Mexico Bank &amp; Trust</u>	14,318,085	0	303	14,317,782
<u>xxxxxxx1807</u>	<u>New Mexico Bank &amp; Trust</u>	5,527	0	0	5,527
<u>xxxxxxx2954</u>	<u>New Mexico Bank &amp; Trust</u>	1,196	0	0	1,196
<u>xxxxxxx2989</u>	<u>New Mexico Bank &amp; Trust</u>	5,192	0	0	5,192
<u>xxxxxxx5856</u>	<u>New Mexico Bank &amp; Trust</u>	446,393	0	0	446,393
<u>xxxxxxx2842</u>	<u>New Mexico Bank &amp; Trust</u>	4,000,000	0	0	4,000,000
<u>xxxxxxx9638</u>	<u>The Bank of New York Mellon</u>	1,002	0	0	1,002
<u>xxxxxxx9639</u>	<u>The Bank of New York Mellon</u>	0	0	0	0
<u>xxxxxxx9681</u>	<u>SunTrust Bank</u>	10,856,006 (3)	0	0	10,856,006
<u>xxxxxxx5972</u>	<u>SunTrust Bank</u>	0	0	0	0
		<u>\$ 29,633,401</u>	<u>\$ -</u>	<u>\$ 303</u>	<u>\$ 29,633,098 (4)</u>

(1) The term "cash" as used herein includes all forms of currency (e.g., checks, cash, money orders, etc.)

(2) Accumulated beginning cash balance is the cash available at the commencement of the case.  
Current month beginning cash balance equals the previous month's ending balance.

(4) On February 22, 2012, The Bankruptcy Court issued its decision in the MSR Litigation on the question of allocation of proceeds from the sale of TMHL's Servicing Portfolio. The Bankruptcy Court determined certain Counterparties held a security interest equal to 95% of the proceeds from the sale of the Servicing Portfolio and the estate held an interest in 5% of those proceeds. Furthermore the Bankruptcy Court determined that the Counterparties security interest did not extend to any reimbursements obtained from the sale of the Servicing Portfolio. In order to resolve all remaining issues in the MSR Litigation and to implement the Bankruptcy Courts decision, the Trustee transferred \$71,670,314 from SunTrust Bank to the Collateral Agent for the benefit of the Counterparties on September 13, 2012. The estate has retained \$20,856,055 free and clear of any liens by the Counterparties.

On December 7, 2012, The Bankruptcy court granted approval of a partial settlement with respect to the MSR sale expense. The Trustee transferred \$413,319 from the surcharge reserve to the Collateral Agent for the benefit of the Counterparties on December 17, 2012. The estate retained \$666,500 free and clear of any liens by the Counterparties.

On May 22, 2013, The Bankruptcy court granted approval to further amend the MSR Litigation Settlement Agreement. The Trustee transferred the remaining \$2,253,359.78 reserve to the Collateral Agent for the benefit of the Counterparties on May 28, 2012. The parties agreed that the Trustee retains the right to seek the surcharge or recovery of any portion of the MSR Sale Commission from the Counterparties, and therefore the \$2,253,359.78 remains subject to the Trustee's surcharge claims.

(5) Current Month, Accumulated, and Book cash balances are the same.

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DEBTOR: TMST, Inc. f/k/a Thornburg Mortgage, Inc., et al.CASE NO: 09-17787

**Form 2-B**  
**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**  
 For Period: 7/1/2013 to 7/31/2013

**CASH DISBURSEMENTS DETAIL**  
 (attach additional sheets as necessary)

Account No:

xxxxxxxx2822

Date	Check No.	Payee	Description (Purpose)	Amount
7/10/2013	WIRE	Tydings & Rosenberg LLP	Professional services	\$ 1,645
7/10/2013	WIRE	Goldin Associates, LLC	Professional services	74,964
7/10/2013	WIRE	Shapiro Sher Guinot & Sandler	Professional services	266,137
7/10/2013	WIRE	Quinn Emanuel Urquhart Oliver & Hedges LLP	Professional services	18,818
7/10/2013	WIRE	Tydings & Rosenberg LLP	Professional services	2,875
7/10/2013	WIRE	ADP Inc.	Payroll - Direct deposits	14,149
7/11/2013	WIRE	ADP, Inc.	Payroll taxes	6,781
7/18/2013	7936	tw telecom	Information Services	2,535
7/18/2013	7937	AT&T TeleConferenceServices	TeleConference Service	9
7/18/2013	7938	Bloomberg LP	Information Services	1,082
7/18/2013	7939	MIDCON Data Services LLC	Document Storage	2,065
7/18/2013	7940	Epiq Bankruptcy Solutions, LLC	Professional services	4,282
7/18/2013	7941	Iron Mountain Information Management	Document Storage	535
7/18/2013	7942	FedEX	Shipping	194
7/18/2013	7943	FrontBridge Technologies, Inc.	Microsoft Exchange Hosted Services	2,575
7/18/2013	7944	Pinnacle Exhibits, Inc.	Contract Services	689
7/18/2013	7945	Crystal Springs	Office Supplies	22
7/18/2013	7946	American Stock Transfer & Trust	Transfer Agent	1,567
7/18/2013	7947	ADT Security Services	Contract Services	152
7/18/2013	7948	TMST Employee	Expense reimbursement	21
7/18/2013	7949	TMST Employee	Expense reimbursement	92
7/18/2013	7950	TBConsulting	Contract Services	45,821
7/18/2013	7951	The Cincinnati Insurance Company	Workers' Compensation Insurance	477
7/18/2013	7952	TMST Contract Employee	Professional services	6,400
7/18/2013	7953	LuciData, Inc.	Contract Services	6,723
7/18/2013	7954	[REDACTED]		119,000
7/18/2013	7955	Susman Godfrey LLP	Professional services	12,177
7/18/2013	7956	First Interstate Plaza	Office Lease_Rent	5,527
7/18/2013	7957	U.S. Trustee	BK court fees	9,750
7/18/2013	7958	U.S. Trustee	BK court fees	9,750
7/18/2013	7959	U.S. Trustee	BK court fees	325
7/18/2013	7960	U.S. Trustee	BK court fees	325
7/18/2013	WIRE	[REDACTED]		71,250
7/18/2013	WIRE	[REDACTED]		313,806
7/24/2013	WIRE	ADP Inc.	Payroll - Direct deposits	14,051
7/24/2013	WIRE	New Mexico Bank & Trust_Acct xxx2989	Account Transfer	5,000
7/25/2013	WIRE	ADP, Inc.	Payroll taxes	6,931
Total Cash Disbursements				<u>\$ 1,028,501 (1)</u>

(1) Total for all accounts should agree with total cash disbursements listed on Form 2-B, page 2

DEBTOR: TMST, Inc. f/k/a Thornburg Mortgage, Inc., et al.

