SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Life Partners Position Holder Trust

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549-1004

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2019

❑ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___________ to ___________

Commission file number 000-55783
Commission file number 000-55784

Life Partners Position Holder Trust
Life Partners IRA Holder Partnership, LLC

(Exact name of registrants as specified in their charters)

Texas	**81-6950788**
Texas	**81-4644966**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification Nos.)*

2001 Bryan Street, Suite 1800, Dallas, TX	75201
(Address of principal executive offices)	*(Zip Code)*

214-871-2100
(Registrants' telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrants: (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes x No ❑

Indicate by check mark whether the registrants have submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrants were required to submit such files). Yes x No ❑

Indicate by check mark whether the registrants are large accelerated filers, accelerated filers, non-accelerated filers, smaller reporting company filers, or emerging growth companies. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filers	❑	Accelerated filers	❑
Non-accelerated filers	❑	Smaller reporting companies	x
		Emerging growth companies	❑

If emerging growth companies, indicate by check mark if the registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ❑

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act). Yes ❑ No x

The registrants do not have any voting or non-voting equity securities.

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrants have filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes x No ❑

LIFE PARTNERS POSITIONS HOLDERS TRUST

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

Life Partners Position Holder Trust

LIFE PARTNERS POSITION HOLDER TRUST
BALANCE SHEETS
SEPTEMBER 30, 2019 AND DECEMBER 31, 2018

	September 30, 2019	December 31, 2018
	(Unaudited)	(Audited)
Assets		
Cash	$ 770,613	$ 672,138
Maturities receivable	44,380,406	24,111,204
Prepaids and other assets	498,591	481,575
Restricted cash and cash equivalents	81,648,392	51,221,993
Life insurance policies	167,039,545	186,251,760
Total assets	**$ 294,337,547**	**$ 262,738,670**
Liabilities		
Notes payable	$ 32,496,420	$ 42,568,117
Assumed tax liability	978,620	1,957,240
Premium liability	28,076,979	33,189,624
Maturity liability	8,712,629	14,253,643
Accounts payable	363,228	643,472
Accrued expenses	2,353,100	1,119,978
Commitments and Contingencies (Note 2)		
Total liabilities	**72,980,976**	**93,732,074**
Net assets	**$ 221,356,571**	**$ 169,006,596**

See accompanying notes to financial statements

LIFE PARTNERS POSITION HOLDER TRUST
STATEMENTS OF OPERATIONS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Income				
Change in fair value of life insurance policies	$ 22,008,024	$ (5,466,766)	$ 61,422,521	$ (77,677,176)
Other income	372,968	102,696	932,584	1,268,478
Total (loss) income	**22,380,992**	**(5,364,070)**	**62,355,105**	**(76,408,698)**
Expenses				
Interest expense	265,113	737,574	858,885	2,807,970
Administrative and filing fees	255,227	265,603	763,918	781,143
Insurance	—	—	1,691	6,108
Legal fees	507,036	419,533	1,801,818	1,488,088
Professional fees	1,091,609	706,305	3,946,275	2,123,576
Other general and administrative	2,585,586	63,509	2,854,290	394,086
Total expenses	**4,704,571**	**2,192,524**	**10,226,877**	**7,600,971**
Net increase (decrease) net assets resulting from operations	**$ 17,676,421**	**$ (7,556,594)**	**$ 52,128,228**	**$ (84,009,669)**

See accompanying notes to financial statements

LIFE PARTNERS POSITION HOLDER TRUST
STATEMENTS OF CHANGES IN NET ASSETS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net assets, beginning of period	**$ 203,680,150**	**$ 162,475,310**	**$ 169,006,596**	**$ 238,941,388**
Conversion of debt to units	—	608,865	221,747	595,862
Net increase (decrease) in net assets resulting from operations	17,676,421	(7,556,594)	52,128,228	(84,009,669)
Net assets, end of period	**$ 221,356,571**	**$ 155,527,581**	**$ 221,356,571**	**$ 155,527,581**
Net asset value per unit:				
Number of units	1,233,410,261	1,227,809,087	1,233,410,261	1,227,809,087
Net assets per unit	$ 0.18	$ 0.13	$ 0.18	$ 0.13

See accompanying notes to financial statements

LIFE PARTNERS POSITION HOLDER TRUST
STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30,

