

Hearing Date and Time: December 16, 2021 at 11:00 a.m. (prevailing Eastern Time)  
Objection Date and Time: December 9, 2021 at 4:00 p.m. (prevailing Eastern Time)

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

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<b>In re</b>	:	<b>Chapter 11</b>
	:	
<b>DITECH HOLDING CORPORATION, <i>et al.</i>,</b>	:	<b>Case No. 19-10412 (JLG)</b>
	:	
<b>Debtors.<sup>1</sup></b>	:	<b>(Jointly Administered)</b>
	:	
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**NOTICE OF HEARING ON WIND DOWN ESTATES' MOTION  
FOR ENTRY OF ORDER IN AID OF EXECUTION OF THIRD AMENDED  
JOINT CHAPTER 11 PLAN OF DITECH HOLDING CORPORATION AND ITS  
AFFILIATED DEBTORS (I) AUTHORIZING SECOND EXTENSION OF UNCLAIMED  
BORROWER FUNDS DEADLINE AND (II) GRANTING RELATED RELIEF**

<sup>1</sup> On September 26, 2019, the Court confirmed the *Third Amended Joint Chapter 11 Plan of Ditech Holding Corporation and Its Affiliated Debtors* (ECF No. 1404) (the "**Plan**"), which created the Wind Down Estates. The Wind Down Estates, along with the last four digits of their federal tax identification number, as applicable, are Ditech Holding Corporation (0486); DF Insurance Agency LLC (6918); Ditech Financial LLC (5868); Green Tree Credit LLC (5864); Green Tree Credit Solutions LLC (1565); Green Tree Insurance Agency of Nevada, Inc. (7331); Green Tree Investment Holdings III LLC (1008); Green Tree Servicing Corp. (3552); Marix Servicing LLC (6101); Walter Management Holding Company LLC (9818); and Walter Reverse Acquisition LLC (8837). The Wind Down Estates' principal offices are located at 2600 South Shore Blvd., Suite 300, League City, TX 77573.

**PLEASE TAKE NOTICE** that, on December 2, 2021 Ditech Holding Corporation (f/k/a Walter Investment Management Corp.) and its debtor affiliates (excluding Reorganized RMS) (collectively, the “**Wind Down Estates**”) filed the *Motion of Wind Down Estates for Entry of Order in Aid of Execution of Third Amended Joint Chapter 11 Plan of Ditech Holding Corporation and its Affiliated Debtors (I) Authorizing Second Extension of Unclaimed Borrower Funds Deadline and (II) Granting Related Relief* (the “**Motion**”).

**PLEASE TAKE FURTHER NOTICE** that any responses or objections (the “**Objections**”) to the Motion shall be in writing, shall conform to the Bankruptcy Rules and the Local Rules, shall be filed with the Bankruptcy Court (i) by attorneys practicing in the Bankruptcy Court, including attorneys admitted *pro hac vice*, electronically in accordance with General Order M-399 (which can be found at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov)), and (ii) by all other parties in interest, on a CD-ROM, in text-searchable portable document format (PDF) (with a hard copy delivered directly to Chambers), in accordance with the customary practices of the Bankruptcy Court and General Order M-399, to the extent applicable, and shall be served in accordance with the *Order Implementing Certain Notice and Case Management Procedures* (ECF No. 211) (the “**Case Management Order**”), so as to be filed and received no later than **December 9, 2021 at 4:00 p.m. (prevailing Eastern Time)** (the “**Objection Deadline**”).

**PLEASE TAKE FURTHER NOTICE** that, if a written Objection is timely filed, a hearing (the “**Hearing**”) to consider the Motion will be held before the Honorable James L. Garrity, Jr., United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of New York, Courtroom 723, One Bowling Green, New York, New York 10004 (the “**Bankruptcy Court**”) on **December 16, 2021 at 11:00 a.m. (prevailing Eastern Time)**, or as soon thereafter as counsel may be heard.

**PLEASE TAKE FURTHER NOTICE** that, if an Objection to the Motion is not received by the Objection Deadline, the Court may enter the Proposed Order granting the relief sought without further notice.

Dated: December 2, 2021  
New York, New York

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*Attorneys for Plan Administrator  
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**Objection Deadline: December 9, 2021 at 4:00 p.m. (prevailing Eastern Time)**  
**Hearing Date and Time: December 16, 2021 at 11:00 a.m. (prevailing Eastern Time)**

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

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In re	:	Chapter 11
	:	
DITECH HOLDING CORPORATION, <i>et al.</i> ,	:	Case No. 19-10412 (JLG)
	:	
Debtors. <sup>1</sup>	:	(Jointly Administered)
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**MOTION OF WIND DOWN ESTATES FOR ENTRY OF ORDER IN  
AID OF EXECUTION OF THIRD AMENDED JOINT CHAPTER 11 PLAN  
OF DITECH HOLDING CORPORATION AND ITS AFFILIATED  
DEBTORS (I) AUTHORIZING SECOND EXTENSION OF UNCLAIMED  
BORROWER FUNDS DEADLINE AND (II) GRANTING RELATED RELIEF**

TO THE HONORABLE JAMES L. GARRITY, JR.,  
UNITED STATES BANKRUPTCY JUDGE:

Ditech Holding Corporation (f/k/a Walter Investment Management Corp.) and its  
debtor affiliates (excluding Reorganized RMS) (collectively, the “**Wind Down Estates**”),<sup>2</sup>  
submit this motion (the “**Motion**”) and respectfully represent as follows:

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<sup>1</sup> On September 26, 2019, the Court confirmed the *Third Amended Joint Chapter 11 Plan of Ditech Holding Corporation and Its Affiliated Debtors* (ECF No. 1404) (the “**Plan**”), which created the Wind Down Estates. The Wind Down Estates, along with the last four digits of each of their federal tax identification number, as applicable, are Ditech Holding Corporation (0486); DF Insurance Agency LLC (6918); Ditech Financial LLC (5868); Green Tree Credit LLC (5864); Green Tree Credit Solutions LLC (1565); Green Tree Insurance Agency of Nevada, Inc. (7331); Green Tree Investment Holdings III LLC (1008); Green Tree Servicing Corp. (3552); Marix Servicing LLC (6101); Walter Management Holding Company LLC (9818); and Walter Reverse Acquisition LLC (8837). The Wind Down Estates’ principal offices are located at 2600 South Shore Blvd., Suite 300, League City, TX 77573.

