

**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, et al.,</b>	: <b>Case No. 19-10412 (JLG)</b>
	:
<b>Debtors.<sup>1</sup></b>	: <b>(Jointly Administered)</b>
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**GLOBAL NOTES AND STATEMENTS OF  
LIMITATION REGARDING THE WIND DOWN ESTATES'  
POST-CONFIRMATION QUARTERLY OPERATING REPORT FOR  
THE PERIOD FROM APRIL 1, 2022 THROUGH JUNE 30, 2022**

1. **Basis of Presentation.** This post-confirmation quarterly operating report (the “**Quarterly Report**”) has been prepared solely for the purpose of complying with the quarterly reporting requirements applicable in these Chapter 11 Cases. The Quarterly Report is in a format acceptable to the U.S. Trustee. The Quarterly Report should not be relied upon by any persons for information relating to current or future financial conditions, events, or performance of the Wind Down Estates. The supplemental information contained herein is limited in scope and covers the period of April 1, 2022 through June 30, 2022. Moreover, such information is preliminary, unaudited, and subject to change. The Plan Administrator prepared this Quarterly Report relying primarily upon the information set forth in the Wind Down Estates’ books and records. In preparing this Quarterly Report, the Plan Administrator made reasonable efforts to supplement the information set forth in the Wind Down Estates’ books and records with additional information concerning transactions that may not have been identified therein, to the extent necessary.

<sup>1</sup> On September 26, 2019, the Court entered the *Order Confirming Third Amended Joint Chapter 11 Plan of Ditech Holding Corporation and Its Affiliated Debtors* (ECF No. 1404) (the “**Confirmation Order**”), which created the Wind Down Estates. On February 22, 2022, the Court entered the *Order Granting Entry of Final Decree (I) Closing Subsidiary Cases; and (II) Granting Related Relief* (ECF No. 3903) (the “**Closing Order**”). Pursuant to the Closing Order, the chapter 11 cases of the following Wind Down Estates were closed effective as of February 22, 2022: 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); Mortgage Asset Systems, LLC (8148); REO Management Solutions, LLC (7787); Reverse Mortgage Solutions, Inc. (2274); Walter Management Holding Company LLC (9818); and Walter Reverse Acquisition LLC (8837). Pursuant to the Closing Order, the chapter 11 case of Ditech Holding Corporation (the “**Remaining Wind Down Estate**”) (Case No. 19-10412 (JLG)) shall remain open and, as of February 22, 2022, all motions, notices and other pleadings relating to any of the Wind Down Estates shall be filed in the case of the Remaining Wind Down Estate. The last four digits of the Remaining Wind Down Estate’s federal tax identification number is (0486). The Remaining Wind Down Estate’s principal offices are located at 2600 South Shore Blvd., Suite 300, League City, TX 77573.

2. **Consolidated Entity Accounts Payable and Disbursements Systems.** In the ordinary course of business, the Wind Down Estates utilize an integrated, centralized cash management system to collect, concentrate, and disburse funds (the “**Cash Management System**”). The Cash Management System provides a seamless accounting function across all entities in a single location, reducing banking expenses, permitting prompt and accurate liquidity tracking and allowing accurate intercompany allocations and transfers.
3. **Background.** On February 11, 2019 (the “**Commencement Date**”), Ditech Holding Corporation (“**Ditech**”) and thirteen (13) affiliates filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”).

On September 22, 2019, the Debtors filed the *Third Amended Joint Chapter 11 Plan of Ditech Holding Corporation and its Affiliated Debtors* (ECF No. 1326) (the “**Third Amended Plan**”). On September 26, 2019, the Bankruptcy Court entered the *Order Confirming Third Amended Joint Chapter 11 Plan of Ditech Holding Corporation and its Affiliated Debtors* (ECF No. 1404) (the “**Confirmation Order**”).<sup>2</sup> Pursuant to the Third Amended Plan, the Debtors sold their (i) forward business to New Residential Investment Corp. pursuant to that certain *Asset Purchase Agreement* by and among Ditech Holding Corporation, Ditech Financial LLC, and New Residential Investment Corp., dated June 17, 2019 (as amended, modified, and supplemented from time to time, the “**Forward Stalking Horse Purchase Agreement**”) and (ii) reverse business to Mortgage Assets Management, LLC and SHAP 2018-1, LLC pursuant to that certain *Stock and Asset Purchase Agreement* by and among Ditech Holding Corporation, Walter Reverse Acquisition LLC, Reverse Mortgage Solutions, Inc., Mortgage Assets Management, LLC, and SHAP 2018-1, LLC, dated June 17, 2019 (as amended, modified, and supplemented from time to time, the “**Reverse Stalking Horse Purchase Agreement**” and together with the Forward Stalking Horse Purchase Agreement, the “**Purchase Agreements**”).

The Effective Date of the Third Amended Plan occurred on September 30, 2019 (the “**Effective Date**”). 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).

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<sup>2</sup> Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Third Amended Plan or Confirmation Order, as applicable.

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4. **Divestiture Proceeds Held in Escrow.** The Wind Down Estates collected approximately \$45.6 million of net proceeds held in escrow under the Forward Stalking Horse Purchase Agreement during the fourth quarter of 2019. During the first quarter of 2020, the Plan Administrator resolved the remaining issues related to the net proceeds held in escrow under both the Reverse Stalking Horse Purchase Agreement and the Forward Stalking Horse Purchase Agreement and the Wind Down Estates collected approximately \$137.9 million. On April 15, 2020, the Wind Down Estates collected approximately \$17.9 million related to the final purchase price adjustments pursuant to the Reverse Stalking Horse Purchase Agreement, resulting in total collections of \$201.4 million since the initial closing. As of December 31, 2020, there are no remaining funds held in escrow related to the net proceeds generated through the completed sales of businesses and certain other assets under the Purchase Agreements, all purchase price adjustments under the Forward Stalking Horse Purchase Agreement have been settled and collected and such collections are reflected in the cash on hand reported in Note 8.