CASE NO: 09-17787

**Form 2-B  
CASH RECEIPTS STATEMENT**

For Period: 7/1/2013 to 7/31/2013

**CASH RECEIPTS DETAIL**

*(attach additional sheets as necessary)*

Account No:

**xxxxxxx2822**

Date	Payor	Description (Purpose)	Amount
7/2/2013	Zuni Investors, LLC	Reimbursement of Expenses	\$ 2,923
7/25/2013	Residential Funding	Credit Risk Advisor Fee	425
7/25/2013	Wells Fargo Bank	Credit Risk Advisor Fee	477
7/25/2013	Wells Fargo Bank	Credit Risk Advisor Fee	196
7/25/2013	Wells Fargo Bank	Reinvestment Income	130
Total Cash Receipts			\$ <u>4,151</u> (1)

(1) Total for all accounts should agree with total cash receipts listed on Form 2-B, page 2

DEBTOR: TMST, Inc. f/k/a Thornburg Mortgage, Inc., et al.

CASE NO: 09-17787

**Form 2-B  
CASH RECEIPTS STATEMENT**

For Period: 7/1/2013 to 7/31/2013

**CASH RECEIPTS DETAIL**

*(attach additional sheets as necessary)*

Account No:

**xxxxxxx1807**

Date	Payor	Description (Purpose)	Amount
7/31/2013	New Mexico Bank & Trust	Interest Paid	\$ 0
Total Cash Receipts			\$ <u>0</u> (1)

(1) Total for all accounts should agree with total cash disbursements listed on Form 2-B, page 2

DEBTOR: TMST, Inc. f/k/a Thornburg Mortgage, Inc., et al. CASE NO: 09-17787

**Form 2-B**  
**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**  
 For Period: 7/1/2013 to 7/31/2013

**CASH DISBURSEMENTS DETAIL**  
*(attach additional sheets as necessary)*

Account No: xxxxxxx2989

Date	Check No.	Payee	Description (Purpose)	Amount
7/5/2013	ACH	ADP Financial Services	Payroll processing	\$ 100
7/19/2013	ACH	ADP Financial Services	Payroll processing	147
7/26/2013	ACH	ADP Financial Services	Payroll processing	79
Total Cash Disbursements				\$ 326 (1)

(1) Total for all accounts should agree with total cash disbursements listed on Form 2-B, page 2

DEBTOR: TMST, Inc. f/k/a Thornburg Mortgage, Inc., et al. CASE NO: 09-17787

**Form 2-B**  
**CASH RECEIPTS STATEMENT**  
 For Period: 7/1/2013 to 7/31/2013

**CASH RECEIPTS DETAIL**  
*(attach additional sheets as necessary)*

Account No: xxxxxxx2989

Date	Payor	Description (Purpose)	Amount
7/24/2013	New Mexico Bank & Trust_Acct xxx2822	Account Transfer	\$ 5,000
Total Cash Receipts			\$ <u>5,000</u> (1)

(1) Total for all accounts should agree with total cash disbursements listed on Form 2-B, page 2

DEBTOR: TMST, Inc. f/k/a Thornburg Mortgage, Inc., et al. CASE NO: 09-17787Form 2-C  
COMPARATIVE BALANCE SHEETFor Period Ended: July 31, 2013

ASSETS	Current Month	Petition Date (1)
<b>Current Assets:</b>		
Cash and Cash Equivalents (from Form 2-B)	29,633,098	\$ 16,848,967
Accounts Receivable (from Form 2-E) (2)	402,977	9,403,326
Other Current Assets (List):		
<u>Prepaid expenses &amp; retainers (2)</u>	334,227	4,807,453
<u>Accrued interest receivable</u>	-	47,878
Total Current Assets	<u>30,370,302</u>	<u>31,107,624</u>
<b>Fixed Assets:</b>		
Equipment, Furniture and Fixtures	1,201,340	1,201,340
Total Fixed Assets	<u>1,201,340</u>	<u>1,201,340</u>
Less: Accumulated Depreciation	<u>1,201,340</u>	<u>533,109</u>
Net Fixed Assets	-	668,231
Other Assets (List):		
<u>Restricted cash</u>	-	201,432,689
<u>Mortgage servicing portfolio</u>	-	87,104,385
<u>Investment in subsidiaries (3)</u>	(6,000,000)	21,244,747
<u>Loan held for sale (4)</u>	1,985,230	8,359,404
<u>Deposits</u>	3,605,000	300,000
<b>TOTAL ASSETS</b>	<u>\$ 29,960,532</u>	<u>\$ 350,217,080</u>
<b>LIABILITIES</b>		
Post-petition Accounts Payable (from Form 2-E) (2)	\$ 135,220	\$ -
Post-petition Accrued Professional Fees (from Form 2-E) (2)	4,537,970	-
Post-petition Taxes Payable (from Form 2-E)	-	-
Other Post-petition Payable(List): <u>Contingent obligations (5)</u>	3,296,287	-
Total Post Petition Liabilities	<u>7,969,477</u>	<u>-</u>
<b>Pre Petition Liabilities:</b>		
Secured Debt	-	-
Unsecured Debt (3)	3,347,413,881	3,664,898,118
Total Pre Petition Liabilities	<u>3,347,413,881</u>	<u>3,664,898,118</u>
<b>TOTAL LIABILITIES</b>	<u>3,355,383,358</u>	<u>3,664,898,118</u>
<b>OWNERS' EQUITY</b>		
Owner's/Stockholder's Equity	3,640,741,359	3,640,741,359
Retained Earnings - Prepetition	(6,955,422,396)	(6,955,422,396)
Retained Earnings - Post-petition (6)	(10,741,789)	-
<b>TOTAL OWNERS' EQUITY</b>	<u>(3,325,422,826)</u>	<u>(3,314,681,037)</u>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<u>\$ 29,960,532</u>	<u>\$ 350,217,080</u>

(1) Petition date values are taken from the Debtors' balance sheet as of the petition date or are the values listed on the Debtors' schedules.

(2) On March 05, 2012, the Trustee's motion with The Bankruptcy Court seeking approval of a settlement of all claims asserted against SAF Financial, Inc., Orrick, Herrington & Sutcliffe LLP, Thornburg Mortgage Advisory Corporation and other individual defendants, was approved. As a result of the settlement, the Defendants made a Settlement Payment of \$6.5 million to TMST, Inc. The Settlement Payment includes payment of various amounts by all of the Defendants, including the return by Orrick of a \$334,533 retainer, the return by Orrick of \$163,818 TMST paid for post-petition services, and a waiver by Orrick of \$449,718 in unpaid fees and expenses incurred post-petition for which it was not paid. As part of the Settlement, TMST alleviated from its balance sheet, a \$250,000 retainer paid to TMAC, \$492,482 in accounts receivable from TMAC, and \$549,457 in unpaid fees to TMAC.

(3) Pre-petition unsecured debt includes a \$1.1 billion fair value adjustment for Senior Subordinated Secured Notes recorded under GAAP. Total pre-petition liabilities prior to the fair value adjustment is \$4,542,124,192.

On March 15, 2010 the Second Amended Chapter 11 Plan of Reorganization for ADFITECH, Inc. became effective. TMST Home Loans interests were deemed cancelled on the Effective Date and Senior Notes Guarantee Claims against TMST, Inc. were reduced by \$38.6 million under the plan.