	2019	2018
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations	**$ 52,128,228**	**$ (84,009,669)**
Adjustments to reconcile net increase (decrease) in net assets to net cash used in operations:		
Change in fair value of life insurance policies	(61,422,521)	77,677,176
Change in assets and liabilities:		
Prepaids and other assets	(17,016)	(214,062)
Assumed tax liability	(978,620)	(286,062)
Premium liability	(5,112,645)	(7,386,379)
Maturity liability	(5,541,014)	(10,530,060)
Accounts payable	(280,244)	1,002,087
Assumed liabilities	—	(18,293)
Accrued expenses	1,272,441	1,481,717
Net cash flows used in operating activities	**(19,951,391)**	**(22,283,545)**
Cash flows from investing activities:		
Premiums paid on policies	(30,024,314)	(41,563,853)
Proceeds from maturities of life settlements	90,389,848	54,025,711
Net cash flows provided by investing activities	**60,365,534**	**12,461,858**
Cash flows from financing activities:		
Payments on notes payable	(9,889,269)	(22,500,000)
Net cash flows used in financing activities	**(9,889,269)**	**(22,500,000)**
Net increase (decrease) in cash	**30,524,874**	**(32,321,687)**
Cash and cash equivalents, beginning of period	51,894,131	78,104,640
Cash and cash equivalents, end of period	**$ 82,419,005**	**$ 45,782,953**
Supplemental cash flow information:		
Cash	$ 770,613	$ 425,620
Restricted cash and cash equivalents	81,648,392	45,357,333
Total cash and cash equivalents	**$ 82,419,005**	**$ 45,782,953**
Cash paid for interest	$ 726,000	$ 1,879,010

LIFE PARTNERS POSITION HOLDER TRUST
NOTES TO FINANCIAL STATEMENTS
(unaudited)

Note 1 - Operations and Summary of Significant Accounting Policies

Operations

Life Partners Position Holder Trust (the "Position Holder Trust" or the "Trust") was created on December 9, 2016, pursuant to the Revised Third Amended Joint Plan of Reorganization of Life Partners Holdings, Inc., *et al.*, dated as of October 27, 2016, which we call the "Plan," that was confirmed by order of the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division ("Bankruptcy Court") on November 1, 2016, as amended. The Trust holds and manages individual insurance policies from third parties.

In connection with its formation and the inception of its activities on December 9, 2016, the Trust issued a total of 1,012,355,948 units of beneficial interest (the "Units") to the fractional interest holders having claims in the Debtors bankruptcy pursuant to the Plan. Each fractional interest holder received a Unit for each dollar of expected death benefit such holder contributed to the Trust. As of September 30, 2019, and December 31, 2018, there were 9,677 and 10,442 holders of the 1,233,410,261 and 1,237,019,204 units outstanding, respectively. The Trust owns a portfolio of life insurance policies; a portion of the policies is encumbered by the beneficial interest of continuing fractional interest holders. The Trust's portion of the portfolio consists of positions in 2,936 and 3,037 life insurance policies, with aggregate fair values of $167.0 million and $186.3 million and aggregate face values of approximately $ 1.1 billion and $ 1.3 billion at September 30, 2019, and December 31, 2018, respectively. The fair value of the interests in the life insurance policies owned by continuing fractional interest holders are not reflected in the Trust's financial statements.

The Bankruptcy Court organized the Trust and the Partnership in order to liquidate the assets of the Debtors in a manner calculated to conserve, protect and maximize the value of the assets, and to distribute the proceeds thereof to the Trust's securities holders in accordance with the Plan. The Trust and IRA Partnership have no other business interests nor operations and will not acquire any additional life insurance policies in the future. The Trust's beginning assets and liabilities were contributed pursuant to the Plan as of December 9, 2016.

Summary of Significant Accounting Policies

Basis of Presentation

In the opinion of management, the financial statements of the Trust as of September 30, 2019 and for the three and nine months ended September 30, 2019 and 2018 include all adjustments and accruals, consisting only of normal, recurring accrual adjustments, which are necessary for a fair presentation of the results for the interim periods. These interim results are not necessarily indicative of results for a full year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States ("GAAP") have been condensed in or omitted from this report pursuant to the rules and regulations of the United States Securities and Exchange Commission (the "SEC"). These financial statements should be read together with the consolidated financial statements and notes thereto included in the Trust's Annual Report on Form 10-K for the year ended December 31, 2018 and the Plan.