**Preliminary Statement**

1. On October 8, 2020, the Wind Down Estates filed a motion in aid of execution of the Plan seeking to establish certain procedures to satisfy their obligations pursuant to the Plan and the Confirmation Order with respect to the Unclaimed Borrower Funds held by the Wind Down Estates and, to the extent possible, to return the Unclaimed Borrower Funds to the applicable Borrowers.<sup>3</sup> At the time of filing of the Unclaimed Borrower Funds Motion in October 2020, the Wind Down Estates held approximately \$113 million on account of Unclaimed Borrower Funds.

2. On January 12, 2021, the Court entered the Unclaimed Borrower Funds Order (a) authorizing the Plan Administrator to return Unclaimed Borrower Funds held by the Wind Down Estates to Ascertained Borrowers in accordance with certain procedures set forth therein; (b) establishing procedures for Remaining Borrowers to submit requests for the return of Unclaimed Borrower Funds in accordance with certain procedures set forth therein; and (c) establishing the date that is 180 days after the date of entry of the Unclaimed Borrower Funds Order, i.e., July 11, 2021, as a deadline (the “**Unclaimed Borrower Funds Deadline**”), after which the Plan Administrator and the Wind Down Estates (i) could cease any efforts to locate

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<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Plan, the *Order Confirming Third Amended Joint Chapter 11 Plan of Ditech Holding Corporation and Its Affiliated Debtors* (ECF No. 1404) (the “**Confirmation Order**”), or the *Order Granting Motion of Plan Administrator for Entry of Order in Aid of Execution of Third Amended Joint Chapter 11 Plan of Ditech Holding Corporation and Its Affiliated Debtors (I) Authorizing Plan Administrator to Return Unclaimed Borrower Funds to Ascertained Borrowers, if Any, (II) Establishing Procedures for Remaining Borrowers to Submit Requests for Return of Unclaimed Borrower Funds, (III) Establishing Special Deadline After Which Wind Down Estates Will Cease Efforts to Locate Borrowers and to Return Unclaimed Borrower Funds, and (IV) Granting Related Relief* (ECF No. 3159) (the “**Unclaimed Borrower Funds Order**”), as applicable.

<sup>3</sup> See *Motion of Plan Administrator for Entry of Order in Aid of Execution of Third Amended Joint Chapter 11 Plan of Ditech Holding Corporation and Its Affiliated Debtors (I) Authorizing Plan Administrator to Return Unclaimed Borrower Funds to Ascertained Borrowers, if Any, (II) Establishing Procedures for Remaining Borrowers to Submit Requests for Return of Unclaimed Borrower Funds, (III) Establishing Special Deadline After Which Wind Down Estates Will Cease Efforts to Locate Borrowers and to Return Unclaimed Borrower Funds, and (IV) Granting Related Relief* (ECF No. 2874) (the “**Unclaimed Borrower Funds Motion**”).

Borrowers who fail to comply with the procedures set forth therein and any efforts to return Unclaimed Borrower Funds to such Borrowers, and (ii) would seek additional relief from the Court with respect to the administration and distribution of any remaining Unclaimed Borrower Funds.

3. On August 9, 2021, the Court entered an order extending the Unclaimed Borrower Funds Deadline through and including January 7, 2022.<sup>4</sup> Importantly, the First Extension Order was without prejudice to the rights of the Wind Down Estates to seek authorization to modify or supplement the relief granted therein, including requesting to further extend the Unclaimed Borrower Funds Deadline. *See* First Extension Order at ¶5. During the extended period, the Wind Down Estates agreed to advance the process for addressing and trying to resolve any disputes regarding any Remaining Unclaimed Borrower Funds—i.e. any Unclaimed Borrower Funds that remain unclaimed after the expiration of the Unclaimed Borrower Funds Deadline (as extended by the First Extension Order).

4. In that regard, on September 27, 2021, the Court entered an order<sup>5</sup> regarding voluntary and non-binding mediation to resolve disputes between the Wind Down Estates, the Participating States, the Term Loan Ad Hoc Group, and the Consumer Representative, with respect to the administration of any Remaining Unclaimed Borrower Funds. The parties have been proceeding with mediation consistent with the Agreed Mediation Order.

5. The hard work and continuous efforts of the Plan Administrator and the Wind Down Estates in the eleven months following the entry of the Unclaimed Borrower Funds

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<sup>4</sup> *See Order in Aid of Execution of Third Amended Joint Chapter 11 Plan of Ditech Holding Corporation and its Affiliated Debtors (I) Extending Unclaimed Borrower Funds Deadline and (II) Granting Related Relief* (ECF No. 3602) (the “**First Extension Order**”).

<sup>5</sup> *See Agreed Order Regarding Voluntary and Non-Binding Mediation to Resolve Disputes with Respect to Administration of Remaining Unclaimed Borrower Funds* (ECF No. 3708) (the “**Agreed Mediation Order**”).

Order through November 29, 2021 have resulted in the payment of approximately \$83 million of the approximately \$113 million on account of Unclaimed Borrower Funds—more than 73%—to over 135,000 Borrowers. From July 11, 2021 through November 29, 2021, the Wind Down Estates have paid approximately an additional \$12 million to Borrowers (in addition to approximately \$71 million paid to Borrowers in the first six months following the entry of the Unclaimed Borrower Funds Order). As a result, at the time of filing of this Motion, the Wind Down Estates are currently holding approximately \$28 million on account of Unclaimed Borrower Funds (after adjusting for duplicates, previously satisfied, or erroneous amounts).