On February 22, 2012, The Bankruptcy Court issued its decision in the MSR Litigation on the question of allocation of proceeds from the sale of TMHL's Servicing Portfolio. The Bankruptcy Court determined certain Counterparties held a security interest equal to 95% of the proceeds from the sale of the Servicing Portfolio and the estate held an interest in 5% of those proceeds. Furthermore the Bankruptcy Court determined that the Counterparties security interest did not extend to any reimbursements obtained from the sale of the Servicing Portfolio. In order to resolve all remaining issues in the MSR Litigation and to implement the Bankruptcy Courts decision, the Trustee transferred \$71,670,314 from SunTrust Bank to the Collateral Agent for the benefit of the Counterparties on September 13, 2012, \$413,319 on December 17, 2012, and \$2,253,360 on May 28, 2013. The parties agreed that the Trustee retains the right to seek the surcharge or recovery of any portion of the MSR Sale Commission from the Counterparties, and therefore the \$2,253,360 remains subject to the Trustee's surcharge claims.

(4) On July 23, 2013, The Bankruptcy Court granted the Trustee's motion for Approval of Settlement and Compromise of Controversies among the Trustee, Luxury Mortgage Corp., and Commonwealth Land Title Insurance Co., for a settlement amount of \$1 million with respect to the mortgage loan purchased from Luxury Mortgage Corp.

(5) Includes cash payments received that will require bankruptcy court ruling to resolve ownership issues.

(6) Post-petition Retained Earning includes a loss of \$4.2 million related to 2009, income of \$3 million related to 2010, a loss of \$10.2 million related to 2011 and a loss of \$1 million related to 2012.

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DEBTOR: TMST, Inc. f/k/a Thornburg Mortgage, Inc., et al.CASE NO: 09-17787

**Form 2-D**  
**PROFIT AND LOSS STATEMENT**

For Period From: July 1, 2013 to July 31, 2013

	<b>Current Month</b>	<b>Post-petition Accumulated Total (1)</b>
Operating Revenue		
Interest income (2)	\$ -	\$ 5,719,535
Mortgage servicing income	1,227	21,876,338
<b>Net Operating Revenue</b>	<b>1,227</b>	<b>27,595,873</b>
Total interest expense / (benefit) (3)	-	(1,195,076)
<b>Gross Profit</b>	<b>1,227</b>	<b>28,790,949</b>
Operating Expenses		
Officer Compensation	-	895,390
Selling, General and Administrative	121,596	30,924,762
Rents and Leases	5,527	1,062,563
Depreciation, Depletion and Amortization	-	668,240
Other (list): _____	-	-
_____	-	-
<b>Total Operating Expenses</b>	<b>127,123</b>	<b>33,550,955</b>
<b>Operating Income / (Loss)</b>	<b>(125,896)</b>	<b>(4,760,006)</b>
Non-Operating Income / (Expenses)		
Earnings from subsidiaries	-	3,368,902
Other Non-Operating Income (4)	-	27,328,043
<b>Net Non-Operating Income / (Expenses)</b>	<b>-</b>	<b>30,696,945</b>
Reorganization Expenses		
Legal and Professional Fees	444,619	34,526,888
Other Reorganization Expense	70,938	2,446,693
<b>Total Reorganization Expenses</b>	<b>515,557</b>	<b>36,973,581</b>
<b>Net Income / (Loss) Before Income Taxes</b>	<b>(641,453)</b>	<b>(11,036,642)</b>
Federal and State Income Tax Expense / (Benefit) (5)	-	(294,853)
<b>NET INCOME / (LOSS)</b>	<b>\$ (641,453)</b>	<b>\$ (10,741,789)</b>

(1) Accumulated Totals include all revenue and expenses since the petition date.

(2) Accumulated total includes approximately \$4.5 million of \$23.8 million in certain Owner Trust residual interest distributions that may require bankruptcy court ruling to resolve ownership issues. To be conservative, the Company has not recorded a \$19.3 million receivable or the related income.

(3) Accumulated total reflects amortization of derivatives.

(4) Accumulated total includes a \$4.1 million class action settlement distribution from Wells Fargo Mortgage-Backed Certificate Litigation, a \$3 million payment under Zuni Joint Prosecution Agreement related to settlement with Countrywide Home Loans, Inc. and Bank of America, a \$6.5 million settlement from SAF Financial, et al., a \$100 thousand settlement from Big Tree, Inc., an approximately \$1 million settlement from Bank of America, an \$8 million gain on the reorganization of Adfitech, Inc., a \$3.9 million gain on the servicing portfolio, a \$3.3 million loss incurred on the whole loan liquidation and a \$3.9 million gain on cancellation of auction swaps agreements by CSFB and RBS as reported in each entity's respective bankruptcy claim filings.

(5) In early January 2010, the Trustee signed a Consent Agreement with the Internal Revenue Service to change TMST, Inc.'s method of accounting related to the reporting of taxable income associated with REMIC regular interests. Due to the large 2009 operating losses for TMST, Inc. no tax liability was incurred.

For tax year 2010, the Trustee was advised TMST, Inc. no longer qualified as a REIT and filed a consolidated return. Due to prior net operating losses, no tax liability was incurred in 2010 or 2011.

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DEBTOR: TMST, Inc. f/k/a Thornburg Mortgage, Inc., et al.CASE NO: 09-17787Form 2-E  
SUPPORTING SCHEDULESFor Period: July 1, 2013 to July 31, 2013**POST PETITION TAXES PAYABLE SCHEDULE**

	<u>Beginning Balance</u>	<u>Amount Accrued</u>	<u>Amount Paid</u>	<u>Date Paid</u>	<u>Check Number</u>	<u>Ending Balance</u>
Income Tax Withheld						
Federal	\$ -	\$ 3,977	\$ 3,977	7/11/2013	Wire	\$ -
		3,943	3,943	7/25/2013	Wire	-
State	-	864	864	7/11/2013	Wire	-
		862	862	7/25/2013	Wire	-
FICA Tax Withheld	-	964	964	7/11/2013	Wire	-
		1,063	1,063	7/25/2013	Wire	-
Employer's FICA Tax	-	964	964	7/11/2013	Wire	-
		1,063	1,063	7/25/2013	Wire	-
Unemployment Tax						
Federal	-	-	-			-
		-	-			-
State	-	12	12	7/11/2013	Wire	-
						-
Sales, Use & Excise Taxes	-	-	-			-
Property Taxes	-	-	-			-
Accrued Income Tax						
Federal	-	-	-			-
State	-	-	-			-
<b>TOTALS</b>	<b>\$ -</b>	<b>\$ 13,712</b>	<b>\$ 13,712</b>			<b>\$ -</b>

**INSURANCE SCHEDULE**

	<u>Carrier</u>	<u>Amount of Coverage</u>	<u>Expiration Date</u>	<u>Premiums Paid Through</u>
Workers' Compensation	The Cincinnati Insurance Co.	\$ 1,000,000/incident	7/1/2014	8/31/2013
General Liability (1)	The Cincinnati Insurance Co.	\$ 1,000,000/incident	8/11/2013	8/11/2013
Property (Fire, Theft) (2)	N/A			
Vehicle (2)	N/A			
Directors & Officers (Excess)	N/A			
Directors & Officers (Primary)	N/A			
Trustee Surety Bond	Liberty Mutual Insurance Company	35,000,000	10/28/2013	10/28/2013

(1) Effective August 1, 2013, General Liability Insurance was renewed by The Cincinnati Insurance Co.

