

**[CORRECTED] Quarterly Report for the Combined Estate of**  
**RETIREMENT VALUE, LLC & HILL COUNTRY FUNDING LLC**  
*As of Quarter Ending September 30, 2021 (3Q2021)*

**COVID 19** – We are experiencing certain operational difficulties due to the coronavirus pandemic. For example, many local vital records offices are still operating remotely, making it more difficult to obtain death certificates. At this point, however, we do not anticipate that the pandemic will materially impact the portfolio's performance.

The Estate began the quarter with about \$5.8 million in cash, and policies worth about \$14.1 million. During the quarter, the estate's largest expense was \$1,284,017 in portfolio premiums; and its largest collection was \$2,500,000 in death benefits. The Estate ended the quarter with \$7,042,000 in cash, policies worth approximately \$12.6 million, accounts receivable of \$12,250,000, and the uncollected litigation recoveries. The Estate's sources and uses of cash since the receivership's inception and for the quarter are summarized below.

**Cash**

	5/5/10 thru 6/30/2021	7/1/21 thru 9/30/2021	Since Inception
<b>Beginning Balance</b>	23,150,192	5,806,009	23,150,192
<i>Plus</i>			
Death Benefits	49,746,497	2,500,000	52,246,497
Asset Sale/Recovery	3,345,647		3,345,647
Litigation	9,850,984		9,850,984
Interest Rec'd	1,138,626	27,436	1,176,366
Interest accrued			
<b>Sub total</b>	64,092,058	2,527,436	66,619,494
<i>Less</i>			
Premiums Paid	(54,013,401)	(1,284,017)	(55,297,418)
RV Mortgage (P&I)	(45,488)	0	(45,488)
Taxes	(4,261,916)	(6,779)	(4,279,694)
Fees and Expenses	(11,315,967)	(375)	(11,316,342)
3rd Party Disb.	(950,929)	0	(950,929)
Distributions	(10,837,541)	0	(10,837,541)
<b>Sub total</b>	(81,436,241)	(1,291,170)	(82,727,412)
<b>Ending Balance</b>	<b>5,806,009</b>	<b>7,042,275</b>	<b>7,042,275</b>

As of the end of this quarter, the Estate held 31 policies on 28 individuals with an aggregate face value of \$77,250,000. Since inception, the Estate has had 23 maturities. **We identified one mortality affecting two (2) policies this quarter.** The table below reflects the portfolio's actual mortality performance through September 30, 2021:

**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)	21	17	\$46,335,000
Maturities (this quarter)	2	1	\$8,000,000
<b>As of September 30, 2021</b>	<b>31</b>	<b>28</b>	<b>\$77,250,000</b>

The Receiver last updated the policies' valuation as of May 31, 2019. 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 at an 18% discount rate. As of September 30, 2021, the remaining policies' estimated fair market value was \$12,615,049 million.

Total approved investor claims against the Estate are \$80.4 million; of which \$11 million have been paid and \$69.4 million remain outstanding. Through September 30, 2021, investors have recovered about 13.7% of their initial investment.

The most readily apparent proxy for the claims' current value is their estimated participation in an immediate liquidation of the Estate's assets. The table below reflects the potential recovery per dollar of claim from liquidation: (i) as to the investors' total claim, taking into account the \$11 million in prior distributions; and (ii) as to remaining assets and remaining claim balances.

**Liquidation Analysis (as of September 30, 2021)**

	<u>Total Investor Claims</u>	<u>Outstanding Investor Claims</u>
<b>Assets</b>		
Policies (as of 09/30/20)	\$12,615,049	\$12,615,049
Claims Pending Collection	12,250,000	12,250,000
Cash On Hand	7,042,275	7,042,275
Prior Distributions	<u>10,931,677</u>	<u>0</u>
<b>Est Liquidation Value</b>	<b>42,839,000</b>	<b>31,907,324</b>
Claims	80,354,220	69,422,543
<b>Liquidation Recovery per \$ Claimed</b>	<b>\$0.53</b>	<b>\$0.46</b>

Please be aware that a maturity does not automatically translate into a distribution to the claimants. In order to collect the \$77 million remaining in the portfolio's face value, the Estate anticipates paying an additional \$43 million in premiums over the next 25 years. The May 2019 stochastic analysis indicates that the estate's premium reserves should be \$16 million in order to adequately reserve for 97.5% of the modelled circumstances. The Estate's premium reserve was then \$11.2 million. The Estate must use the death benefits from earlier maturities to reload the reserves so that it can pay future premiums. The Estate can only make cash distributions when the premium reserves are sufficient to ensure that the Estate is able to make premium payments, even if the portfolio underperforms. The estate's cash-on-hand does not currently support a distribution.

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