

Annual Report for the Combined Estate of
RETIREMENT VALUE, LLC & HILL COUNTRY FUNDING LLC
Year Ending December 31, 2020

This report summarizes the Estate's financial position as of **December 31, 2020**.

The Estate began the Year with about \$7.0 million in cash, policies worth about \$15.7 million and litigation recoveries. During the year, the estate's largest expense was \$5.4 million in portfolio premiums; and its largest collection was \$5.1 million in death benefits. The Estate ended the year with \$6.5 million in cash, \$2.0 million in accounts receivable due to policy maturities¹; policies worth \$15.4 million, and the uncollected litigation recoveries. The Estate's sources and uses of cash since the receivership's inception and for the year are summarized below.

Cash

	<i>5/5/10 thru <u>12/31/2018</u></i>	<i>1/1/19 thru <u>12/31/2020</u></i>	<i>5/5/10 thru <u>12/31/19</u></i>
<u>Beginning Balance</u>	<u>23,150,192</u>	<u>6,992,213</u>	<u>23,150,192</u>
<i>Plus</i>			
Death Benefits	42,661,497	5,085,000	47,746,497
Estate Recoveries	13,158,881		13,158,881
Interest Rec'd	<u>789,007</u>	<u>285,163</u>	<u>1,075,170</u>
<i>Sub total</i>	<i>56,609,384</i>	<i>5,371,163</i>	<i>61,980,548</i>
<i>Less</i>			
Premiums Paid	(45,848,444)	(5,395,821)	(51,243,965)
RV Mortgage (P&I)	(45,488)		(45,488)
Taxes	(4,108,952)	(152,964)	(4,261,916)
Fees and Expenses	(10,976,312)	(297,227)	(11,273,539)
3rd Party Disb.	(950,929)		(950,929)
Distributions	<u>(10,837,541)</u>		<u>(10,837,541)</u>
<i>Sub total</i>	<i>(72,767,364)</i>	<i>(5,846,013)</i>	<i>(78,613,377)</i>
<u>Ending Balance</u>	<u>6,992,213</u>	<u>6,517,363</u>	<u>6,517,363</u>

As of the end of this year, the Estate held 38 policies on 31 individuals with an aggregate face value of \$92 million. Since inception, the Estate has had 16 maturities; two of which were on policies insuring the same individual. ***There were two maturities this year in the aggregate amount of \$4,085,000.*** The table below reflects the portfolio's actual mortality performance through December 31, 2020:

¹ Policy ING283-031909-AI matured on November 28, 2020. We obtained the death certificate and filed the estate's claim earlier this year. We are currently awaiting collection of death benefits.

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)	14	13	\$45,500,000
Maturities (this Year)	3	3	\$4,085,000
As of December 31, 2020	40	33	\$92,000,000

The Receiver last updated the valuation of the policies 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. As of December 31, 2020, the remaining policies' estimated fair market value at an 18% discount rate was \$15.374 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 December 31, 2020, 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 from liquidation per dollar of claim: (i) as to the investors' total claim, taking into account the \$11 million in prior distributions; and (ii) as to the outstanding claim balances.

Liquidation Analysis (as of December 31, 2020)

	<u>Total Investor Claims</u>	<u>Outstanding Investor Claims</u>
Assets		
Policies (as of 06/30/20)	\$15,374,039	\$15,374,039
Claims Pending Collection	2,000,000	2,000,000
Cash On Hand	6,517,363	6,517,363
Prior Distributions	<u>10,931,677</u>	<u>0</u>
Est Liquidation Value	34,823,079	23,891,402
Claims	80,354,220	69,422,543
Liquidation Recovery per \$ Claimed	\$0.43	\$0.34

Please be aware that a maturity does not automatically translate into a distribution to the claimants. In order to collect the \$99.1 million remaining in the portfolio's face value, the Estate anticipates paying an additional \$53.6 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.