As of December 31, 2020, the Transitional Services Agreements (the “TSAs”) pursuant to the Purchase Agreements have expired pursuant to their terms. As of April 1, 2020, the Wind Down Estates extended the TSA related to the Forward Stalking Horse Purchase Agreement for a brief duration on a limited basis to complete certain reconciliations of accounts and transmittal of information. On April 14, 2020, the Wind Down Estates extended the TSA related to the Reverse Stalking Horse Purchase Agreement for a brief duration on a limited basis to provide continued access to certain systems, complete certain reconciliations of claims and accounts and complete transmittal of information. The Wind Down Estates services under the TSAs are now terminated. The Wind Down Estates have completed the final reconciliations related to amounts due to and from pursuant to the Forward Stalking Horse Purchaser under the applicable TSA which amount is reflected in the Excluded Liabilities (defined below).

5. **Other Proceeds Held in Escrow.** In accordance with Section 8.2(d) of the Third Amended Plan, the Wind Down Estates established a \$6.5 million cash reserve on the Effective Date in an escrow account held by Citibank N.A. related to the amount of asserted required cure payments filed in Assumption Disputes reserve (the “**Contract Cure Reserve**”). The Wind Down Estates and Plan Administrator have continued to resolve the Assumption Disputes since the Effective Date and, as of December 31, 2020, the full amount of the Contract Cure Reserve was returned to the Wind Down Estates. The \$6.5 million of reserves returned to the Wind Down Estates, net of the amounts paid to resolve the Assumption Disputes, is reflected in the cash on hand reported in Note 8.

Additionally, pursuant to the *Order Granting Motion of Debtors Pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure for Approval of Settlement with PLS Trustees with Respect to Objections to Forward Stalking Horse Agreement and Reverse Stalking Horse Agreement dated September 27, 2019* (ECF No. 1415) (the “**PLS Trustee Order**”), the Wind Down Estates established a \$10.7 million cash reserve for the PLS Trustees on the Effective Date (the “**PLS Trustee Reserve**”). The Contract Cure Reserve and the PLS Trustee Reserve were both held in the same escrow account at Citibank N.A. On May 31, 2020, an order

granting the Motion of Plan Administrator Pursuant to Rule 9019 of Federal Rules of Bankruptcy Procedure for Approval of Final Settlement with PLS Trustees was issued by the Bankruptcy Court (ECF No. 2440) (the “**PLS Trustee Settlement**”), pursuant to which the Wind Down Estates paid out \$4.9 million as part of the PLS Trustee Settlement in June 2020. Since the Effective Date, the Wind Down Estates have paid \$9.1 million on account of cure costs asserted by the PLS Trustees, including professional fees pursuant to the PLS Trustee Order and the \$4.9 million paid pursuant to the PLS Trustee Settlement. The remaining \$1.6 million was returned to the Wind Down Estates in June 2020 and is reflected in the cash on hand reported in Note 8. The escrow account was subsequently closed in June 2020.

6. **Claims Administration.** As of June 30, 2022, 7,950 proofs of claim in the amount of \$5.9 billion were filed in these Chapter 11 Cases. The Plan Administrator is in the process of reviewing the claims filed as secured, priority, and/or administrative (“**SPA**”) claims, which includes approximately 3,890 claims with an asserted aggregate claim value of approximately \$2.9 billion. Approximately 1,400 of these 3,879 proofs of claim filed included unliquidated amounts. To the extent that a proof of claim was filed partially as an SPA claim and partially filed as a General Unsecured Claim, the Plan Administrator is coordinating resolution of such claims with the GUC Recovery Trustee and/or the Consumer Representative in accordance with the terms of the Third Amended Plan, including providing research and other diligence materials to the GUC Recovery Trustee and the Consumer Representative in connection with the claims administration process.

As of June 30, 2022, the Plan Administrator has filed eighty-three (83) omnibus objections seeking to disallow, reclassify, and/or reduce or sought to otherwise have withdrawn 3,887 of the SPA claims filed in the amount of approximately \$2.9 billion (the “**Disputed SPA Claims**”). As of June 30, 2022, the Bankruptcy Court entered orders expunging, allowing, reclassifying to unsecured and/or claimants have voluntarily withdrawn 3,774 of the Disputed SPA Claims, which were filed in the amount of \$2.9 billion. Additionally, one claimant whose Disputed SPA Claim in the amount of \$9.0 million was expunged by a Bankruptcy Court order sought reconsideration, which was denied by the Bankruptcy Court on October 4, 2021 (*see* ECF No. 3721). As of June 30, 2022, there were 86 adjourned Disputed SPA Claims filed in the amount of approximately \$7.0 million. As of June 30, 2022, there were 27 contested claims in the amount of approximately \$2.0 million that were presented in the May and June 2022 hearings, which are pending issuance of an order. In the third quarter of 2020, three claimants with an aggregate asserted claim amount of \$234.4 million filed notices of appeal to the United States District Court (“**District Court**”) without seeking a stay or posting an appeal bond. The appellants failed to comply with procedural deadlines or prosecute their appeal until directed to do so by the District Court on August 13, 2021. Consequently, given these procedural deficiencies, no cash amounts are held in reserve related to any of the claims for which an appeal is pending. On August 13, 2021, the District Court entered an order setting September 13, 2021 as the deadline for two of the appellants to file their designation of record on appeal and statement of issues, which they did. On September 23, 2021, the Debtors filed the counter-designation of records; on December 17, 2021, the Debtors filed the response brief; on January 14, 2022, the appellants filed their reply brief. In