(2) Commercial Property and Vehicle coverage are included in the General Liability Commercial Package policy.

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DEBTOR: TMST, Inc. f/k/a Thornburg Mortgage, Inc., et al.CASE NO: 09-17787

**Form 2-E**  
**SUPPORTING SCHEDULES**  
For Period: 7/1/2013 to 7/31/2013

**ACCOUNTS RECEIVABLE AND POST PETITION PAYABLE AGING**

<u>Due</u>	<u>Accounts Receivable (1)</u>	<u>Post Petition Accounts Payable (2)</u>
Under 30 days	\$ -	\$ 577,830
30 to 60 days	-	449,430
61 to 90 days	-	407,665
91 to 120 days	-	75,000
Over 120 days	-	3,163,264
Unavailable	283,719 (3)	
<b>Total Post Petition</b>	<u>283,719</u>	
<b>Pre Petition Amounts</b>	<u>119,258 (3)</u>	
Total Accounts Receivable	402,977	
Less: Bad Debt Reserve	-	
<b>Net Accounts Receivable (to Form 2-C)</b>	<u>\$ 402,977</u>	
	<b>Total Post Petition Accounts Payable</b>	<u>\$ 4,673,190</u>

(1) See Exhibit B for Accounts Receivable Aging

(2) See Exhibit C for Accounts Payable Aging

(3) Receivable amounts include balances due from multiple mortgage loan holders. Aging of the balances due is not available.

**SCHEDULE OF PAYMENTS TO ATTORNEYS AND OTHER PROFESSIONALS**

	<u>Month-end Retainer Balance</u>	<u>Current Month's Accrual</u>	<u>Paid in Current Month</u>	<u>Date of Court Approval</u>	<u>Month-end Balance Due * (1)</u>
Debtor's Counsel (2)	\$ -	\$ -	\$ -		\$ -
Debtor's Special Counsel (3)	-	-	-		-
Debtor's Financial Advisor	-	-	-		191
Creditors' Committee's Counsel	100,000	3,000	23,338		71,555
Unsecured Creditors' Financial Advisor	-	-	-		10,591
Chapter 11 Trustee (4)	-	75,000	-		3,375,000
Trustee's Counsel	-	250,000	266,137		733,579
Trustee's Financial Advisor	-	100,000	74,964		294,640
Trustee's Tax Advisor (5)	-	15,000	-		25,000
Trustee's Consultant	-	-	-		17,483
Claims Agent	-	5,000	4,282		9,931
<b>Total</b>	<u>\$ 100,000</u>	<u>\$ 448,000</u>	<u>\$ 368,720</u>		<u>\$ 4,537,970</u>

\* Balance due to include fees and expenses incurred but not yet paid.

(1) Includes estimates for amounts that may be due to professionals for which an invoice for services had not been received.

(2) Retainer Balance, net of outstanding fees, was returned to TMST, Inc. on August 3, 2010

(3) Orrick, Herrington & Sutcliffe LLP is no longer Debtors' Special Counsel. The balance due became the subject of an adversary proceeding filed against Orrick, Herrington & Sutcliffe LLP and other related parties. On March 05, 2012, the Trustee's motion with The Bankruptcy Court seeking approval of a settlement of all claims asserted against SAF Financial, Inc., Orrick, Herrington & Sutcliffe LLP, Thornburg Mortgage Advisory Corporation and other individual defendants, was approved. As a result of the settlement, the Defendants made a Settlement Payment of \$6.5 million to TMST, Inc. The Settlement Payment includes payment of various amounts by all of the Defendants, including the return by Orrick of a \$334,533 retainer, the return by Orrick of \$163,818 TMST paid for post-petition services, and a waiver by Orrick of \$449,718 in unpaid fees and expenses incurred post-petition for which it was not paid.

(4) Chapter 11 Trustee commission is an estimate based on time spent performing the Trustee function at customary rates and accumulated disbursements. The actual commission awarded is subject to Bankruptcy Court approval and will vary from the estimate.

(5) The Chapter 11 Trustee was authorized to retain KPMG LLP to provide tax compliance and consulting services on May 26, 2010 pursuant to their February 26, 2010 engagement letter. Payments for services rendered prior to February 28, 2010 are reported pursuant to the Ordinary Course Professional Compensation Procedures.

Rev. 4/2008

DEBTOR: TMST, Inc. f/k/a Thornburg Mortgage, Inc., et al.

CASE NO: 09-17787

Form 2-E  
SUPPORTING SCHEDULES  
For Period: 7/1/2013 to 7/31/2013

**SCHEDULE OF PAYMENTS AND TRANSFERS TO PRINCIPALS/EXECUTIVES\*\***

<u>Payee Name</u>	<u>Position</u>	<u>Nature of Payment</u>	<u>Amount</u>
<u>N/A</u>			

\*\*List payments and transfers of any kind and in any form made to or for the benefit of any proprietor, owner, partner, shareholder, officer or director.

Rev. 4/2008

DEBTOR: TMST, Inc. f/k/a Thornburg Mortgage, Inc., et al. CASE NO: 09-17787

**Form 2-F  
DISBURSEMENT SUMMARY  
For the Month Ended: July 31, 2013**

**QUARTERLY DISBURSEMENT CALCULATION**

1.	Disbursements made in calendar quarter	TMST, Inc., et al.
	July 2013	\$ 1,023,828
	August 2013	
	September 2013	
	<b>Quarterly Total</b>	<b><u>\$ 1,023,828</u></b>

**FEE SCHEDULE**

<u>Quarterly Disbursements</u>	<u>Fee</u>	<u>Quarterly Disbursements</u>	<u>Fee</u>
\$0 to \$14,999.....	\$325	\$1,000,000 to \$1,999,999.....	\$6,500
\$15,000 to \$74,999.....	\$650	\$2,000,000 to \$2,999,999.....	\$9,750
\$75,000 to \$149,999.....	\$975	\$3,000,000 to \$4,999,999.....	\$10,400
\$150,000 to \$224,999.....	\$1,625	\$5,000,000 to \$14,999,999.....	\$13,000
\$225,000 to \$299,999.....	\$1,950	\$15,000,000 to \$29,999,999.....	\$20,000
\$300,000 to \$999,999.....	\$4,875	\$30,000,000 or more.....	\$30,000

*Interest will be assessed on Chapter 11 quarterly fees not paid by the end of the month following the end of the calendar quarter pursuant to 31 U.S.C. Sec. 3717. The interest rate assessed is the rate in effect as determined by the Treasury Department at the time the account becomes past due.*

