

**Quarterly Report for the Combined Estate of  
RETIREMENT VALUE, LLC & HILL COUNTRY FUNDING LLC  
Quarter Ending March 31, 2019 (1Q2019)**

This report summarizes the Estate's financial position as of **March 31, 2019**.

The Estate began the quarter with about \$10 million in cash, policies worth about \$16.2 million and litigation recoveries. During the quarter, the estate's largest expense was \$1,736,314 in portfolio premiums; and its largest collection was \$11,780 in interest earned. The Estate ended the quarter with \$10 million in cash, policies worth \$16.2 million, a \$3 million receivable for matured policies, 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**

	<i>5/5/10 thru 12/31/2018</i>	<i>1/1/19 thru 3/31/2019</i>
<b>Beginning Balance</b>	<b>23,150,192.47</b>	<b>9,996,641.20</b>
<i>Plus</i>		
Death Benefits	39,661,496.52	
Estate Recoveries	13,152,881.30	
Interest Rec'd	<u>582,492.37</u>	<u>11,779.60</u>
<i>Sub total</i>	<i>396,870.19</i>	<i>11,779.60</i>
<i>Less</i>		
Premiums Paid	(40,013,885.73)	(1,736,314.18)
RV Mortgage (P&I)	(45,487.56)	
Taxes	(3,909,689.28)	
Fees and Expenses	(10,738,774.81)	(15,362.49)
3rd Party Disb.	(950,928.89)	
Distributions	<u>(10,891,655.19)</u>	<u>                    </u>
<i>Sub total</i>	<i>(66,550,421.46)</i>	<i>(1,751,676.67)</i>
<b>Ending Balance</b>	<b>9,996,641.20</b>	<b>8,256,744.13</b>

As of the end of this quarter, the Estate held 41 policies on 34 individuals with an aggregate face value of \$99.1 million. Through March 2019, the Estate has had 13 maturities; two of which were on policies insuring the same individual. ***There were two maturities in this quarter.*** The table below reflects the portfolio's actual mortality performance through March 31, 2019:

**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)	11	10	39,500,000
Maturities (this Quarter)	2	2	3,000,000
<b>As of March 31, 2019</b>	<b>41</b>	<b>34</b>	<b>\$99,085,000</b>

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 May 31, 2019, the remaining policies' estimated fair market value at an 18% discount rate was \$16.2 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 March 31, 2019, 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 remaining assets and remaining claim balances.

**Liquidation Analysis (as of Mar. 31, 2019)**

	<u>Total Investor Claims</u>	<u>Outstanding Investor Claims</u>
<b>Assets</b>		
Policies	\$16,208,609	\$16,208,609
Claims pending collection	3,000,000	3,000,000
Cash On Hand	8,256,744.	8,256,744
Prior Distributions	<u>10,985,790</u>	-
<b>Est Liquidation Value</b>	<u><b>\$38,450,603</b></u>	<u><b>\$27,464,813</b></u>
Claims	\$80,361,992	\$69,470,337
<b>Liquidation Recovery per \$ Claimed</b>	<b>\$0.48</b>	<b>\$0.40</b>

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. Last year's maturities went a long way towards restoring the Estate's premium reserves, but our cash-on-hand does not currently support a distribution.