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November 2020, the Bankruptcy Court issued an order reclassifying a \$90 million claim (the “**Pefley Claim**”) from an asserted SPA claim to an unsecured Consumer Creditor Claim (*see* ECF No. 2987). Subsequent to the issuance of the order, the Plan Administrator filed a motion to estimate the SPA portion of the Pefley Claim in the amount of zero dollars (the “**Pefley Estimation Motion**”) to allow for further Plan distributions (*see* ECF No. 3120). The Bankruptcy Court approved the Pefley Estimation Motion on February 16, 2021 (*see* ECF No. 3234).

Additionally, there are \$0.1 million of SPA claims that remain to be reviewed and for which objections have not been filed as of June 30, 2022.

A summary of the status of the filed SPA claims as of June 30, 2022 is as follows:

**Ditech Holding Corporation, et al.**  
**Claims Status Summary**  
**As of June 30, 2022**

(\$ in millions)	Count	SPA
<b>Total Claims</b>	<b>3,890</b>	<b>\$ 2,905.4</b>
Withdraw n/Expunged Claims	3,699	2,776.2
Allow ed Claims <sup>1</sup>	44	11.0
Reclassified to Unsecured <sup>2</sup>	31	109.1
Disputed Claims Pending Contested Hearing	86	7.0
Disputed Claims Pending Order	27	2.0
Claims Under Review	3	0.1

**Footnotes**

<sup>1</sup> Allow ed Claims filed in the SPA amount of \$11.0 million have been allow ed in the amount of \$0.9 million.

<sup>2</sup> Reclassified to Unsecured includes the \$14.0 million FOA admin claim discussed below , w hich is the subject of a pending appeal. The Plan Administrator continues to reserve for this claim in the Disputed Claims Reserve. Additionally, Reclassified to Unsecured includes \$4.6 million of claims originally filed as SPA claims that have not yet been fully resolved by the GUC Trustee or Consumer Representative or been granted relief to estimate reserves at zero for purposes of determining the Disputed Claims Reserve and therefore continue to be included in the Disputed Claims Reserve.

Under the Third Amended Plan, the Plan Administrator is required to satisfy or reserve for asserted SPA claims before distributions on account of Term Loan Claims can be made. As of the date of this report, the reserve is approximately \$28 million, which includes the Disputed Claims Pending Contested Hearing, Disputed Claims Pending Order, Claims Under Review, and \$18.6 million of certain claims on appeal or not otherwise subject to a final order, each in the table above. The amount and timing of distributions is subject to the Plan Administrator’s requirement to reserve for Disputed SPA Claims under the Third Amended Plan. The Plan Administrator is continuing to file objections to expunge, reclassify, or reduce and/or allow the SPA claims as promptly as possible. Additionally, the hearing process has been impacted by the current COVID-19 national emergency.

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Included in the Allowed Claims is a claim filed by National Founders (Claim No. 60178) alleging an Administrative Expense Claim of approximately \$10 million arising out of the rejection of a servicing agreement and purported curtailment related to certain mortgages and other costs. The Plan Administrator objected to both the amount and asserted priority. The National Founders Claim was settled by allowance of an administrative expense claim in the amount of \$0.6 million, which was paid in December 2020 and is reflected in the cash on hand as of March 31, 2022. The remainder of the claim was reclassified as a general unsecured claim.

Included within the Reclassified to Unsecured are claims filed by Finance of America Reverse LLC (“FOA”) (Claims Nos. 21347 and 60182) and Liberty Home Equity Solutions, Inc. (“LHES”) (Claim No. 60214) asserting that (1) certain short form amendments extending the terms of certain prepetition contracts created new post-petition contracts giving rise to administrative expense liability, and, in the alternative, (2) the Debtors’ postpetition conduct pursuant to prepetition contracts give rise to administrative expense liability. The LHES claim asserts administrative expense liability in the amount of \$4.145 million. FOA filed a claim asserting \$375,000 in administrative expense liability (*see* Claim No. 60182), which it subsequently increased to \$14 million plus other amounts to be determined in its response to the Plan Administrator’s objection (*see* ECF No. 2315). The Plan Administrator objects both to the status of the claims as administrative expense claims and to the amounts of the asserted claims and filed a reply to the responses filed by FOA and LHES (ECF No. 3076). A sufficiency hearing related to the classification of the FOA and LHES claims was held on January 28, 2021. In October 2021, the Bankruptcy Court issued an Order sustaining the Debtors’ Objection to the FOA and LHES administrative claims and reclassified them to General Unsecured Claims. In November 2021, FOA and LHES filed Notices of Appeal. LHES subsequently dismissed its appeal and a stipulation was entered on December 9, 2021 (*see* ECF No. 3804). The FOA appeal is fully briefed and awaits further direction from the District Court, and the Plan Administrator continues to reserve \$14 million for this claim in the Disputed Claims Reserve as discussed in Footnote 2 to the Claims Status Summary table included herein.