*Failure to pay the quarterly fee is cause for conversion or dismissal of the chapter 11 case. [11 U.S.C. Sec. 1112(b)(10)]*

System: 8/9/2013 11:51:10 AM  
User Date: 8/7/2013

TMST, Inc. f/k/a Thornburg Mor  
RECONCILIATION POSTING JOURNAL  
Bank Reconciliation

Page: 1 EXHIBIT A  
User ID: nvelasco

Audit Trail Code: CMADJ00000134  
Checkbook ID: TMA  
Description: New Mexico Bank & Trust

Bank Statement Ending Balance: \$14,318,085.00  
Bank Statement Ending Date: 7/1/2013  
Cutoff Date: 7/31/2013

Statement Ending Balance	\$14,318,085.00
Outstanding Checks (-)	\$303.19
Deposits in Transit (+)	\$0.00
Adjusted Bank Balance	\$14,317,781.81
Checkbook Balance as of Cutoff	\$14,317,781.81
Adjustments	\$0.00
Adjusted Book Balance	\$14,317,781.81
Difference	\$0.00

System: 8/9/2013 11:51:12 AM  
 User Date: 8/7/2013

TMST, Inc. f/k/a Thornburg Mor  
 OUTSTANDING TRANSACTIONS REPORT  
 Bank Reconciliation

Page: 1 EXHIBIT A  
 User ID: nvelasco

Checkbook ID: TMA  
 Description: New Mexico Bank & Trust  
 Sorted By: Type

Type	Number	Date	Paid To/Rcvd From	Trx Amount
CHK	7891	4/19/2013	State of Missouri	
CHK	7934	6/17/2013	[REDACTED]	(\$25.00)
CHK	7949	7/18/2013	[REDACTED]	(\$186.53)
				(\$91.66)

3 Transaction(s)

Totals:  
 Number of Payments 3  
 Amount of Payments \$303.19  
 Number of Deposits 0  
 Amount of Deposits \$0.00

PHONE 505-830-8100 ALBUQUERQUE  
 PHONE 505-946-2500 SANTA FE  
 PHONE 575-762-4741 CLOVIS  
 NEW MEXICO BANK & TRUST  
 PO BOX 1048  
 ALBUQUERQUE NM 87103-1048



Right now may be the perfect time to buy a new or used auto as 2014 models continue rolling onto dealer lots and auto loan rates are still low. Smart borrowers shop for financing and obtain pre-approval before visiting car dealerships. Getting pre-approved for a car loan is the closest you can come to reaping the benefit of paying with cash while not having to save up for months or years in advance. Act now while rates are low. Call or visit a personal banker today!

\*\*\*\*\*EXCLUDE-Email  
 12173 0.9020 EX 0.000 20 4 7639

TMST INC  
 DIP CASE # 09 17787  
 125 LINCOLN AVE SUITE 100  
 SANTA FE NM 87501

\*\*\*\*\*822  
 PAGE NUMBER 1  
 STATEMENT DATE 07-31-13  
 ENC 33

ACCOUNT TYPE: REGULAR CHECKING  
 ACCOUNT NUMBER: \*\*\*\*\*822

BEGINNING BALANCE 06-30-13	15,420,183.56
+ DEPOSITS AND OTHER CREDITS	4,150.61
- CHECKS AND OTHER WITHDRAWALS	1,106,249.17
- SERVICE FEES	.00
ENDING BALANCE 07-31-13	14,318,085.00

**DEPOSITS AND OTHER CREDITS**

DATE	DESCRIPTION	AMOUNT
07/02/13	WIRE IN OZ MANAGEMENT LP	2,923.20
07/25/13	WIRE IN RESIDENTIAL FUNDING CO	424.85
07/25/13	WIRE IN WELLS FARGO	196.14
07/25/13	WIRE IN WELLS FARGO	476.87
07/25/13	WIRE IN WELLS FARGO	129.55

TOTAL # CREDITS 5 TOTAL CREDITS 4,150.61

**CHECKS PAID**

NUMBER	AMOUNT	DATE	NUMBER	AMOUNT	DATE
7873	225.00	07/09/13	7944	689.46	07/26/13
7922*	344.08	07/02/13	7945	22.48	07/24/13
7923	1,081.88	07/01/13	7946	1,566.80	07/24/13
7924	66,300.00	07/01/13	7947	151.72	07/23/13
7925	1,000.00	07/02/13	7948	21.35	07/19/13
7926	689.47	07/01/13	7950*	45,821.00	07/23/13
7928*	606.92	07/03/13	7951	477.00	07/24/13
7932*	2,065.20	07/02/13	7952	6,400.00	07/19/13
7935*	5,526.83	07/01/13	7953	6,722.80	07/23/13
7936	2,535.18	07/23/13	7954	119,000.00	07/23/13
7937	8.98	07/22/13	7955	12,176.84	07/23/13
7938	1,081.88	07/23/13	7956	5,526.83	07/23/13
7939	2,065.20	07/23/13	7957	9,750.00	07/30/13
7940	4,281.60	07/23/13	7958	9,750.00	07/30/13
7941	534.52	07/24/13	7959	325.00	07/30/13
7942	194.15	07/24/13	7960	325.00	07/30/13
7943	2,575.00	07/22/13			

TOTAL # CHECKS PAID 33 TOTAL CHECKS PAID 309,842.17

**OTHER WITHDRAWALS**

DATE	DESCRIPTION	AMOUNT
07/10/13	WIRE OUT ADP TAX SVCS INC. REV	14,149.36
07/10/13	WIRE OUT Favor Quinn Emanuel U	18,818.11
07/10/13	WIRE OUT Tydings Rosenberg	2,874.80
07/10/13	WIRE OUT Tydings Rosenberg	1,645.40
07/10/13	WIRE OUT Goldin Associates	74,964.00
07/10/13	WIRE OUT Shapiro Sher Guinot &	266,136.54
07/11/13	WIRE OUT ADP PAYROLL TAX DEPOS	6,781.13
07/18/13	WIRE OUT [REDACTED]	71,250.00
07/18/13	WIRE OUT [REDACTED]	313,806.00
07/24/13	IB TFR TO 003161002989	5,000.00

CONTINUED ON NEXT PAGE



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 PHONE 505-946-2500 SANTA FE  
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 NEW MEXICO BANK & TRUST  
 PO BOX 1048  
 ALBUQUERQUE NM 87103-1048



Right now may be the perfect time to buy a new or used auto as 2014 models continue rolling onto dealer lots and auto loan rates are still low. Smart borrowers shop for financing and obtain pre-approval before visiting car dealerships. Getting pre-approved for a car loan is the closest you can come to reaping the benefit of paying with cash while not having to save up for months or years in advance. Act now while rates are low. Call or visit a personal banker today!

