

**Quarterly Report for the Combined Estate of
RETIREMENT VALUE, LLC & HILL COUNTRY FUNDING LLC
As of Quarter Ending March 31, 2022 (1Q2022)**

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 \$5.5 million in cash, and policies worth about \$12.6 million. During the quarter, the estate's largest expense was \$1,457,580 in premiums; and its largest collection was \$9,171 in interest. The Estate ended the quarter with \$4,057,454 in cash, policies worth approximately \$11.8 million, \$17,000,000 in accounts receivable¹, 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 12/31/2021	1/1/2022 thru 3/31/2022	Since Inception
Beginning Balance	\$23,150,192	\$5,507,090	\$23,150,192
<i>Plus</i>			
Death Benefits	52,246,497	-	\$52,246,497
Asset			
Sale/Recovery	3,369,993	-	\$3,369,993
Litigation	9,850,984	-	\$9,850,984
Interest Rec'd	1,185,999	9,171.37	\$1,195,170
Interest accrued	-	-	
<i>Sub total</i>	\$66,653,471.64	\$9,171.37	\$66,662,643
<i>Less</i>			
Premiums Paid	(\$56,713,710)	(\$1,457,579.58)	(\$58,171,290)
RV Mortgage (P&I)	(45,488)	-	(\$45,488)
Taxes	(4,279,694)	(727.86)	(\$4,280,422)
Fees and Expenses	(11,469,213)	(500.00)	(\$11,469,713)
3rd Party Disb.	(950,929)	-	(\$950,929)
Distributions	(10,837,541)	-	(\$10,837,541)
<i>Sub total</i>	(\$84,296,575)	(\$1,458,807.44)	(\$85,755,382)
Ending Balance	\$5,507,090	\$4,057,454	\$4,057,454

As of the end of this quarter, the Estate held 28 policies on 25 individuals with an aggregate face value of \$72,500,000. Since inception, the Estate has had 26 maturities. **We identified three mortalities affecting three (3) policies this quarter.** The aggregate death benefits on those three policies is \$4,750,000, all of which was

¹ The circumstances surrounding two decedents (six of the policies) gave rise to disputes with the respective carriers. The disputes represent \$12,250,000 of the outstanding Accounts Receivable. The other \$4,750,000 in Accounts Receivable are attributable to the 3 maturities identified during this quarter. The \$4,750,000 was collected during 2Q2022.

collected after the end of the quarter. The table below reflects the portfolio's actual mortality performance through March 31, 2022:

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)	23	18	\$64,335,000
Maturities (this quarter)	3	3	\$4,750,000
As of September 30, 2021	28	25	\$72,500,000

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. The policies remaining as of have estimated fair market value of \$11,780,042.

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 March 31, 2022 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 March 31, 2022)

		<u>Total Investor Claims</u>	<u>Outstanding Investor Claims</u>
Assets			
	Policies (as of 3/31/22)	\$11,780,042	\$11,780,042
	Claims Pending Collection	17,000,000	\$17,000,000
	Cash On Hand	4,057,454	\$4,057,454
	Prior Distributions	<u>10,931,872</u>	<u>0</u>
Est Liquidation Value		43,769,368	32,837,496
Claims		80,354,220	69,422,347
Liquidation Recovery per \$ Claimed		\$0.54	\$0.47

Please be aware that a maturity does not automatically translate into a distribution to the claimants. In order to collect the \$72.5 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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