6. The Wind Down Estates believe that extending the Unclaimed Borrower Funds Deadline and continuing their efforts to locate and pay Borrowers entitled to the Unclaimed Borrower Funds may result in the return of additional funds to Borrowers. In addition, as Borrowers continue to contact the Wind Down Estates seeking the return of Unclaimed Borrower Funds, the Wind Down Estates believe Borrowers will benefit from an additional extension of the Unclaimed Borrower Funds Deadline, which will allow the Wind Down Estates to continue to respond to such requests and issue checks pursuant to the procedures established in the Unclaimed Borrower Funds Order beyond the current Unclaimed Borrower Funds Deadline. Accordingly, the Wind Down Estates request an additional 180-day extension of the Unclaimed Borrower Funds Deadline through and including July 6, 2022.

7. Given the ongoing mediation process and the fact that certain states opted out of the mediation, the Wind Down Estates do not expect there to be a complete and final resolution with respect to all Remaining Unclaimed Borrower Funds at the expiration of the Unclaimed Borrower Funds Deadline. Accordingly, the Wind Down Estates believe they have

an affirmative obligation to continue to try to find Borrowers and return Unclaimed Borrower Funds in accordance with the Plan and the Unclaimed Borrower Funds Order.

8. For the avoidance of doubt, the relief requested herein will not prejudice any parties in interest as the Proposed Order (as defined below) retains and incorporates all of the protections and reservations of rights with respect to any Remaining Unclaimed Borrower Funds—i.e. any Unclaimed Borrower Funds that remain unclaimed after the expiration of the Unclaimed Borrower Funds Deadline (as extended from time to time)—that were previously included in the Unclaimed Borrower Funds Order and the First Extension Order.

9. Additionally, the relief requested herein will allow the Wind Down Estates to continue their efforts to return additional Unclaimed Borrower Funds to Borrowers while the Wind Down Estates, the Participating States, the Term Loan Ad Hoc Group, and the Consumer Representative continue to engage in good faith negotiations in the Mediation, with the assistance and guidance of the Mediator, to try to resolve, to the extent possible, any disputes with respect to the administration of any Remaining Unclaimed Borrower Funds.

### **Background**

10. On February 11, 2019 (the “**Commencement Date**”), Ditech Holding Corporation (f/k/a Walter Investment Management Corp.) and certain of its affiliates (collectively, the “**Debtors**”) each commenced with this Court a voluntary case under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”). The Debtors operated their business and maintained their assets as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

11. The Chapter 11 Cases are being jointly administered for procedural purposes only pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”).



12. On September 26, 2019, the Court entered the Confirmation Order. The Effective Date of the Plan occurred on September 30, 2019.<sup>6</sup>

### **Jurisdiction**

13. The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334, and the Amended Standing Order of Reference M-431, dated January 31, 2012 (Preska, C.J.). This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

14. Pursuant to the Confirmation Order, the Court retained jurisdiction to, among other things, “interpret, implement, and enforce the terms and provisions of [the Confirmation Order], all amendments thereto, and any waivers and consents thereunder.” Conf’n Order ¶ 66. Pursuant to the Plan, on and after the Effective Date, the Court shall retain jurisdiction “over all matters arising in, arising under, and related to the Chapter 11 Cases for, among other things, the following purposes. . . to take any action and issue such orders as may be necessary to construe, interpret, enforce, implement, execute, and consummate the Plan.” Plan § 11.1(k). The relief sought in this Motion is with respect to the implementation and furtherance of the Plan and Confirmation Order.

### **Relief Requested**

15. By this Motion, pursuant to the Confirmation Order, the Plan, the Unclaimed Borrower Funds Order, sections 105(a) and 1142(b) of the Bankruptcy Code, Bankruptcy Rule 9006(b), and Rules 9006-1 and 9006-2 of the Local Bankruptcy Rules for the Southern District of New York (the “**Local Rules**”), the Wind Down Estates request entry of an order: (i) authorizing a second extension of the Unclaimed Borrower Funds Deadline by one-

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<sup>6</sup> See Notice of (I) Entry of Order Confirming Third Amended Joint Chapter 11 Plan of Ditech Holding Corporation and Its Affiliated Debtors, (II) Occurrence of Effective Date, and (III) Final Deadline for Filing Administrative Expense Claims (ECF No. 1449).

hundred and eighty (180) days, through and including July 6, 2022, after which, if no further extension is sought or granted, the Wind Down Estates (a) may cease any efforts to locate Borrowers and to return Unclaimed Borrower Funds to such Borrowers, and (b) may seek additional relief from this Court with respect to the administration and distribution of any Remaining Unclaimed Borrower Funds (including any Unsolicited Unclaimed Borrower Funds); and (ii) granting related relief.<sup>7</sup> For the avoidance of doubt, except as expressly set forth in the Proposed Order (as defined below), the Unclaimed Borrower Funds Order shall otherwise remain in full force and effect.

16. A proposed form of order granting the relief requested herein is attached hereto as **Exhibit A** (the “**Proposed Order**”).

### **Unclaimed Borrower Funds – Overview of Process to Date**

#### **A. General Overview**

17. In the ordinary course of business, the Debtors issued checks to Borrowers<sup>8</sup> to return excess payments made by Borrowers on their loans and/or excess escrow payments made by Borrowers. The vast majority of the Debtors’ Borrowers did not have excess payments, or if they had excess payments, a check was received and timely cashed by those

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<sup>7</sup> This Motion is being filed prior to the expiration of the Unclaimed Borrower Funds Deadline. Accordingly, the Unclaimed Borrower Funds Deadline is automatically extended until the Bankruptcy Court has an opportunity to consider the relief requested in this Motion. See Local Rule 9006-2 (“Unless otherwise provided in the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, or order of the Court, when a motion to extend the time to take any action is filed before the expiration of the period prescribed by the Bankruptcy Code, Bankruptcy Rules, Local Bankruptcy Rules, or order of the Court, with a return date that is no later than fourteen (14) days after the date of such filing or, if the Court is unable to schedule a return date within such period, as soon thereafter as the return date may be scheduled by the Court, the time shall automatically be extended until the Court resolves the motion to extend the time. An automatic extension under this rule shall not require the issuance or entry of an order extending the time.”).

