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Life Partners Position Holder Trust

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Thank you....

In my last letter I asked you to send in W-9s even if you had already done so in the past. Your response has been tremendous. Although we have not finished inputting the information and changing records, we have received thousands of W-9s and the ones we are missing are now a relatively small number. This will greatly expedite my ability to get you paid in the future. As a result of the ones I have received relating to people for whom I was holding money, I have been able to disburse a little more than \$7 million to people who otherwise would not have received that money. Again, I thank you.

My apologies....

A small group of you took offense to my last letter. It was not intended and for that I apologize if you were offended. I fully understand that this entire mess is very confusing to the majority of people and that you are victims, not active participants. I am working diligently to improve customer service and to provide clear information to you when you call Magna or log in to the website.

Disputes and inquiries....

As many of you are aware, we have been taking a very active approach to resolving disputes and responding to inquiries. We have completed most of the backlog I inherited and while we still receive disputes, the volume is much lower and I plan to keep it that way. Please remain patient as we continue to work through the process as we have every intention of getting back to each person who has filed a dispute with us.

A couple things about maturities....

Right now when I receive notice of a policy maturity that information is posted on the website. Please understand, however, that does NOT mean that I actually have the money yet. The average time it takes for me to actually receive the funds from the insurance company is 59 days. So, if I learn a person dies today, I expect that I will have the funds in hand by mid to late October. Each month all maturity proceeds received during that calendar month are disbursed to people who hold CFH positions in those policies on approximately the 15th of the following month. So, funds I get in October will be disbursed about November 15th. Accordingly, in an effort to eliminate

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misunderstandings and phone calls to my office (which costs the Trust a lot of money) I am going to change how we report things on the website. Instead of posting a notice of a death I am only going to post notice that I have actually received the proceeds from the insurance company. That way you will know that you should expect to receive a check for your share shortly after the 15th of the next month (if I have a W-9).

If you hold a CFH position (non-IRA election option #1 or IRA election option #4)...

If you hold a CFH position in one or more policies, so long as you keep paying your share of premiums when due you will be paid your share of any maturity when I receive the funds as noted above. We are very good about finding out when someone dies and most of the time the process of filing a claim with the insurance company goes smoothly. However, sometimes there are problems with being able to obtain a death certificate and that delays the process. For instance, if someone dies in Cambodia (it actually occurred recently) the process becomes much more complicated and takes more time. That it not the norm, but it does occur. The other thing each of you needs to understand is that your share of premiums in the future is going to increase and in some instances the increase is substantial. This is not because we want to charge you more. It is because our group of insureds are getting older and older and the majority of them (at least as to the life settlement policies as opposed to viaticals) are in their 90s. As the insured ages, the premium goes up each year. For instance, we have a 97-year-old insured whose premiums per month last year were \$10,000 per month. This year those premiums increased to \$22,000 per month. Next year the premiums will be \$81,000 per month and the following year (the last year of the insurance policy) the premiums go to \$196,000 per month. Your share will increase accordingly and there is simply nothing I can do about it. Please do not call us to ask what is going to happen as to premiums on a particular policy because in most instances I can't tell you until it occurs. The example above is a worst-case scenario and in most cases the increase will not be nearly as severe, but I do want you to know that increases of some sort are going to occur.

Based upon conversations we have had with some of you, it appears that some people may not understand the difference between a life settlement policy and a viatical policy. A life settlement policy is one which covers an elderly person with no particular life threatening illness. They are simply old. We have about 510 of these policies (the number goes down as people die) and the premiums are usually much higher and the amount of the policy is usually much higher. A viatical is a policy on a person who has a particular illness and in most cases that is HIV. Those people are typically much younger and with the advancements in treatment they are no longer dying as quickly as originally thought. We have about 2,570 of these policies and the premiums are usually much lower and the amount of the policy is usually much lower. I hope this helps.

If you hold a NIRAN position (IRA election option #1)...

If you hold a NIRAN position, it means you have a promissory note which will mature (be paid in full) in December 2031 and it bears interest at the rate of 3% per year. Right now, there are about \$30 million of these notes. Pursuant to the bankruptcy plan, I have to pay you interest on the note each year which is paid around December 15. If your note is held by your IRA custodian, the interest is paid to the custodian and it goes into your account. I am also required each year to set

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aside 1/15th of the principal balance of the notes (roughly \$3 million) into a segregated account. This is designed to make sure that in 2031 I have all the money necessary to pay the notes in full. When I became Trustee late last year it made very little sense to me to just hold the money which had been set aside until the end (2031). Instead it made more sense to me to go ahead and pay those funds out to you each year as I set funds aside. On August 1 of this year that is exactly what I did. I paid each of you your share of the money which had already been set aside (two years' worth---for 2017 and 2018) plus interest which had accrued from last December through August 1 of this year. Again, if your IRA custodian holds your note the funds were paid to the custodian and were put into your account. On December 15 of this year I will pay you the interest on the note from August 1 to December 15. I intend to continue paying principal and interest in the future on the 15th of December each year.

If you hold PHT units or an IRA Partnership interest (non-IRA & IRA election option #2)...

You have not been paid anything----YET. As I announced earlier this year, its high time that changes. I remain hopeful that I will be able to make an initial distribution to each of you late this year or early next year. That is still my plan. Right now, the Trust is in the best financial shape it has ever been in and I am continuing to build funds to be able to make a distribution. Unfortunately, calling my office to inquire when it will be made will not make it happen sooner. As I continue to develop models with respect to making the distribution, I will send you another letter in a couple of months which will explain the process and let you know what to expect and how a distribution will be calculated. Please remain patient---it is coming.

IRA Custodians...

Many of you have called my office to complain about the amount of money your custodian charges and other things relating to the custodian. Please understand there is simply nothing I can do about that and that I have no control over or relationship with your custodian. Unfortunately, IRS rules and regulations require that if you have an IRA account you have to have a custodian. You should consult a financial advisor to determine if you have any options such as moving the account to another custodian. You need to know, however, that very few custodians will accept assets such as those in this Trust so your options may be limited. Again, I just can't help you when it comes to your custodian.

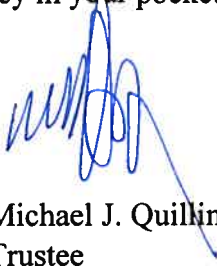
US Trustee fees...

Some of you have called to inquire about this. I will give you some background. In 2018 the government raised the amount of fees to be paid by a company in bankruptcy from a maximum of \$30,000 per quarter to \$250,000 per quarter or an 833% increase. Because of the amount of money involved with the Trust we generally had to pay the maximum each quarter. I filed papers with the bankruptcy court challenging the right of the US Trustee to raise the amount as to cases such as ours where the plan was confirmed prior to the increase. I claimed it was unconstitutional to do so and that we should only have to pay \$30,000 per quarter. On August 22, 2019 the court issued a ruling agreeing with me which will save the Trust a great deal of money. I am sure the decision will be appealed but for now we have won the battle.

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Costs and expenses of the Trust...

While my staff and I generally enjoy talking with those of you who call or email, please understand that doing so costs money. Regardless of who in my office you contact, it costs the Trust money. That money comes out of Trust assets which lowers the amount of funds I can distribute to you. It adds up to a great deal of money over the course of months so please try to limit your contact with us if you can. It will eventually put more money in your pocket.



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