On July 16, 2020, as a result of claim resolutions in the third quarter 2020, the Board of Directors approved a distribution to the Term Lenders of record as of July 17, 2020 in the amount of \$188 million. The distribution was made to the Prepetition Administrative Agent on or about August 7, 2020. On March 10, 2021, as a result of claim resolutions in the first quarter 2021, the Board of Directors approved a second distribution to the Term Lenders of record as of July 17, 2020 in the amount of \$135 million. The distribution was made to the Prepetition Administrative Agent on or about March 12, 2021. Further, on June 28, 2022, the Board of Directors approved a third distribution to the Term Lenders of record as of July 17, 2020 in the amount of \$56 million, payable to the Prepetition Administrative Agent on or about July 7, 2022. All distributions are made by the Wind Down Estates to the Prepetition Administrative Agent in its capacity as distribution agent under the Third Amended Plan. The Plan Administrator has no information related to the distribution amounts for each specific holder of interests in the Term Loan, and any inquiries related to individual distributions or amounts thereof should be directed to the Prepetition Agent who is solely responsible for the custody and distribution of funds to Term Lenders.

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7. **Operations.** As of March 31, 2020, the Wind Down Estates completed the transfer of servicing and/or ownership of all remaining loans and are in the process of completing all of the wind down activities necessary to completely cease operations. The wind down activities include surrendering licenses, terminating related bonds, transferring custody of related loan documents and other records, terminating related operational contracts, systems and databases, archiving required data, reviewing and paying final operation invoices, completing and filing required regulatory audits and reporting, reconciling and closing inactive custodial accounts. The Wind Down Estates do not anticipate any material impacts to the wind down efforts due to COVID-19 principally because the loan transfers have been completed and loan servicing has ceased. However, wind down timing may be affected by any government and agency slow down, delays due to completing any required filings and reports from unanticipated staffing impacts and receipt of required necessary information, as well as any general difficulties presented by the stay at home orders issued by State and local governments.
8. **Cash on Hand.** As of June 30, 2022, the Wind Down Estates have cash on hand in the amount of approximately \$172million, excluding restricted cash in the amount of approximately \$0.2 million. The cash on hand includes the \$56 million held pending the third distribution discussed in Note 6 above. The cash on hand excludes cash held in certain mortgage related accounts and unclaimed property (*see* Note 14).
9. **Excluded Assets.** The Plan Administrator continues to pursue the collection of operational assets and assets excluded from the Purchase Agreements to offset the forecasted wind down costs, including amounts due under service agreements related to the Purchase Agreements, other accounts receivables, advances, prepaid deposits and collateral held by the issuers of surety bonds primarily related to operational licenses in the process of being surrendered by the Wind Down Estates. None of these amounts are reflected in the cash on hand as of June 30, 2022. Certain of these account balances have continued to fluctuate since the Effective Date as the Wind Down Estates continued to operate until recently ceasing all operating activities. The value of the excluded assets as of June 30, 2022 is estimated to be approximately \$22million, including \$15 million of cash collateral for certain surety bonds which supported the Wind Down Estates' historical mortgage operations, against which a \$1 million reserve is recorded, \$7 million of tax refunds discussed below, and \$1 million of various accounts receivable and prepaid deposits. The reserve for the mortgage operations was reduced to \$1 million from \$5 million in the previous quarter to reflect that the Wind Down Estates ceased mortgage operations in connection with the sale of its mortgage operations and cessation of servicing. The \$4 million reduction to the reserve has been reclassified to the reserves for Wind Down Costs as explained in Note 11. During the third quarter 2020, \$1.3 million of the surety bond cash collateral was returned to the Wind Down Estates and is reflected in the cash on hand as of June 30, 2022. Additionally, during the first quarter 2021, \$0.3 million of surety bond cash collateral was returned to the Wind Down Estates and is reflected in the cash on hand as of June 30, 2022. In the second quarter 2022, the Wind Down Estates received \$49.6 million of IRS refunds which is reflected in the cash on hand as of June 30, 2022, as discussed below. Pursuant to the terms of the applicable surety bonds, the remaining cash collateral will continue to be held by the surety for certain extended periods and could delay receipt and distribution of the surety cash collateral.

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Pursuant to the provisions of the CARES Act, the Wind Down Estates filed for tax refunds of approximately \$34 million, plus an additional \$1 million of other expected federal, state and local tax refunds. Additionally, through the efforts of the Plan Administrator, additional Federal tax refunds were identified and the Plan Administrator filed for refunds in the approximate amount of \$18 million, bringing the total potential refunds to approximately \$52 million, excluding interest. The Wind Down Estates have collected \$49.6 million in refunds, including interest, as of June 30, 2022, and expect to receive an additional approximate refund amount of \$6.5 million.