<sup>8</sup> Pursuant to section 1.23 of the Plan, “**Borrower**” means any individual, as of the Commencement Date, whose current or former mortgage loan or reverse mortgage was originated, serviced, sold, consolidated, or owned by any of the Debtors.

Borrowers. At the time of filing of the Unclaimed Borrower Funds Motion in October 2020, the Wind Down Estates held approximately \$113 million on account of Unclaimed Borrower Funds.

**B. Post-Effective Date Efforts of Wind Down Estates to Identify and Locate Borrowers**

18. Following the Effective Date and in connection with the Wind Down Estates' diligence regarding the Unclaimed Borrower Funds, the Wind Down Estates went through a careful and time-consuming reconciliation process to identify uncashed checks payable to Borrowers and their corresponding uncashed check amounts and to validate that each check has not been paid, reissued or otherwise satisfied.

19. Additionally, to facilitate the administration of the Unclaimed Borrower Funds, the Wind Down Estates engaged a third party—Georgeson LLC (“**Georgeson**”)—to assist with conducting searches to identify and locate Borrowers who could not be located at their last known address or by other identifying records held by the Wind Down Estates.<sup>9</sup>

**C. Unclaimed Borrower Funds Motion and Order**

20. On October 8, 2020, the Plan Administrator, on behalf of the Wind Down Estates, filed the Unclaimed Borrower Funds Motion for entry of an order in aid of execution of the Plan: (a) authorizing the Wind Down Estates to return Unclaimed Borrower Funds held by the Wind Down Estates to Ascertained Borrowers (as defined therein) in accordance with certain procedures set forth therein; (b) establishing procedures for Remaining Borrowers (as defined therein) to submit requests for the return of Unclaimed Borrower Funds in accordance with certain procedures set forth therein; and (c) establishing 5:00 p.m. (Prevailing Eastern Time) on the date that is 180 days after the date of entry of the proposed order granting the Unclaimed

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<sup>9</sup> The Wind Down Estates instructed Georgeson to conduct searches using methods common in the mortgage servicing industry to locate Borrowers who could not be located at their last known address or by other identifying records held by the Wind Down Estates. In coordination with the Wind Down Estates, Georgeson conducted certain searches, including, but not limited to, searching public records, such as utility records, motor vehicle records, the Death Master File and other similar industry methods for locating the Borrowers.

Borrower Funds Motion as a special deadline after which the Plan Administrator and the Wind Down Estates (i) may cease any efforts to locate Borrowers who fail to comply with the procedures set forth therein and/or any efforts to return Unclaimed Borrower Funds to such Borrowers, and (ii) may seek additional relief from this Court with respect to the administration and distribution of any remaining Unclaimed Borrower Funds.

21. At the time of filing of the Unclaimed Borrower Funds Motion in October 2020, the Wind Down Estates held approximately \$113 million on account of Unclaimed Borrower Funds consisting of three categories: (a) approximately \$96 million in cash on account of approximately 221,500 prepetition checks—i.e., checks that were issued prior to the Commencement Date—which were both payable to and were previously mailed to Borrowers, but were not cashed (collectively, the “**Unclaimed Prepetition Borrower Funds**”); (b) approximately \$13 million in cash on account of approximately 27,000 postpetition checks—i.e., checks that were issued on or after the Commencement Date through the Effective Date—which were both payable to and were previously mailed to Borrowers, but were not cashed (collectively, the “**Unclaimed Postpetition Borrower Funds**”); and (c) approximately \$4 million in cash on account of post-sale checks dated after the Effective Date—i.e., checks issued by the Wind Down Estates post-sale as sub-servicer of loans pending transfer to the subsequent servicer—which were both payable to and were previously mailed to Borrowers, but were not cashed (collectively, the “**Unclaimed Post-Sale Borrower Funds**” and together with the Unclaimed Prepetition Borrower Funds and the Unclaimed Postpetition Borrower Funds, the “**Unclaimed Borrower Funds**”).

22. On January 12, 2021, the Court entered the Unclaimed Borrower Funds Order establishing certain rules and procedures with respect to Unclaimed Borrower Funds, including, among others, the following:

- a) Authorizing the Plan Administrator, on behalf of the Wind Down Estates, to establish certain procedures for the return of Unclaimed Borrower Funds to Borrowers who were located through the Borrower Searches (as defined therein), as follows:
  - i. to Ascertained Borrowers,<sup>10</sup> (a) the Notice of Unclaimed Borrower Funds Deadline and (b) a replacement check in the applicable amount of the Unclaimed Borrower Funds in the name of the applicable Ascertained Borrower (without the need for the Borrower to submit a request for a replacement check);<sup>11</sup> and
  - ii. to Remaining Borrowers,<sup>12</sup> (a) the Notice of Unclaimed Borrower Funds Deadline and (b) upon a timely submission of request for a replacement check in accordance with the procedures established in the Unclaimed Borrower Funds Order, issue a replacement check in the applicable amount of the Unclaimed Borrow Funds in the name of the applicable Borrower(s), to the address listed on the request for replacement check.<sup>13</sup> *See* Unclaimed Borrower Funds Order at ¶¶ 1(a)-2.
- b) Authorizing the Plan Administrator, on behalf of the Wind Down Estates, upon the expiration of the Unclaimed Borrower Funds Deadline, to cease any efforts (i) to return any remaining Unclaimed Borrower Funds to Ascertained Borrowers who fail to comply with these procedures and (ii) to locate Remaining Borrowers who fail to comply with these procedures and return any remaining Unclaimed Borrower Funds to such Borrowers pursuant to this Order. *See* Unclaimed Borrower Funds Order at ¶ 1(c);

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<sup>10</sup> Pursuant to the Unclaimed Borrower Funds Order, “**Ascertained Borrowers**” means those Borrowers whose current address had been updated and validated as reliable by the Wind Down Estates, with the assistance of Georgeson.