TMST INC  
 DIP CASE # 09 17787  
 125 LINCOLN AVE SUITE 100  
 SANTA FE NM 87501

\*\*\*\*\*822  
 PAGE NUMBER 2  
 STATEMENT DATE 07-31-13

DATE	DESCRIPTION	AMOUNT
07/24/13	WIRE OUT ADP TAX SVCS INC. REV	14,051.09
07/25/13	WIRE OUT ADP PAYROLL TAX DEPOS	6,930.57

TOTAL # OTHER WITHDRAWALS 12 TOTAL OTHER WITHDRAWALS 796,407.00

**BALANCE SUMMARY**

DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
06/30/13	15,420,183.56	07/10/13	14,966,679.17	07/23/13	14,366,473.66
07/01/13	15,346,585.38	07/11/13	14,959,898.04	07/24/13	14,344,627.62
07/02/13	15,346,099.30	07/18/13	14,574,842.04	07/25/13	14,338,924.46
07/03/13	15,345,492.38	07/19/13	14,568,420.69	07/26/13	14,338,235.00
07/09/13	15,345,267.38	07/22/13	14,565,836.71	07/30/13	14,318,085.00

CONTINUED ON NEXT PAGE

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 PHONE 576-762-4741 CLOVIS  
 NEW MEXICO BANK & TRUST  
 PO BOX 1048  
 ALBUQUERQUE NM 87103-1048



\*\*\*\*\*EXCLUDE-Email  
 6731 0.5860 EX 0.000 20 4 2197

Right now may be the perfect time to buy a new or used auto as 2014 models continue rolling onto dealer lots and auto loan rates are still low. Smart borrowers shop for financing and obtain pre-approval before visiting car dealerships. Getting pre-approved for a car loan is the closest you can come to reaping the benefit of paying with cash while not having to save up for months or years in advance. Act now while rates are low. Call or visit a personal banker today!

THORNBURG MORTGAGE INC  
 UTILITY ACCOUNT  
 DIP CASE #09-17787  
 2300 NORTH RIDGETOP RD  
 SANTA FE NM 87506

\*\*\*\*\*807  
 PAGE NUMBER 1  
 STATEMENT DATE 07-31-13

ACCOUNT TYPE: BUSINESS PREMIUM MONEY MARKET  
 ACCOUNT NUMBER: \*\*\*\*\*807

BEGINNING BALANCE 06-30-13	5,526.92
+ DEPOSITS AND OTHER CREDITS	.00
+ INTEREST PAID	.09
- CHECKS AND OTHER WITHDRAWALS	.00
- SERVICE FEES	.00
ENDING BALANCE 07-31-13	5,527.01

**INTEREST SUMMARY**

INTEREST EARNED FROM 07/01/13 THROUGH 07/31/13	
DAYS IN PERIOD 31	
INTEREST EARNED THIS PERIOD	.09
ANNUAL PERCENTAGE YIELD EARNED	.02%
INTEREST PAID THIS STATEMENT	.09
INTEREST WITHHELD THIS STATEMENT	.00
INTEREST PAID THIS YEAR	.79
INTEREST WITHHELD THIS YEAR	.00

**DEPOSITS AND OTHER CREDITS**

DATE	DESCRIPTION	AMOUNT
07/31/13	INTEREST PAID	.09
TOTAL # CREDITS	1	TOTAL CREDITS .09

**BALANCE SUMMARY**

DATE	BALANCE	DATE	BALANCE
06/30/13	5,526.92		
07/31/13	5,527.01		

END OF STATEMENT

PHONE 505-830-8100 ALBUQUERQUE  
 PHONE 505-946-2500 SANTA FE  
 PHONE 575-762-4741 CLOVIS  
 NEW MEXICO BANK & TRUST  
 PO BOX 1048  
 ALBUQUERQUE NM 87103-1048



\*\*\*\*\*EXCLUDE-Email  
 5291 0.5860 EX 0.000 20 4 757

Right now may be the perfect time to buy a new or used auto as 2014 models continue rolling onto dealer lots and auto loan rates are still low. Smart borrowers shop for financing and obtain pre-approval before visiting car dealerships. Getting pre-approved for a car loan is the closest you can come to reaping the benefit of paying with cash while not having to save up for months or years in advance. Act now while rates are low. Call or visit a personal banker today!

TMST HOME LOANS INC  
 DIP CASE # 09 17787  
 125 LINCOLN AVE SUITE 100  
 SANTA FE NM 87501

PAGE NUMBER \*\*\*\*\*954  
 STATEMENT DATE 1  
 07-31-13

ACCOUNT TYPE: REGULAR CHECKING  
 ACCOUNT NUMBER: \*\*\*\*\*954

BEGINNING BALANCE	06-30-13		1,196.38
+ DEPOSITS AND OTHER CREDITS			.00
- CHECKS AND OTHER WITHDRAWALS			.00
- SERVICE FEES			.00
ENDING BALANCE	07-31-13		1,196.38

**BALANCE SUMMARY**

DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
06/30/13	1,196.38				

END OF STATEMENT

PHONE 505-830-8100 ALBUQUERQUE  
 PHONE 505-946-2500 SANTA FE  
 PHONE 575-762-4741 CLOVIS  
 NEW MEXICO BANK & TRUST  
 PO BOX 1048  
 ALBUQUERQUE NM 87103-1048



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Right now may be the perfect time to buy a new or used auto as 2014 models continue rolling onto dealer lots and auto loan rates are still low. Smart borrowers shop for financing and obtain pre-approval before visiting car dealerships. Getting pre-approved for a car loan is the closest you can come to reaping the benefit of paying with cash while not having to save up for months or years in advance. Act now while rates are low. Call or visit a personal banker today!

TMST HOME LOANS INC  
 DIP CASE # 09 17787  
 125 LINCOLN AVE SUITE 100  
 SANTA FE NM 87501

\*\*\*\*\*989  
 PAGE NUMBER 1  
 STATEMENT DATE 07-31-13

ACCOUNT TYPE: REGULAR CHECKING  
 ACCOUNT NUMBER: \*\*\*\*\*989

BEGINNING BALANCE	06-30-13	518.47
+ DEPOSITS AND OTHER CREDITS		5,000.00
- CHECKS AND OTHER WITHDRAWALS		326.32
- SERVICE FEES		.00
ENDING BALANCE	07-31-13	5,192.15

DEPOSITS AND OTHER CREDITS

DATE	DESCRIPTION	AMOUNT
07/24/13	IB TFR FR 003161002822 123811001291	5,000.00
TOTAL # CREDITS	1	TOTAL CREDITS 5,000.00

OTHER WITHDRAWALS

DATE	DESCRIPTION	AMOUNT
07/05/13	ADP PAYROLL FEES ADP - FEES GS ADVISORS, LLC	100.48
07/19/13	ADP PAYROLL FEES ADP - FEES GS ADVISORS, LLC	147.09
07/26/13	ADP PAYROLL FEES ADP - FEES GS ADVISORS, LLC	78.75
TOTAL # OTHER WITHDRAWALS	3	TOTAL OTHER WITHDRAWALS 326.32

BALANCE SUMMARY

DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
06/30/13	518.47	07/19/13	270.90	07/26/13	5,192.15
07/05/13	417.99	07/24/13	5,270.90		

END OF STATEMENT

PHONE 505-830-8100 ALBUQUERQUE  
 PHONE 505-946-2500 SANTA FE  
 PHONE 575-762-4741 CLOVIS  
 NEW MEXICO BANK & TRUST  
 PO BOX 1048  
 ALBUQUERQUE NM 87103-1048



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TMST HEDGING STRATEGIES INC  
 DIP CASE # 09 17787  
 125 LINCOLN AVE SUITE 100  
 SANTA FE NM 87501

Right now may be the perfect time to buy a new or used auto as 2014 models continue rolling onto dealer lots and auto loan rates are still low. Smart borrowers shop for financing and obtain pre-approval before visiting car dealerships. Getting pre-approved for a car loan is the closest you can come to reaping the benefit of paying with cash while not having to save up for months or years in advance. Act now while rates are low. Call or visit a personal banker today!