10. **Excluded Liabilities.** The Plan Administrator continues to settle and satisfy operational liabilities and liabilities excluded from the Purchase Agreements including runoff of prior benefit plan expenses and employee liabilities, various accrued liabilities and accounts payable related to the servicing and originations operations and corporate overhead charges (the “**Excluded Liabilities**”). As the Wind Down Estates continue to incur certain residual charges and pass through receipts, the amount of Excluded Liabilities could continue to fluctuate as the Wind Down Estates fix and settle costs related to those operational activities. As of June 30, 2022, the amount of Excluded Liabilities is estimated to be approximately \$0.1 million, reduced since the Effective Date as liabilities were paid (which payments are reflected in the cash on hand as of June 30, 2022). Liabilities for costs incurred but not yet paid are reported separately as Wind Down Costs (*see* Note 11). The Excluded Liabilities as of June 30, 2022 are separate and in addition to the reserve for future costs and costs incurred but not yet paid set forth in Note 11 below.
11. **Wind Down Costs.** The Debtors, prior to confirmation and the Plan Administrator being selected, disclosed certain pre-confirmation budget estimates in the *Notice of Filing of Summary of Estimated Net Proceeds in Connection with the Stalking Horse Bids* dated June 18, 2019 (ECF No. 725) (the “**Pre-Confirmation Estimates**”). Actual results and future estimates subsequent to the closing of the transactions contemplated in the Purchase Agreements have resulted in significant variances to the Pre-Confirmation Estimates. As disclosed in Note 4, the Plan Administrator resolved all remaining issues related to the Forward Stalking Horse Purchase Agreement, which included the collection of \$25 million of indemnification escrow funds not contemplated in the Pre-Confirmation Estimates. Additionally, the Plan Administrator collected the entire escrow related to the Reverse Stalking Horse Purchase Agreement, including the receipt of purchase price adjustments of \$17.9 million. Finally, the Plan Administrator has filed claims of approximately \$34 million in tax refunds as a result of the carryback of tax losses and other refunds which were not previously anticipated or calculated in any recovery analyses. These favorable results are offset by additional expenditures and revised estimates of future expenditures, aged payables withheld from the payables system, related timing differences and the failure by the Debtors, prior to confirmation, to include adequate expense estimates related to several areas including IT costs, required audit fees and related expenses associated with the servicing operations and licenses, facility wind down costs, required data retention and destruction costs, costs associated with reconciliation and resolution of approximately three billion dollars of filed secured, priority and administrative proofs of claim and other claims agent costs, legal expenses related to the prosecution of claims and collections of assets excluded from the

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Purchase Agreements, and other general wind down operating expenses. References to pre-confirmation wind down estimates are not comparable given the prior lack of budgeting of material matters, timing differences, the passage of time from when the original pre-confirmation budget was developed and the use of more detailed methodologies employed by the Plan Administrators relative to forecasting expenses and liabilities.

Based on further analysis, as of March 31, 2020, the Plan Administrator established a reserve of approximately \$133 million for the future costs related to the wind down, which included payroll, severance, termination of benefit plans, IT and data administration and destruction costs, document retention and destruction, facility lease terminations and related expenses, professional fees, audit and tax fees, U.S. Trustee fees, insurance premiums, operational runoff expenses, estimated SPA Claim payments and other administrative expenses.

The total reserve as of March 31, 2022 was \$42 million of known or expected future costs to be incurred during the wind down of the Wind Down Estates, plus an additional reserve of approximately \$30 million for unanticipated costs and expenses. The total reserve is reduced from time to time from the expenditure of the actual wind down costs, and the additional reserve may fluctuate in relation to risks associated with changes in costs, increased duration of the wind down, resolution of disputed SPA claims, regulatory issues, tax consequences, and other factors that may be identified in the future. In the second quarter 2022, the Plan Administrator reclassified \$4 million of reserves related to excluded assets to expected future costs to reflect the delay and increased costs in administration driven by claims resolution delays, ongoing litigation and other administrative costs. To date, \$0.9 million of SPA claims have been allowed. The Plan Administrator expects the additional allowance of certain claims, of which \$0.9 million has been paid and reduced the cash on hand as of June 30, 2022. Although it is not possible to estimate the full extent of SPA claim amounts to be allowed as of the date hereof, it is currently anticipated that these claims would approximate \$3 million, which is not reflected in the base \$42 million of reserves disclosed below. Note 6 provides further disclosures regarding Claims Administration and related potential material contingencies that could affect these estimates.

As of June 30, 2022, the \$42 million reserve has been reduced by an aggregate of \$5 million due to the payment of anticipated and budgeted wind down, operational or other costs, net of cash receipts (which cash spend is reflected in the cash on hand as of June 30, 2022) offset by the \$4 million reserve reclassification discussed above. Additionally, the Wind Down Estates established \$1 million of sublease income reserves for sublease cost reimbursement related to its Jacksonville release due to the default of the sub tenant of such property. Therefore, the reserve balance remains at \$42 million as of June 30, 2022 (excluding incurred but not paid expenses as described below), plus the additional reserve in the amount of approximately \$30 million for unanticipated costs and expenses, which remains unchanged. Additionally, as of June 30, 2022, there is approximately \$2 million of incurred expenses that have not yet been paid, which will require the use of cash as such amounts are billed and paid.

In the third quarter of 2020, the Board of Directors revised and reduced their amended incentive plan (the “**Amended Revised Incentive Plan**”) for the Plan Administrator. The Amended Revised Incentive Plan is based on the recovery to Term Lenders and the timing of

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the incentive payments is dependent upon achievement of certain recovery ranges. The timing of such incentive payments coincides with the payment of such recoveries to the Term Lenders. The recovery incentive award is payable to the three-member Plan Administrator (in the aggregate) and is calculated as a percentage of the incremental gross cash distributed above 25% to the Term Lenders. No incentive is payable for Term Lender recoveries below 25%. For Term Lender recoveries between 25% and 49%, the recovery incentive award percentage is 1.75%, and for Term Lender recoveries above 49%, the recovery incentive award percentage is 2.5%. No inferences should be drawn from the recovery percentage ranges shown as to the ultimate recovery for the Wind Down Estates, which remains subject to a variety of factors.