<sup>11</sup> The Unclaimed Borrower Funds Order provided that, as part of each such mailing, the Ascertained Borrowers will be informed that they must cash the reissued check within a 120-day period, and, if any Ascertained Borrower fails to do so, the Wind Down Estates will cease any further efforts to contact such Ascertained Borrower and the check will expire or be cancelled. *See* Unclaimed Borrower Funds Order at ¶ 1(b).

<sup>12</sup> Pursuant to the Unclaimed Borrower Funds Order, “**Remaining Borrowers**” means any Borrowers whose current address had not been updated and validated as reliable by the Wind Down Estates, and who cannot be reasonably located through the Borrower Searches, with the assistance of Georgeson.

<sup>13</sup> The Unclaimed Borrower Funds Order provided that, as part of each such mailing, the Remaining Borrowers will be informed that any Remaining Borrower who does not make a properly completed request for replacement check by the Unclaimed Borrower Funds Deadline, the Wind Down Estates will cease any further efforts to locate that Remaining Borrower. *See* Unclaimed Borrower Funds Order at ¶ 1(b).

- c) Authorizing the Plan Administrator, on behalf of the Wind Down Estates, to establish the Unclaimed Borrower Funds Website (a special website set up specifically for the administration of the Unclaimed Borrower Funds) and to establish certain procedures in connection with the Unclaimed Borrower Funds Website. *See* Unclaimed Borrower Funds Order at ¶ 3-4;
- d) The Plan Administrator, on behalf of the Wind Down Estates, will not be required to reissue checks or otherwise return Unclaimed Borrower Funds to Borrowers who are owed less than \$50.00, nor will such Borrowers receive any mailings pursuant to the Unclaimed Borrower Funds Order.<sup>14</sup> *See* Unclaimed Borrower Funds Order at ¶ 5;
- e) Establishing 5:00 p.m. (Prevailing Eastern Time) on the date that is 180 days after the date of entry of the Unclaimed Borrower Funds Order, i.e. July 11, 2021, as the Unclaimed Borrower Funds Deadline, after which the Plan Administrator and the Wind Down Estates shall no longer be required to search for Borrowers or return any remaining Unclaimed Borrower Funds to any Borrowers who failed to comply with the procedures established in the Unclaimed Borrower Funds Order by the Unclaimed Borrower Funds Deadline. *See* Unclaimed Borrower Funds Order at ¶ 6;
- f) Approving the Notice of Unclaimed Borrower Funds Deadline and the process for mailing and publication of such notice, which shall be considered good, adequate and sufficient notice of such deadline. *See* Unclaimed Borrower Funds Order at ¶¶ 7-9; and
- g) To the extent there are any Remaining Unclaimed Borrower Funds<sup>15</sup> on the Unclaimed Borrower Funds Deadline (or shortly thereafter), the Plan Administrator, on behalf of the Wind Down Estates, shall seek additional relief from the Court with respect to the administration and distribution of any Remaining Unclaimed Borrower Funds. *See* Unclaimed Borrower Funds Order at ¶ 13.<sup>16</sup>

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<sup>14</sup> However, the Unclaimed Borrower Funds Order provides that, if any Borrowers owed less than \$50 contact the Wind Down Estates and submit a request for the return of any Unclaimed Borrower Funds owed to them, the Plan Administrator is authorized to return the applicable Unclaimed Borrower Funds to such Borrowers.

<sup>15</sup> Pursuant to the Unclaimed Borrower Funds Order, “**Remaining Unclaimed Borrower Funds**” means any Unclaimed Borrower Funds that are not successfully returned to a Borrower on the Unclaimed Borrower Funds Deadline or shortly thereafter in accordance with the procedures approved in the Unclaimed Borrower Funds Order.

<sup>16</sup> With respect to any Remaining Unclaimed Borrower Funds, the Unclaimed Borrower Funds Order provided, among other things, that: (a) nothing in the Unclaimed Borrower Funds Order shall constitute a determination that any Remaining Unclaimed Borrower Funds (including Unsolicited Unclaimed Borrower Funds) are property of the Wind Down Estates pursuant to section 541 of the Bankruptcy Code; (b) the Plan Administrator, on behalf of the Wind Down Estates, shall not be authorized (and shall not seek authority in the future) to use any Unclaimed Borrower Funds to pay any Ascertainment Costs or other fees or expenses related to the Borrower Searches or implementation of the procedures for the return of any Unclaimed Borrower Funds; and (c) all rights, claims, and arguments of (i) the Plan Administrator, (ii) the Wind Down Estates, (iii) the holders of Term Loan Claims, (iv) the governmental agencies, and (v) any Borrower with respect to the Remaining Unclaimed

23. Pursuant to the Unclaimed Borrower Funds Order, the Plan Administrator regularly files a monthly report regarding the efforts undertaken by the Plan Administrator to return Unclaimed Borrower Funds to Borrowers.<sup>17</sup>

#### **D. Extension of Unclaimed Borrower Funds Deadline and Agreed Mediation Order**

24. On July 1, 2021, the Plan Administrator, on behalf of the Wind Down Estates, filed a motion seeking to extend the Unclaimed Borrower Funds Deadline by one-hundred and eighty (180) days through and including January 7, 2022.<sup>18</sup> At the time of filing of the First Extension Motion, the Wind Down Estates were holding approximately \$44 million in Unclaimed Borrower Funds (after adjusting for duplicates, previously satisfied, or erroneous amounts of approximately \$1 million).

25. On August 9, 2021, the Court entered the First Extension Order extending the Unclaimed Borrower Funds Deadline through and including January 7, 2022 at 11:59 p.m. (Prevailing Eastern Time).