PAGE NUMBER \*\*\*\*\*856  
 STATEMENT DATE 07-31-13

ACCOUNT TYPE: REGULAR CHECKING  
 ACCOUNT NUMBER: \*\*\*\*\*856

BEGINNING BALANCE 06-30-13	446,393.00
+ DEPOSITS AND OTHER CREDITS	.00
- CHECKS AND OTHER WITHDRAWALS	.00
- SERVICE FEES	.00
ENDING BALANCE 07-31-13	446,393.00

**BALANCE SUMMARY**

DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
06/30/13	446,393.00				

END OF STATEMENT

PHONE 505-830-8100 ALBUQUERQUE  
 PHONE 505-946-2500 SANTA FE  
 PHONE 575-762-4741 CLOVIS  
 NEW MEXICO BANK & TRUST  
 PO BOX 1048  
 ALBUQUERQUE NM 87103-1048



Right now may be the perfect time to buy a new or used auto as 2014 models continue rolling onto dealer lots and auto loan rates are still low. Smart borrowers shop for financing and obtain pre-approval before visiting car dealerships. Getting pre-approved for a car loan is the closest you can come to reaping the benefit of paying with cash while not having to save up for months or years in advance. Act now while rates are low. Call or visit a personal banker today!

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 5332 0.5860 EX 0.000 20 4 798

TMST INC  
 125 LINCOLN AVE SUITE 100  
 SANTA FE NM 87501

\*\*\*\*\*842  
 PAGE NUMBER 1  
 STATEMENT DATE 07-31-13

ACCOUNT TYPE: REGULAR CHECKING  
 ACCOUNT NUMBER: \*\*\*\*\*842

BEGINNING BALANCE 06-30-13	4,000,000.00
+ DEPOSITS AND OTHER CREDITS	.00
- CHECKS AND OTHER WITHDRAWALS	.00
- SERVICE FEES	.00
ENDING BALANCE 07-31-13	4,000,000.00

BALANCE SUMMARY

DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
06/30/13	4,000,000.00				

END OF STATEMENT

EXHIBIT A



THE BANK OF  
NEW YORK MELLON  
The Bank of New York Mellon  
Trust Company, N.A.

THORNBURG-CS LIQUIDITY FD AC  
Account # [REDACTED] 9638  
July 31, 2013

0015522

PAGE 1 OF 4

PRIMARY OF ASSETS HELD

	MARKET VALUE	TOTAL COST	ACCRUED INCOME	EST ANN INCOME	% A/C
XED INCOME INVESTMENTS	1,001.76	1,001.76	.00	.10	99.95
SH	.42	.42	.00	.00	.04
ACCOUNT TOTALS	\$1,002.18	\$1,002.18	\$ .00	\$ .10	100.00
TOTAL MARKET VALUE PLUS TOTAL ACCRUED INCOME	\$1,002.18				

EXHIBIT A



THE BANK OF  
NEW YORK MELLON  
The Bank of New York Mellon  
Trust Company, N.A.

THORNBURG-CS LIQUIDITY FD CASH AC  
Account 9639  
July 31, 2013

0015525

PAGE 1 OF 4

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

PRIMARY OF ASSETS HELD

	MARKET VALUE	TOTAL COST	ACCRUED INCOME	EST ANNUAL INCOME	% A/C
ISH	.00	.00	.00	.00	
ACCOUNT TOTALS	\$ .00	\$ .00	\$ .00	\$ .00	100.00
ITAL MARKET VALUE PLUS TOTAL ACCRUED INCOME	\$ .00				\$ .00



SUNTRUST BANK  
 P O BOX 622227  
 ORLANDO FL 32862-2227

Page 1 of 2  
 66/E00/0175/0 /72  
 ██████████9681  
 07/31/2013  
 0000



Account Statement



JOEL I SHER CHAPTER 11 TRUSTEE  
 FOR TMST INC  
 CASE # 09-17787  
 SHAPIRO, SHER, GUINOT, & SANDLER  
 36 S CHARLES ST FL 20  
 BALTIMORE MD 21201-3104

Questions? Please call  
 1-800-786-8787

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Account Summary	Account Type	Account Number	Statement Period
	PRIMARY BUSINESS CHECKING	██████████9681	07/01/2013 - 07/31/2013

Description	Amount	Description	Amount
Beginning Balance	\$10,856,005.65	Average Balance	\$10,856,005.65
Deposits/Credits	\$ .00	Average Collected Balance	\$10,856,005.65
Checks	\$ .00	Number of Days in Statement Period	31
Withdrawals/Debits	\$ .00		
Ending Balance	\$10,856,005.65		

Balance Activity History	Date	Balance	Collected Balance	Date	Balance	Collected Balance
	07/31	10,856,005.65	10,856,005.65			

5-91

**TMSI, Inc. f/k/a Thornburg Mortgage, Inc., et al.**  
**Accounts Receivable**  
**As of July 31, 2013**

**Exhibit B**

Post Petition	Date	Amount	Under 30 days	30 to 60 days	61 to 90 days	91 to 120 days	Over 120 days	Unavailable
Borrower Escrow Advance Balance	(1) Various	272,828	-	-	-	-	-	272,828
Borrower Corporate Advance Balance	(1) Various	10,828	-	-	-	-	-	10,828
Borrower Inspection Fees	(1) Various	63	-	-	-	-	-	63
<b>Total Post Petition Accounts Receivable</b>		<b>\$ 283,719</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 283,719</b>

Pre Petition	Date	Amount
Borrower Escrow Advance Balance	(1) Various	119,108
Borrower Inspection Fees	(1) Various	150
<b>Total Pre Petition Accounts Receivable</b>		<b>\$ 119,258</b>

(1) Receivable amounts include balances due from multiple mortgage loan holders. Aging of the balances due is not available.

