

**Quarterly Report for the Combined Estate of**  
**RETIREMENT VALUE, LLC & HILL COUNTRY FUNDING LLC**  
*As of Quarter Ending September 30, 2023 (3Q2023)*

The Estate began the fiscal quarter with approximately \$11.3 million in cash, policies worth about \$13.5 million and \$9.2 million in accounts receivable. During the quarter, the Estate's largest expense was \$649,689 in premiums; and its largest collection was \$650,000 in death benefits. The Estate ended the quarter with \$11.4 million in cash, policies worth approximately \$13.5 million, \$8.5 million in accounts receivable<sup>1</sup>, 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 6/30/2023	7/1/2023 thru 9/30/2023	Since Inception
<b>Beginning Balance</b>			\$23,150,192	\$11,327,996	\$23,150,192
	<i>Plus</i>				
		Death Benefits	\$67,234,603	\$650,000	\$67,884,603
		Asset Sale/Recovery	\$3,685,438		\$3,685,438
		Litigation	\$9,850,984	\$14,000	\$9,864,984
		Interest Rec'd	\$1,692,103	\$92,132	\$1,784,235
		Interest accrued	-	-	
	<i>Sub total</i>		\$82,463,127	\$756,132	\$83,219,259
				-	
	<i>Less</i>			-	
		Premiums Paid	(\$65,247,845)	(\$649,689)	(\$65,897,534)
		RV Mortgage (P&I)	(\$45,488)	-	(\$45,488)
		Taxes	(\$4,325,095)	-	(\$4,325,095)
		Fees and Expenses	(\$12,878,426)	(\$15,493)	(\$12,893,919)
		3rd Party Disb.	(\$950,929)	-	(\$950,929)
		Distributions	(\$10,837,541)	-	(\$10,837,541)
	<i>Sub total</i>		(\$94,285,324)	(\$665,182)	(\$94,950,505)
<b>Ending Balance</b>			<b>\$11,327,996</b>	<b>\$11,418,946</b>	<b>\$11,418,946</b>

SLA534-031909-LC, with a face value of \$650,000, matured in May 2023. The death benefits were collected this quarter. ***We identified zero (0) mortalities this quarter.***

Since inception, the Estate has had 29 maturities. As of the end of this quarter, the Estate held 25 policies on 22 individuals with an aggregate face value of \$65,350,000. The table below reflects the portfolio's actual mortality performance through September 30, 2023:

<sup>1</sup> The circumstances surrounding two decedents (six of the policies) gave rise to disputes with the respective carriers. The disputes represent \$8,511,894 of the outstanding Accounts Receivable (A/R). The disputes regarding one decedent have been largely resolved, leaving a pending A/R of \$511,894. The other decedent represents \$8.0 million of A/R and remains in litigation.

**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)	28	23	\$75,585,000
Maturities (this quarter)	0	0	\$0
<b>As of September 30, 2023</b>	<b>25</b>	<b>22</b>	<b>\$65,350,000</b>

The Receiver last updated the policies' valuation as of March 31, 2023. 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 September 30, 2023, have an estimated fair market value of \$13,522,335.

Total approved investor claims against the Estate are \$80.4 million; of which \$11 million has been paid and \$69.4 million remain outstanding. Through September 30, 2023, 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, 2023)**

	<u>Total Investor Claims</u>	<u>Outstanding Investor Claims</u>
<b>Assets</b>		
Policies (as of 9/30/23)	\$13,522,335	\$13,522,335
Claims Pending Collection	8,511,894	\$8,511,894
Cash On Hand	11,418,946	11,418,946
Prior Distributions	<u>10,931,872</u>	<u>0</u>
<b>Est Liquidation Value</b>	<b>44,385,048</b>	<b>33,453,175</b>
Claims	80,354,220	69,422,347
<b>Liquidation Recovery per \$ Claimed</b>	<b>\$0.55</b>	<b>\$0.48</b>

Please be aware that a maturity does not automatically translate into a distribution to the claimants. In order to collect the \$66 million remaining in the portfolio's face value, the Estate anticipates paying an additional \$31 million in premiums over the next 25 years. The March 2023 stochastic analysis indicates that the Estate's premium reserves should be \$12 million in order to adequately reserve for 97.5% of the modelled circumstances. 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; Assuming 100% collection of the accounts receivable in litigation, the Estate would have \$22.0 million of cash-on-hand; but that could change depending on actual mortalities or litigation results.

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