26. On August 10, 2021, in accordance with the Unclaimed Borrower Funds Order, the Plan Administrator, on behalf of the Wind Down Estates, met (via Zoom) with representatives of the Participating State Agencies,<sup>19</sup> the Term Loan Ad Hoc Group, and the Consumer Representative to discuss the resolution of any disputes related to any Remaining Unclaimed Borrower Funds. During the meeting, the Plan Administrator presented the

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Borrower Funds (including Unsolicited Unclaimed Borrower Funds) are expressly preserved, and are not waived, released, or modified by the Unclaimed Borrower Funds Order. *See* Unclaimed Borrower Funds Order at ¶¶ 13(a)-(c).

<sup>17</sup> *See* ECF Nos. 3222, 3264, 3321, 3372, 3431, 3497, 3606, 3677, 3733, and 3759.

<sup>18</sup> *See Motion of Plan Administrator for Entry of Order in Aid of Execution of Third Amended Joint Chapter 11 Plan of Ditech Holding Corporation and its Affiliated Debtors (I) Extending Unclaimed Borrower Funds Deadline and (II) Granting Related Relief* (ECF No. 3491) (the “**First Extension Motion**”).

<sup>19</sup> A list of the Participating State Agencies whose representatives attended the meeting held on August 10, 2021 was annexed as Exhibit A to the *Status Report Regarding Meeting of Plan Administrator and Participating State Agencies to Discuss Administration of Remaining Unclaimed Borrower Funds* (ECF No. 3620).

Participating State Agencies and the other parties mentioned above with a mediation proposal that provided for voluntary participation in a non-binding mediation to aid in the resolution of any disputes relating to any Remaining Unclaimed Borrower Funds. Following the meeting, the Plan Administrator, the Participating State Agencies and the other parties mentioned above negotiated the mediation proposal and ultimately agreed to pursue voluntary and non-binding mediation to resolve disputes relating to any Remaining Unclaimed Borrower Funds.

27. On September 27, 2021, the Court entered the Agreed Mediation Order. As of the date of the filing of this Motion, the Wind Down Estates, the Participating States, the Term Loan Ad Hoc Group and the Consumer Representative continue to engage in the mediation process, with the assistance and guidance of the Mediator pursuant to the Agreed Mediation Order.

28. The continuous efforts of the Wind Down Estates in the approximately five months from July 11, 2021 through November 29, 2021 to continue to return Unclaimed Borrower Funds to Borrowers have been very successful and resulted in the additional payment of approximately \$12 million to Borrowers, in addition to approximately \$71 million paid to Borrowers in the first six months following the entry of the Unclaimed Borrower Funds Order. In total, in the eleven months following the entry of the Unclaimed Borrower Funds Order through November 29, 2021, the Wind Down Estates have returned approximately \$83 million—more than 73% of the total amounts held—to over 135,000 Borrowers. Further, the Wind Down Estates have recently sent checks in the total amount of approximately \$9 million, which will likely result in significantly more Unclaimed Borrower Funds returned to Borrowers over the course of the upcoming months. At the time of filing of this Motion, there are currently



approximately \$28 million in Unclaimed Borrower Funds remaining (after adjusting for duplicates, previously satisfied, or erroneous amounts).

**The Relief Requested Should be Granted**

29. The Plan, the Confirmation Order, the Unclaimed Borrower Funds Order, the Bankruptcy Code, and the Bankruptcy Rules provide ample authority and justification on which the Court may grant the relief requested herein. Additionally, the facts and circumstances of the Chapter 11 Cases demonstrate that cause exists to extend the Unclaimed Borrower Funds Deadline.

30. The Plan and the Confirmation Order grant the Wind Down Estates authority to return Unclaimed Borrower Funds to Borrowers that have either come forward seeking “to correct” an “error” or “inaccurate statement of amounts” on their previous accounts that have been identified and located by the Wind Down Estates as being justified in receiving a correction of their past accounts with the Debtors—each correction being fixed by the return of any undisputed portion of Unclaimed Borrower Funds to such Borrower. *See* Confirmation Order at ¶ 58 and §§ 5.2(c)(iii) and 5.6(5)(iii) of the Plan.

31. The Unclaimed Borrower Funds Order explicitly grants the Plan Administrator, on behalf of the Wind Down Estates, authority to return Unclaimed Borrower Funds held by the Wind Down Estates to Ascertained Borrowers in accordance with the procedures set forth therein and establishes procedures for Remaining Borrowers to submit requests for the return of Unclaimed Borrower Funds in accordance with the procedures set forth therein. Section 16 of the Unclaimed Borrower Funds Order specifically provides that “[e]ntry of this Order is without prejudice to the rights of the Plan Administrator, on behalf of the Wind

Down Estates, to seek authorization to modify or supplement the relief granted herein.” *See* Unclaimed Borrower Funds Order at ¶ 16.<sup>20</sup>

32. The Court also has broad authority, pursuant to sections 105(a) and 1142(b) of the Bankruptcy Code, over the property administered under the Plan and to issue orders necessary to implement the provisions of the Plan and the Bankruptcy Code. *See* 11 U.S.C. § 1142(b) (“The court may direct the debtor and any other necessary party to execute or deliver or to join in the execution or delivery of any instrument required to effect a transfer of property dealt with by a confirmed plan, and to perform any other act . . . that is necessary for the consummation of the plan.”); 11 U.S.C. § 105(a) (“The court may issue any order, process or judgment that is necessary or appropriate to carry out the provisions of this title.”); *see e.g. Hosp. & Univ. Prop. Damage Claimants v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 7 F.3d 32, 34 (2d Cir. 1993) (finding that bankruptcy courts retain post-confirmation jurisdiction to the extent provided by the plan); *In re Oversight & Control Comm’n of Avanzit, S.A.*, 385 B.R. 525, 535 (Bankr. S.D.N.Y. 2008) (“The bankruptcy court retains jurisdiction under 11 U.S.C. § 1142(b) . . . and it has continuing responsibilities to satisfy itself that the [p]lan is being properly implemented.”) (internal quotation marks and citations omitted); *see also In re MF Global Holdings, Ltd.*, 464 B.R. 619, 623 (Bankr. S.D.N.Y. 2012) (recognizing the bankruptcy court’s “inherent authority ‘to control disposition of the causes on its docket with economy of time and effort for itself, for counsel and for litigants’”) (quoting *Lester-Krebs, Inc. v. Geffen Records, Inc.*, No. 85 Civ. 6320, 1985 WL 4270, at \*2 (S.D.N.Y. Dec. 4, 1985)).