**TMST, Inc. f/k/a Thornburg Mortgage, Inc., et al.**  
**Post Petition Accounts Payable**  
**As of July 31, 2013**

**Exhibit C**

Vendor	Date	Amount	Under 30 days	30 to 60 days	61 to 90 days	91 to 120 days	Over 120 days
Chapter 11 Trustee_Joel I. Sher	11/30/09	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	12/31/09	75,000	-	-	-	-	75,000
Quinn Emanuel Urquhart Oliver & Hedges	12/31/09	60,000	-	-	-	-	60,000
Chapter 11 Trustee_Joel I. Sher	01/31/10	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	02/28/10	75,000	-	-	-	-	75,000
Protviti Inc.	02/28/10	191	-	-	-	-	191
Chapter 11 Trustee_Joel I. Sher	03/31/10	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	04/30/10	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	05/31/10	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	06/30/10	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	07/31/10	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	08/31/10	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	09/30/10	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	10/31/10	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	11/30/10	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	12/31/10	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	01/31/11	75,000	-	-	-	-	75,000
J.H. Cohn LLP	01/31/11	3,749	-	-	-	-	3,749
Chapter 11 Trustee_Joel I. Sher	02/28/11	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	03/31/11	75,000	-	-	-	-	75,000
J.H. Cohn LLP	03/31/11	1,737	-	-	-	-	1,737
Chapter 11 Trustee_Joel I. Sher	04/30/11	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	05/31/11	75,000	-	-	-	-	75,000
J.H. Cohn LLP	05/31/11	1,664	-	-	-	-	1,664
Chapter 11 Trustee_Joel I. Sher	06/30/11	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	07/31/11	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	08/31/11	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	09/30/11	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	10/31/11	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	11/30/11	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	12/31/11	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	01/31/12	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	02/29/12	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	03/31/12	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	04/30/12	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	05/31/12	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	06/30/12	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	07/31/12	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	08/31/12	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	09/30/12	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	10/31/12	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	11/30/12	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	12/31/12	75,000	-	-	-	-	75,000
Broadsolutions, LLC	01/31/13	6,563	-	-	-	-	6,563
Chapter 11 Trustee_Joel I. Sher	01/31/13	75,000	-	-	-	-	75,000
Cohnreznick LLP (f/k/a J.H. Cohn LLP)	01/31/13	3,441	-	-	-	-	3,441
Broadsolutions, LLC	02/28/13	4,935	-	-	-	-	4,935
Chapter 11 Trustee_Joel I. Sher	02/28/13	75,000	-	-	-	-	75,000

**TMST, Inc. f/k/a Thornburg Mortgage, Inc., et al.**  
**Post Petition Accounts Payable**  
**As of July 31, 2013**

Exhibit C

Vendor	Date	Amount	Under 30 days	30 to 60 days	61 to 90 days	91 to 120 days	Over 120 days
Broadsolutions, LLC	03/31/13	5,985	-	-	-	-	5,985
Chapter 11 Trustee_Joel I. Sher	03/31/13	75,000	-	-	-	-	75,000
Chapter 11 Trustee_Joel I. Sher	04/30/13	75,000	-	-	-	75,000	-
Chapter 11 Trustee_Joel I. Sher	05/31/13	75,000	-	-	75,000	-	-
Goldin Associates, LLC	05/31/13	92,811	-	-	92,811	-	-
Shapiro Sher Guinot & Sandler	05/31/13	233,579	-	-	233,579	-	-
Tydings & Rosenberg LLP	05/31/13	6,276	-	-	6,276	-	-
LegalLink, Inc.	06/11/13	241	-	241	-	-	-
Chapter 11 Trustee_Joel I. Sher	06/30/13	75,000	-	75,000	-	-	-
Equi Bankruptcy Solutions, LLC	06/30/13	4,931	-	4,931	-	-	-
Goldin Associates, LLC	06/30/13	101,830	-	101,830	-	-	-
KPMG LLP	06/30/13	15,000	-	15,000	-	-	-
Shapiro Sher Guinot & Sandler	06/30/13	250,000	-	250,000	-	-	-
Tydings & Rosenberg LLP	06/30/13	2,421	-	2,421	-	-	-
AT&T TeleConference	07/01/13	7	-	7	-	-	-
The Cincinnati Insurance Company	07/18/13	6,400	6,400	-	-	-	-
TMST Employee	07/18/13	82	82	-	-	-	-
FedEx	07/19/13	70	70	-	-	-	-
TMST Contract Employee	07/19/13	8,800	8,800	-	-	-	-
FrontBridge Technologies, Inc.	07/24/13	2,575	2,575	-	-	-	-
Chapter 11 Trustee_Joel I. Sher	07/31/13	75,000	75,000	-	-	-	-
Crystal Springs	07/31/13	36	36	-	-	-	-
Equi Bankruptcy Solutions, LLC	07/31/13	5,000	5,000	-	-	-	-
Goldin Associates, LLC	07/31/13	100,000	100,000	-	-	-	-
Iron Mountain Information Management	07/31/13	625	625	-	-	-	-
KPMG LLP	07/31/13	10,000	10,000	-	-	-	-
Shapiro Sher Guinot & Sandler	07/31/13	250,000	250,000	-	-	-	-
TBCConsulting	07/31/13	47,991	47,991	-	-	-	-
TMST Advisor	07/31/13	17,223	17,223	-	-	-	-
TMST Advisor	07/31/13	23,825	23,825	-	-	-	-
TMST Advisor	07/31/13	16,950	16,950	-	-	-	-
TMST Contract Employee	07/31/13	2,600	2,600	-	-	-	-
Tydings & Rosenberg LLP	07/31/13	2,858	2,858	-	-	-	-
Payroll Accrual	07/31/13	7,796	7,796	-	-	-	-
Post Petition Accounts Payable		\$ 4,673,190	\$ 577,830	\$ 449,430	\$ 407,665	\$ 75,000	\$ 3,163,264

NOTE: Includes estimates for amounts that may be due to professionals for which an invoice for services had not been received. Amounts asserted by vendors may be subject to adjustments and bankruptcy court approval.

DEBTOR: TMST, Inc. f/k/a Thornburg Mortgage, Inc., et al. CASE NO: 09-17787

Exhibit D

For Period Ending July 31, 2013

**EXPLANATORY STATEMENT  
RESERVATION OF RIGHTS AND GLOBAL FOOTNOTES  
FOR MONTHLY OPERATING REPORT**

The Trustee reserve all rights to dispute the amount, allowance, priority, treatment and/or secured or other status of any and all claims against the Debtors or their estates referred to herein. The Trustee reserve the right to (a) amend and supplement this Monthly Operating Report from time to time, and (b) assert any and all potential claims and causes of action of the Debtors' estates regardless of whether such claim or cause of action is identified herein.

Any values presented are not and should not be deemed to be an admission, representation or waiver with respect to the actual value of any asset or amount of any liability or claim. The actual realizable value and/or fair market value of assets, liabilities and claims may differ significantly from the values presented.

The Trustee prepared this Monthly Operating Report with the assistance of his financial advisor, Goldin Associates, LLC ("Goldin"), based upon the information available to date. This Monthly Operating Report does not purport to present financial statements in accordance with Generally Accepted Accounting Principles, and the information contained herein has not been subjected to audit or review by Goldin or any other party on behalf of the Trustee.

This Explanatory Statement, Reservation of Rights and Global Footnotes is hereby incorporated by reference into, and comprises an integral part of, the Debtors' Monthly Operating Report and should be referred to and considered in connection with any review of the report.