12. **Litigation Matters.** On February 21, 2020, the Plan Administrator filed a civil action in the U.S. District Court, Middle District of Florida, Tampa Division entitled *Ditech Financial, LLC v. AIG Specialty Insurance Company et al.* [8:20 cv 00409-WFJ-AEP] seeking \$10 million in damages plus interest, fees and other expenses related to breach of an insurance contract. The action relates to claims filed against AIG Specialty Insurance Company under a bankers' professional liability insurance policy purchased by the Wind Down Estates and Starr Indemnity & Liability Company under a related excess policy purchased by the Wind Down Estates that were denied. The Wind Down Estates have not forecasted or recorded any anticipated recoveries from this litigation. Summary judgment motions were filed and heard by the District Court. On September 20, 2021, the District Court granted summary judgment in favor of the insurers and on October 13, 2021, the Wind Down Estates filed a notice of appeal with the 11th Circuit Court of Appeals. Briefing of the appeal is completed. .

The Wind Down Estates also filed a motion requesting, among other things, turnover of \$1.1 million owed by Nationstar Mortgage LLC. *See* ECF No. 2530. The Nationstar matter was settled in January 2021 and resulted in a payment to the Wind Down Estates of approximately \$0.7 million, received in the first quarter of 2021.

As of the Confirmation Date, the Wind Down Estates were named in over 800 lawsuits related to their ongoing mortgage business. The vast majority of the lawsuits are pre-petition matters which are stayed pursuant to the Confirmation Order, and in certain cases the litigation matters have been assumed by the subsequent servicer(s). The Plan Administrator has worked diligently to take steps in these Chapter 11 Cases to enforce the injunction provision of the Third Amended Plan as it relates to these litigation matters and has taken action as needed in the Courts in which the matters were initially filed to enforce the applicable orders entered by the Bankruptcy Court. Additionally, certain lawsuits were filed post-petition and post-confirmation during the continued servicing of loans that were subject to Sale Transactions. Although the Plan Administrator does not expect these cases to present any material liability to the Wind Down Estates, the dismissal or resolution of these cases will incur additional time and expenses not previously anticipated or budgeted. Since the Effective Date, the Plan Administrator has reduced the case count to [24] cases, although periodically new cases are filed to which the Wind Down Estates are required to respond. The Plan Administrator sought relief in the Bankruptcy Court to enjoin such cases and circumstances may require the Plan Administrator to take additional action in courts in which the cases are pending.

### 13. Plan Administration Updates.

(A) 401(K) Plan Termination. The Ditech Holding Corporation Retirement Savings Plan (the “**Retirement Plan**”) terminated as of December 1, 2020. The Retirement Plan’s estimated value in the aggregate was approximately \$86 million as of October 2020, and over 1,500 participants remained in the plan as of such date. As a result of the Retirement Plan termination, a distribution packet was mailed to all participants based on the participant’s address as reflected in the Retirement Plan’s records. Over 650 participants did not timely return a completed packet, resulting in the distribution of their account as part of the Retirement Plan termination process. Retirement Plan participants who did not timely elect to receive a distribution and whose account balance was over \$1,000 may contact Millennium Trust Company at 1-877-682-4727 or [arp@mtrustcompany.com](mailto:arp@mtrustcompany.com). Retirement Plan participants with account balances under \$1,000 were mailed a check on December 30, 2020. Uncashed checks were voided after 90 days, and unclaimed amounts have been transferred to Millennium Trust. Audits and IRS Form 5500 filings for 2020 were completed in December 2021. The required Summary Annual Report was mailed in December 2021 to approximately 2,400 prior participants. The 2021 audit and the IRS Form 5500 filing were completed in the first quarter of 2022.

(B) Data Management and Records Retention. In May 2020, Ditech’s data box count in storage was 147,925. During the course of the third quarter of 2020, the Plan Administrator reduced the box inventory related to aged or immaterial data down to 95,163, which resulted in an annual savings of \$109,000. As of June 30, 2022, the box count storage was approximately 94,327. The Plan Administrator is reviewing the remaining boxed material and electronic data for possible destruction given the age and subject matter of the documents. The records and data retention costs incurred and the personnel costs to maintain such data is approximately \$100,000 per month. The Plan Administrator filed a motion with the Bankruptcy Court on April 4, 2022 seeking authorization to not take any further action or incur further liability regarding all electronic data related to the sold mortgages stored on servers that were sold and transferred to the Forward Buyer (the “**Sold Servers**”) upon the expiration of the Wind Down Estates’ access to the Sold Servers, expected to be no later than October 2022. The Court issued an order approving the motion on June 23, 2022 (ECF No. 4131). The Plan Administrator plans to submit an additional motion to allow destruction of obsolete hard copy written records and historical email files in the third quarter of 2022.

(C) Title/Lien Inquiries. Since the Effective Date, the Plan Administrator has received and continues to receive inquiries from Borrowers, successor servicers, and third parties or their representatives who seek to resolve issues with title and liens that have merged in the chain of title to the properties in question, or otherwise seek to release liens on their properties that were not previously released (each a “**Title/Lien Inquiry**”). Pursuant to the Third Amended Plan, the Debtors’ businesses were sold or transferred, and accordingly the mortgages owned or serviced by the Debtors were also sold or transferred, and the sold mortgages are now being serviced by other parties. The Wind Down Estates thus do not have any remaining interest in these mortgages. The continued attention to responding to Title/Lien Inquiries was costly and no longer feasible given where the Wind Down Estates are in the late stage of winding down these cases. Therefore, the Plan Administrator filed a motion with the Bankruptcy Court to

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release the Wind Down Estates' liens on property owned by borrowers, clarifying that third parties are permitted to commence and continue non-monetary quiet title actions, and finding that the Wind Down Estates and Plan Administrator need take no further action to respond to Title/Lien Inquiries (*see* ECF No. 3565). The Bankruptcy Court approved the motion on September 7, 2021 (*see* ECF No. 3673).