33. Additionally, Bankruptcy Rule 9006(b)(1) provides that “when an act is required or allowed to be done at or within a specified period by these rules or by a notice given

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<sup>20</sup> Similarly, the First Extension Order specifically stated that the relief granted in the First Extension Order was without prejudice to the rights of the Wind Down Estates to seek authorization to modify or supplement the relief granted therein. *See* First Extension Order at ¶5.

thereunder or by order of court, the court for cause shown may at any time in its discretion” extend a deadline “if the request therefor is made before the expiration of the period originally prescribed.” FED. R. BANKR. P. 9006(b)(1).

34. The Wind Down Estates submit that cause exists to grant the requested extension of the Unclaimed Borrower Funds Deadline and that the proposed extension is appropriate and reasonable under the circumstances and is in furtherance of the Plan and the Confirmation Order.

35. While the Wind Down Estates’ efforts to date have been very successful in returning approximately \$83 million in Unclaimed Borrower Funds to over 135,000 Borrowers, there are still approximately \$28 million in Unclaimed Borrower Funds remaining relating to approximately 120,000 Borrowers. Based on the Wind Down Estates’ experience in the past eleven months, the Wind Down Estates believe that by further extending the Unclaimed Borrower Funds Deadline and by continuing these efforts, additional Unclaimed Borrower Funds can be successfully returned to Borrowers. For example, the Wind Down Estates and Georgeson have been working with many Borrowers who need to modify and reissue their checks due to changes of circumstances and life events like death, divorce, and name change. In such cases, the process to determine the rightful owner of the Unclaimed Borrower Funds and reissue the applicable check is time consuming and more time is required to complete this process. The Wind Down Estates believe that it is appropriate to extend the Unclaimed Borrower Funds Deadline to allow this process to continue. In addition, the Wind Down Estates have issued over \$15 million of checks to Borrowers—of which approximately \$9 million relate to checks that were sent out recently—where the 120-day period that such checks will remain outstanding will extend beyond the current Unclaimed Borrower Funds Deadline. Additionally, as of

November 29, 2021, there are over 2,800 checks in the approximate amount of \$1 million that are pending re-issuance to Borrowers who received checks or claim forms that were issued after the entry of the Unclaimed Borrower Funds Order and/or the First Extension Order, as applicable, but had since then expired and who have recently contacted the Wind Down Estates and asked for re-issuance of those checks. These are merely three examples of instances in which an extension of the Unclaimed Borrower Funds Deadline will enable the Wind Down Estates to return additional Unclaimed Borrower Funds to Borrowers.

36. Notably, if the requested extension is granted, the Wind Down Estates intend to use the additional time to continue to pursue the Mediation and to engage in good faith negotiations and discussions with the Participating States, the Term Loan Ad Hoc Group and the Consumer Representative, with the assistance and guidance of the Mediator, in an effort to resolve, to the extent possible, any disputes with respect to the administration of any Remaining Unclaimed Borrower Funds.

37. The Wind Down Estates believe that the relief requested in this Motion is in furtherance of the Plan and the Confirmation Order and will not prejudice any parties in interest as the Proposed Order retains and incorporates all of the protections and reservations of rights that were previously included in the Unclaimed Borrower Funds Order and the First Extension Order.

**Automatic Extension Pursuant to Local Rule 9006-2**

38. Local Rule 9006-2 provides that if a motion to extend time to take an action is filed prior to the expiration of such period, with a return date that is no later than fourteen (14) days after the date of the filing of the motion, the applicable deadline “shall automatically be extended until the Court resolves the motion to extend the time.” Therefore, by

filing this Motion prior to the expiration of the Unclaimed Borrower Funds Deadline on January 7, 2022, Local Rule 9006-2 automatically extends the Unclaimed Borrower Funds Deadline until the Court resolves this Motion.

### **Conclusion**

39. Based on the foregoing, the Wind Down Estates submit that the relief requested herein is necessary and appropriate, is in the best interests of the Wind Down Estates, their creditors, and all parties in interest, and should be granted in all respects.

### **Notice**

40. Notice of this Motion will be provided in accordance with the procedures set forth in the *Order Implementing Certain Notice and Case Management Procedures* (ECF No. 211). Additionally, notice of this Motion will be provided to (a) the governmental agencies included on the list attached as Exhibit B to the Unclaimed Borrower Funds Motion and (b) any other governmental agencies that filed a response to (or otherwise contacted the Plan Administrator in connection with) the Unclaimed Borrower Funds Motion. The Wind Down Estates respectfully submit that no further notice is required.

41. Other than the relief requested in the Unclaimed Borrower Funds Motion and the First Extension Motion and granted in the Unclaimed Borrower Funds Order and the First Extension Order, no previous request for the relief sought herein has been made by the Plan Administrator, on behalf of the Wind Down Estates, to this or any other Court.

WHEREFORE the Plan Administrator, on behalf of the Wind Down Estates, respectfully requests that the Court grant the relief requested herein and such other and further relief as it deems just and proper.

