

**Quarterly Report for the Combined Estate of
RETIREMENT VALUE, LLC & HILL COUNTRY FUNDING LLC
As of Quarter Ending March 31, 2021 (1Q2021)**

COVID 19 – We are experiencing certain operational difficulties due to the coronavirus pandemic. For example, the Receiver and his team are working remotely, which has slowed our ability to respond to your calls and correspondence. In addition, many local vital records offices are also 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 \$6.5 million in cash, accounts receivable of \$2.0 million, and policies worth about \$15.4 million. During the quarter, the estate's largest expense was \$891,000 in portfolio premiums; and its largest collection was \$2.0 million in death benefits. The Estate ended the quarter with \$7.7 million in cash, 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 quarter are summarized below.

Cash	5/5/10 thru 12/31/20	1/1/21 thru 03/31/21	Since Inception
<u>Beginning Balance</u>	<u>23,150,192</u>	<u>6,517,363</u>	<u>23,150,192</u>
<i>Plus</i>			
Death Benefits	47,746,497	2,000,000	49,746,497
Estate Recoveries	13,158,881	37,750	13,196,631
Interest Rec'd	<u>1,075,170</u>	<u>63,456</u>	<u>1,1385,626</u>
<i>Sub total</i>	<i>61,980,548</i>	<i>2,101,206</i>	<i>64,081,753</i>
<i>Less</i>			
Premiums Paid	(51,243,965)	(890,575)	(52,134,540)
RV Mortgage (P&I)	(45,488)		(45,488)
Taxes	(4,261,916)		(4,261,916)
Fees and Expenses	(11,273,539)	(14,471)	(11,288,010)
3rd Party Disb.	(950,929)		(950,929)
Distributions	<u>(10,837,541)</u>		<u>(10,837,541)</u>
<i>Sub total</i>	<i>(78,613,377)</i>	<i>(905,046)</i>	<i>(79,518,423)</i>
<u>Ending Balance</u>	<u>6,517,363</u>	<u>7,713,523</u>	<u>7,713,523</u>

As of the end of this quarter, the Estate held 38 policies on 31 individuals with an aggregate face value of \$92.0 million. Since inception, the Estate has had 16 maturities; two of which were on policies insuring the same individual. **There were no maturities this quarter.** The table below reflects the portfolio's actual mortality performance through March 31, 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)	16	15	\$49,585,000
Maturities (this quarter)	0	0	0
As of March 31, 2021	38	31	\$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 March 31, 2021, the remaining policies' estimated fair market value at an 18% discount rate was \$15.4 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, 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 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 March 31, 2021)

	<u>Total Investor Claims</u>	<u>Outstanding Investor Claims</u>
Assets		
Policies (as of 06/30/20)	\$15,703,142	\$15,703,142
Claims Pending Collection	-	-
Cash On Hand	7,713,523	7,713,523
Prior Distributions	<u>10,931,677</u>	<u>0</u>
Est Liquidation Value	34,019,239	23,087,562
Claims	80,354,220	69,422,543
Liquidation Recovery per \$ Claimed	\$0.42	\$0.33

Please be aware that a maturity does not automatically translate into a distribution to the claimants. In order to collect the \$92 million remaining in the portfolio's face value, the Estate anticipates paying an additional \$53 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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