(D) Sold/Abandoned Property. Prior to the Commencement Date, in the ordinary course of business, the Debtors serviced certain mortgage loans in connection with interests in real and personal property in which the Debtors served as a mortgage loan servicer or held a mortgage interest (whether such mortgage had been foreclosed or not), including mobile homes, which were sold or abandoned prior to the Commencement Date ("**Sold/Abandoned Property**"). In connection with such servicing, the relevant taxing agencies and other property related agencies often sent real estate or personal property tax statement and other assessments which were obligations of the Borrowers related to such mortgages to the Debtors. After certain Borrowers defaulted on the related loans, the Debtors repossessed and subsequently sold or, if determined to have de minimis or zero net value, abandoned certain of the Sold/Abandoned Property. Notably, the Sold/Abandoned Property was sold or abandoned prior to the Commencement Date. Therefore, the Plan Administrator submits the Wind Down Estates have no lingering interests in the Sold/Abandoned Property and filed a *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 Wind Down Estates to Abandon any Lingering Interests in Property Sold or Abandoned Prior to Commencement Date, (II) Clarifying that Third Parties with Valid and Legal Interests in Property Sold or Abandoned Prior to the Commencement Date are Free to Exercise any Rights or Remedies They May have with Respect to Such Property, and (III) Granting Related Relief* on October 4, 2021 (*see* ECF No. 3722). The Bankruptcy Court approved the motion on December 28, 2021 (*see* ECF No. 3836). This order assisted the Plan Administrator in resolving several remaining claims related to the Sold/Abandoned Property.

(E) Headcount Reduction. Pursuant to the terms of the Purchase Agreements and associated TSAs, the Wind Down Estates had a continuing obligation to subservice loans sold while such loans were transferred to the new servicers. The post-sale obligations required the Wind Down Estates to maintain the employment of 1,667 employees at closing. Since the Effective Date, the Plan Administrator has gradually reduced the number of persons employed while maintaining a critical work force notwithstanding involuntary attrition, departure to the buyers, and reductions related to the ongoing COVID-19 pandemic. As of the date hereof, the employee head count has been reduced to 5 persons, plus additional contractors employed on a part-time basis. The timing of further headcount reductions will depend upon the completion of various tasks associated with the Wind Down Estates and satisfaction of obligations required pursuant to the Third Amended Plan.

(F) Reconciliation and Closure of Bank Accounts. As of the Effective Date, the Plan Administrator determined there were 1,115 separate banking or banking-related accounts which existed relative to the historical operations of the Debtors and their predecessors. Since the Effective Date, the Plan Administrator has worked to reconcile, close, or novate 1,106 accounts, and will continue to close non-essential accounts.

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(G) License Surrenders. Subsequent to ceasing subservicing obligations pursuant to the TSA, the Plan Administrator has facilitated the surrender and/or termination of 276 licenses in 56 jurisdictions, with an additional 2 license surrenders pending completion upon the dissolution of certain Debtors.

(H) Subsidiary Case Closures. On December 2, 2021, the Plan Administrator filed a Notice of Motion of Wind Down Estates for Entry of Final Decree (I) Closing Subsidiary Cases; and (II) Granting Related Relief (*see* ECF No. 3798). In the motion, the Plan Administrator seeks to close the chapter 11 cases of Green Tree Credit LLC (Case No. 19-10411 (JLG)), DF Insurance Agency LLC (Case No. 19-10413 (JLG)), Ditech Financial LLC (Case No. 19-10414 (JLG)), Green Tree Credit Solutions LLC (Case No. 19-10415 (JLG)), Green Tree Insurance Agency of Nevada, Inc. (Case No. 19-10416 (JLG)), Green Tree Investment Holdings III LLC (Case No. 19-10417 (JLG)), Green Tree Servicing Corp. (Case No. 19-10418 (JLG)), Marix Servicing LLC (Case No. 19-10419 (JLG)), Mortgage Asset Systems, LLC (Case No. 19-10420 (JLG)), REO Management Solutions, LLC (Case No. 19-10421 (JLG)), Reverse Mortgage Solutions, Inc. (Case No. 19-10422 (JLG)), 3 Walter Management Holding Company LLC (Case No. 19-10423 (JLG)), and Walter Reverse Acquisition LLC (Case No. 19-10424 (JLG)). The chapter 11 case of Ditech Holding Corporation (the “**Remaining Wind Down Estate**”) (Case No. 19-10412 (JLG)) (the “**Remaining Case**”) will remain open to provide the Wind Down Estates, the GUC Recovery Trust, and the Consumer Representative the opportunity to finalize the process of resolving any contested matters and reconciling, objecting to, and resolving claims. The Bankruptcy Court Approved the motion on February 22, 2022 (*see* ECF No. 3903).