Dated: December 2, 2021  
New York, New York

/s/ Sunny Singh  
WEIL, GOTSHAL & MANGES LLP  
767 Fifth Avenue  
New York, New York 10153  
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Ray C. Schrock, P.C.  
Richard W. Slack  
Sunny Singh

*Attorneys for Plan Administrator  
and Wind Down Estates*

**Exhibit A**

**Proposed Order**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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:   
In re : Chapter 11  
:   
DITECH HOLDING CORPORATION, *et al.*, : Case No. 19-10412 (JLG)  
:   
Debtors.<sup>1</sup> : (Jointly Administered)  
:   
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ORDER IN AID OF EXECUTION OF  
THIRD AMENDED JOINT CHAPTER 11 PLAN OF DITECH  
HOLDING CORPORATION AND ITS AFFILIATED DEBTORS  
(I) AUTHORIZING SECOND EXTENSION OF UNCLAIMED  
BORROWER FUNDS DEADLINE AND (II) GRANTING RELATED RELIEF

Upon the Motion dated December 2, 2021 (ECF No. \_\_) (the “**Motion**”) of Ditech Holding Corporation (f/k/a Walter Investment Management Corp.) and its debtor affiliates (excluding Reorganized RMS) (collectively, the “**Wind Down Estates**”),<sup>2</sup> pursuant to the Confirmation Order, the Plan, the Unclaimed Borrower Funds Order, sections 105(a) and 1142(b) of the Bankruptcy Code, Bankruptcy Rule 9006(b) and Local Rules 9006-1 and 9006-2, for entry of an order: (i) authorizing a second extension of the Unclaimed Borrower Funds

<sup>1</sup> On September 26, 2019, the Court confirmed the *Third Amended Joint Chapter 11 Plan of Ditech Holding Corporation and Its Affiliated Debtors* (ECF No. 1404) (the “**Plan**”), which created the Wind Down Estates. The Wind Down Estates, along with the last four digits of each of their federal tax identification number, as applicable, are Ditech Holding Corporation (0486); DF Insurance Agency LLC (6918); Ditech Financial LLC (5868); Green Tree Credit LLC (5864); Green Tree Credit Solutions LLC (1565); Green Tree Insurance Agency of Nevada, Inc. (7331); Green Tree Investment Holdings III LLC (1008); Green Tree Servicing Corp. (3552); Marix Servicing LLC (6101); Walter Management Holding Company LLC (9818); and Walter Reverse Acquisition LLC (8837). The Wind Down Estates’ principal offices are located at 2600 South Shore Blvd., Suite 300, League City, TX 77573.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Motion, the Plan, the *Order Confirming Third Amended Joint Chapter 11 Plan of Ditech Holding Corporation and Its Affiliated Debtors* (ECF No. 1404) (the “**Confirmation Order**”), or the *Order Granting Motion of Plan Administrator for Entry of Order in Aid of Execution of Third Amended Joint Chapter 11 Plan of Ditech Holding Corporation and Its Affiliated Debtors (I) Authorizing Plan Administrator to Return Unclaimed Borrower Funds to Ascertained Borrowers, if Any, (II) Establishing Procedures for Remaining Borrowers to Submit Requests for Return of Unclaimed Borrower Funds, (III) Establishing Special Deadline After Which Wind Down Estates Will Cease Efforts to Locate Borrowers and to Return Unclaimed Borrower Funds, and (IV) Granting Related Relief* (ECF No. 3159) (the “**Unclaimed Borrower Funds Order**”), as applicable.



Deadline by one-hundred and eighty (180) days, through and including July 6, 2022, after which, if no further extension is sought or granted, the Plan Administrator and the Wind Down Estates (a) may cease any efforts to locate Borrowers and to return Unclaimed Borrower Funds to such Borrowers, and (b) may seek additional relief from this Court with respect to the administration and distribution of any remaining Unclaimed Borrower Funds (including any Unsolicited Unclaimed Borrower Funds); and (ii) granting related relief, all as more fully described in the Motion; and the Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and sufficient notice of the Motion having been given, and it appearing that no other or future notice need be provided; and the Court having found that the relief requested in the Motion is in the best interests of the Wind Down Estates, their creditors, and all parties in interest; and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor;

**IT IS HEREBY ORDERED THAT:**

1. The Unclaimed Borrower Funds Order shall be modified such that the Unclaimed Borrower Funds Deadline shall be further extended by one-hundred and eighty (180) days, through and including July 6, 2022 at 11:59 p.m. (Prevailing Eastern Time).
2. No later than 30 days prior to the expiration of the Unclaimed Borrower Funds Deadline, as extended by this Order, the Wind Down Estates will seek additional relief from this Court with respect to the administration and distribution of any Remaining Unclaimed Borrower Funds; provided, that:
  - a) all rights, claims, defenses and arguments of (i) the Plan Administrator, (ii) the Wind Down Estates, (iii) the holders of Term Loan Claims,

(iv) governmental agencies, and (v) any Borrower with respect to any Remaining Unclaimed Borrower Funds (including any Unsolicited Unclaimed Borrower Funds) are expressly preserved, and are not waived, released, or modified by this Order; and

- b) a status conference shall be held with this Court during the month of July 2022 (subject to the Court's schedule and availability) to discuss the administration of any Remaining Unclaimed Borrower Funds (including any Unsolicited Unclaimed Borrower Funds) and the resolution of any disputes related thereto.

3. Except as expressly set forth in this Order, the Unclaimed Borrower Funds Order shall remain in full force and effect.

4. Nothing in this Order shall constitute an admission of the validity, nature, amount or priority of any claims asserted against the Wind Down Estates in these Chapter 11 Cases.

5. Entry of this Order is without prejudice to the rights of the Plan Administrator, on behalf of the Wind Down Estates, to seek authorization to modify or supplement the relief granted herein.

6. The Plan Administrator, on behalf of the Wind Down Estates, and Georgeson are authorized and empowered to take such steps and perform such acts as may be necessary to implement and effectuate the terms of this Order.

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

Dated: \_\_\_\_\_, 2021  
New York, New York

\_\_\_\_\_  
THE HONORABLE JAMES L. GARRITY, JR.  
UNITED STATES BANKRUPTCY JUDGE