

**Quarterly Report for the Combined Estate of
RETIREMENT VALUE, LLC & HILL COUNTRY FUNDING LLC
Quarter Ending December 31, 2017 (4Q2017)**

This report summarizes the Estate's financial position as of **December 31, 2017**.

The Estate began the quarter with about \$5.6 million in cash, policies worth about \$19 million and litigation recoveries on which the Receiver is still collecting. During the quarter, the estate's largest expenses was \$1,951,953 in portfolio premiums; and its largest collections was \$15,256 in Interest Income that was recovered. The Estate ended the year with \$3.66 million in cash, policies worth \$19 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 9/30/2017	9/30/17 thru 12/31/2017
Beginning Balance	23,150,192.47	5,610,632.77
<i>Plus</i>		
Death Benefits	27,661,496.52	
Asset Sale/ Recovery	3,223,973.08	
Litigation	9,850,983.82	
Interest Rec'd	<u>451,704.54</u>	<u>15,255.99</u>
<i>Sub total</i>	<i>41,188,157.96</i>	<i>15,255.99</i>
<i>Less</i>		
Premiums Paid	(33,219,252.41)	(1,951,953.026)
RV Mortgage (P&I)	(45,487.56)	0.00
Taxes	(3,093,989.28)	0.00
Fees and Expenses	(10,526,404.33)	(11,216.49)
3rd Party Disb.	(950,928.89)	0.00
Distributions	<u>(10,891,655.19)</u>	<u>0.00</u>
<i>Sub total</i>	<i>(58,727,717.66)</i>	<i>(1,963,169.75)</i>
Ending Balance	5,610,632.77	3,662,719.07

As of the end of this quarter, the Estate held 46 policies on 39 individuals with an aggregate face value of \$114.1 million. Through December of 2017, the Estate has had 8 maturities; two of which were on policies insuring the same individual. ***There were no maturities in this quarter.*** However, there were two maturities in February 2018, each in the amount of \$5,000,000. Claims for each have been filed, one has been collected and the other remains pending. The portfolio's actual mortality performance through December 31, 2017 is shown below:

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)	8	7	27,500,000
Maturities (this Quarter)	0	0	0
As of December 31, 2017	46	39	\$114,085,000

The Receiver last updated the valuation of the policies as of December 31, 2016. 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, 2017, the remaining policies' estimated fair market value was \$18,954,134 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. The Plan of Distribution anticipates net distributable cash flow from the portfolio of between \$0.80 to \$1.20 per dollar invested, with an expected distribution of \$1.00 per dollar invested over the next 20 or so years. Through December 31, 2017, investors have recovered about 13.7% of their 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 December 31, 2017)

	<u>Total Investor Claims</u>	<u>Outstanding Investor Claims</u>
Assets		
Policies	\$18,954,134	18,954,134
Claims Pending Collection	-	-
Cash On Hand	3,662,719	3,662,719.07
Prior Distributions	<u>10,985,790</u>	-
Est Liquidation Value	33,602,643.01	22,616,853
Claims	80,361,992	69,470,337
Liquidation Recovery per \$ Claimed	\$0.42	\$0.33

The Estate anticipates paying over \$68 million in premiums. With only \$3.6 million on hand, the Estate must use the death benefits from earlier maturities to pay future premiums. This means that the Estate's receipt of cash does not automatically translate into a distribution to the claimants. The Estate can only make cash distributions when its premium reserves are sufficient to ensure that the Estate retains its ability to make premium payments even if the portfolio does not perform as expected.