14. **Unclaimed Property.** On September 30, 2020, the Plan Administrator filed the *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 Funds Motion**”), related to the proposed distribution under the Third Amended Plan of certain borrower funds in the pre-petition and post-petition periods. The Unclaimed Funds Motion sets forth a process pursuant to which former Ditech borrowers may ascertain whether the Wind Down Estates hold any funds which were previously issued to borrowers but remain uncashed. The Unclaimed Funds Motion also sets forth a process to receive such funds, including by logging on to the website UnclaimedProperty.Ditech.com to provide the information necessary for a borrower to claim such funds. A hearing on the Unclaimed Funds Motion was held on December 17, 2020, and the Court entered an order granting the relief sought therein, subject to certain reporting and meet and confer obligations, on January 12, 2021 (*see* ECF No. 3159). On August 9, 2021, the Court entered an order to extend the time period to return monies to former Borrowers to January 7, 2022 (*see* ECF No. 3602). On December 22, 2021, the court entered an order to extend the time period to return monies to former Borrowers to July 6, 2022 (*see* ECF No. 3830). As of April 30, 2022, the Plan Administrator had distributed \$92.7

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million of \$112.1 million in Unclaimed Funds to former Borrowers (*see* ECF No. 4040). On September 27, 2021, the Court entered an order approving voluntary and non-binding mediation to resolve disputes with respect to the administration of any remaining Unclaimed Borrower Funds (*see* ECF No. 3708). During the mediation process the mediator, Former US District Court Judge Joseph Farnan, conducted several group and individual sessions with the participants and a settlement agreement (the “**Unclaimed Funds Settlement Agreement**”) was reached. On April 26, 2022, the Plan Administrator filed the *Motion of Plan Administrator, on Behalf of Wind Down Estates, for Entry of Order (I) Authorizing and Approving Settlement Agreement Between Wind Down Estates and Participating State Agencies Resolving Disputes Regarding Administration of Unclaimed Borrower Funds and (II) Granting Related Relief* (ECF No. 4023) (the “**Unclaimed Funds Settlement Motion**”) seeking approval of the Unclaimed Funds Settlement Agreement and other related matters. On May 24, 2022, the Plan Administrator filed an amended version of the Unclaimed Funds Settlement Agreement (the “**Amended Unclaimed Funds Settlement Agreement**”) related to the Unclaimed Funds Settlement Motion (ECF No. 4069). On June 8, 2022, the Court entered an order approving the Unclaimed Funds Settlement Motion, including approval of the Amended Unclaimed Funds Settlement Agreement (ECF No. 4110) (the “**Unclaimed Funds Settlement Order**”). The Wind Down Estates are in the process of taking the steps necessary to implement and comply with the terms of the Amended Unclaimed Funds Settlement Agreement and Unclaimed Funds Settlement Order

15. **Reservation of Rights.** Nothing contained in this Quarterly Report shall constitute a waiver of any rights of the Wind Down Estates or an admission with respect to these Chapter 11 Cases, including, but not limited to, matters involving objections to claims, allocation of sale proceeds among the Wind Down Estates, enforcement of the Third Amended Plan confirmed by the Bankruptcy Court, and/or causes of action arising under the Bankruptcy Code or any other relevant applicable laws to recover assets or avoid transfers.

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK


In re: DITECH HOLDING CORPORATION, *et al.*

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POST-CONFIRMATION QUARTERLY OPERATING REPORT

This Quarterly Report has been prepared solely for the purpose of complying with the quarterly reporting requirements applicable in these chapter 11 cases. The Quarterly Report is in a format acceptable to the U.S. Trustee. The financial information contained herein is limited in scope and covers a limited time period. Moreover, such information is preliminary and unaudited, and is not prepared in accordance with GAAP.

I declare under penalty of perjury that this report and the attached documents are true and correct to the best of my knowledge and belief.

  
\_\_\_\_\_  
Signature of Authorized Individual\*  
John J. Ray, III, President  
\_\_\_\_\_  
Printed Name of Authorized Individual

July 20, 2022  
\_\_\_\_\_  
Date

\*Authorized individual must be an officer, director or shareholder if debtor is a corporation.

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DITECH HOLDING CORPORATION, <i>et al.</i>			
	Yes	No	Comments
Have any assets been sold or transferred outside the normal course of business, or outside the plan, during this reporting period?		X	
Are any post-confirmation sales or payroll taxes past due?		X	
Are any amounts owed to post-confirmation creditors/vendors over 90 days delinquent?	X		During the reporting period, the Debtors were current on postpetition payables, taking into consideration pending credits, adjustments, and disputes that arise in the ordinary course of business.
Is the Debtor delinquent on any post-confirmation plan payments?		X	

INSURANCE INFORMATION			
	Yes	No	Comments
Are real and personal property, vehicle/auto, general liability, fire, theft, worker's compensation, and other necessary insurance coverages in effect?	X		
Are all premium payments current?	X		

SCHEDULE OF CASH DISBURSEMENTS (\$) <sup>1</sup>			
Case No.	Debtor Entity Name:	Cash Disbursements	UST Quarterly Fees
19-10412	Ditech Holding Corporation	5,491,407	43,931
<b>Totals:</b>		<b>\$ 5,491,407</b>	<b>\$ 43,931</b>

**Footnotes**

1) Ditech Financial LLC, as a former mortgage servicer, continues to periodically receives funds on behalf of former borrowers and makes payments to successor mortgage servicers with monies originally funded by the borrower. These payments solely represent "pass through" payments and are not cash expenditures of Ditech Financial LLC. The Wind Down Estates have excluded such "pass through" payments from the reported disbursements.

2) On February 22, 2022, the Bankruptcy Court entered a final decree closing the Chapter 11 cases of all of the Reorganized Debtors except Ditech Holding Corporation (ECF No. 3903). All payments of the Wind Down Estates are reported as payments of Ditech Holding Corporation.