

Quarterly Report for the Combined Estate of
RETIREMENT VALUE, LLC & HILL COUNTRY FUNDING LLC
Quarter Ending June 30, 2015 (2Q 2015)

This report summarizes the Estate's financial position as of **June 30, 2015**.

The Estate began the quarter with about \$9.8 million in cash, policies worth about \$13.5 million, a death claim for \$5 million and litigation recoveries on which the Receiver is still collecting. Over the course of the quarter, the Receiver received the death benefit and additional litigation recoveries and paid expenses, the largest of which was premiums for the portfolio. The Estate ended the quarter with \$13.9 million in cash and policies worth \$13.5 million and the uncollected litigation recoveries. The Estate's sources and uses of cash for the quarter and since the receivership's inception are summarized below.

Cash

	<u>5/5/10 thru 6/30/15</u>	<u>4/1/15 thru 6/30/15</u>
Beginning Balance	23,150,192.47	9,780,259.28
<i>Plus</i>		
Death Benefits	20,161,496.52	5,000,000.00
Asset Sale/Recovery	2,623,131.70	
Litigation	9,712,296.70	78,702.20
Interest Rec'd	265,415.24	21,024.88
Interest accrued	<u>20,350.75</u>	<u>5,753.27</u>
<i>Sub total</i>	<i>32,782,690.91</i>	<i>5,105,480.35</i>
<i>Less</i>		
Premiums Paid	(21,995,755.76)	(824,453.02)
RV Mortgage (P&I)	(45,487.56)	
Taxes	(841,340.49)	(1,885.08)
Fees and Expenses	(9,790,093.13)	(152,906.14)
3rd Party Disb.	(950,928.89)	
Distributions	<u>(8,402,782.16)</u>	<u></u>
<i>Sub total</i>	<i>(42,026,387.99)</i>	<i>(979,244.24)</i>
Ending Balance	13,906,495.39	13,906,495.39

As of the end of the calendar quarter, the Estate holds 49 policies on 42 individuals with an aggregate face value of \$121.6 million. Through June of 2015, the Estate has had 5 maturities; two of which were on policies insuring the same individual. ***There were no additional maturities in this quarter.*** The portfolio's actual mortality performance through June 30, 2015 is shown below:

Insurance Portfolio Profile

	<u># of Policies</u>	<u># of Lives</u>	<u>Face Value</u>
As of May 5, 2010	54	46	\$141,585,000
Maturities (prior periods)	5	4	20,000,000
Maturities (this Quarter)	0	0	0
As of June 30, 2015	49	42	\$121,585,000

The Receiver last updated the valuation of the policies in January 2015. The estimated fair market value is based on the net present value of the future stream of cash flows (i.e. the payment of projected premiums, collections of death benefits, etc.) discounted to the valuation date. The remaining policies' estimated fair market value was \$13.5 million as of December 31, 2014.

Total approved investor claims against the Estate are \$80.4 million; of which \$8.5 million have been paid and \$71.9 million remain outstanding. The Court's Plan of Distribution anticipates net distributable cash flow from this portfolio of between \$.080 to \$1.20 per dollar invested, with an expected distribution of \$1.00 over the next 20 or so years. To date, investors have recovered about 11% of their investment. ***No additional distributions were made during this Quarter.***

The most readily apparent proxy for the claims' current value should be their estimated participation in an immediate liquidation of the Estate's assets. The table below reflects the potential recovery from liquidation per dollar of claim: (i) as to the investors' Total Claim, taking into account the \$8.5 million in prior Distributions; and (ii) as to remaining assets and remaining claim balances.

Liquidation Analysis

	<u>Total</u> <u>Investor Claims</u>	<u>Outstanding</u> <u>Investor Claims</u>
Assets	<i>Comb. Estates</i>	<i>Comb. Estates</i>
Policies	\$13,539,406.47	\$13,539,406.47
Claims Pending Collection	0.00	0.00
Cash On Hand	13,906,495.39	13,906,495.39
Prior Distributions	<u>8,485,790.89</u>	<u>0.00</u>
Est. Liquidation Value	35,931,692.75	27,445,901.86
Investor Claims	\$80,361,992.34	\$71,876,201.45
Recovery/\$ if liquidated	<u>\$0.45</u>	<u>\$0.38</u>

The Estate anticipates paying over \$71 million in premiums. With only \$13.9 million on hand, the Estate must use the death benefits from earlier maturities to pay future premiums. This means that the Estate's receipt of cash does not automatically translate into a distribution to the claimants. The Estate can only make cash distributions when its premium reserves are sufficient to ensure that the Estate does not compromise its ability to make premium payments.