The Trust's primary purpose is the liquidation of the Trust's assets and the distribution of proceeds to its beneficial interest holders. The Trust expects that fulfilling its purpose requires a significant amount of time, and that the Trust will have significant ongoing operations during that period due to the nature of its assets and its plan to maximize the proceeds to its beneficiaries by maintaining the majority of its life insurance policies until maturity. As a result, the Trust has concluded that its liquidation is not imminent, in accordance with the definitions under accounting principles generally accepted in the United States of America and has not applied the liquidation basis of accounting in presenting its financial statements. The Trust will continue to evaluate its operations to determine when its liquidation becomes imminent and the liquidation basis of accounting is required.

Investments in Life Insurance Policies

The Trust accounts for its interests in life insurance policies at fair value in accordance with ASC 325-30, *Investments in Insurance Contracts*. Any resulting changes in estimates are reflected in operations in the period the change becomes apparent.

Fair Value of Life Insurance Policies

The Trust follows ASC 820, *Fair Value Measurements and Disclosures* , in estimating the fair value of its life insurance policies, which defines fair value as an exit price representing the amount that would be received if an asset were sold or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability.

As a basis for considering such assumptions, the guidance establishes a three-level, fair value hierarchy that prioritizes the inputs used to measure fair value. Level 1 relates to quoted prices in active markets for identical assets or liabilities. Level 2 relates to observable inputs other than quoted prices included in Level 1. Level 3 relates to unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The Trust's investments in life insurance policies are considered to be Level 3 as there is currently no active market where the Trust is able to observe quoted prices for identical assets and the Trust's valuation model incorporates significant inputs that are not observable.

The Trust's valuation of life insurance policies is a critical estimate within the financial statements. The Trust currently uses a probabilistic method of valuing life insurance policies, which the Trust believes to be the preferred valuation method in its industry. The Trust calculates the assets' fair value using a present value technique to estimate the fair value of the projected future cash flows. The most significant assumptions in estimating the fair value are the Trust's estimate of the insureds' longevity, anticipated future premium obligations and the discount rate. See Note 6, "Fair Value Measurements."

Income Recognition

The Trust's investments in life insurance policies are its primary source of income. Gain or loss is recognized from ongoing changes in the portfolio's estimated fair value, including any gains or losses at maturity. Gains or losses from maturities are recognized on receipt of an insured party's death notice or verified obituary and determined based on the difference between the death benefit and the policy's estimated fair value at maturity.

Premiums Receivable

The Trust assumed the Debtors' receivables related to life insurance policy premiums and service fees that were paid to the Debtors on behalf of fractional interest holders prior to the Trust's effective date. After December 9, 2016, the policy premiums allocable to continuing fractional interest holders are those persons' obligations and not the Trust. If a continuing fractional interest holder defaults on future premium obligations, such position is deemed contributed to the Trust in exchange for the number of Units provided by the Plan.

The Trust maintains an allowance for doubtful accounts for estimated losses resulting from the inability to collect premiums and service fees receivable. Such estimates are based on the position holder's payment history and other indications of potential uncollectability. After all attempts to collect a receivable have failed, receivables are written off against the allowance. At September 30, 2019 and December 31, 2018, the allowance for doubtful accounts was $10.1 million, which fully offset receivables assumed from the Debtors on the effective date. Outstanding receivable balances may be recoverable pursuant to the Trustee's set-off rights under the Plan.

Maturities Receivable

Maturities receivable consist of the Trust's portion of life insurance policy maturities that occurred, but payment was not yet received as of the end of the reporting period.

Income Taxes

No provision for state or federal income taxes from operations has been made as the liability for such taxes is attributable to the Unit holders rather than the Trust. The Trust is a grantor trust with taxable income or loss passing through to the Unit holders. In certain instances, however, the Trust may be required under applicable state laws to withhold amounts otherwise due to Unit holders and remit them directly to state or federal tax authorities. Such payments on behalf of the Unit holders are deemed distributions to them.

The Financial Accounting Standards Board (the "FASB") has provided guidance for how uncertain tax positions should be recognized, measured, disclosed, and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Trust's tax returns to determine whether the tax positions are more-likely-than-not of being sustained when challenged or when examined by the applicable taxing authority. The Trust has no material uncertain income tax positions as of September 30, 2019, and December 31, 2018.

The Trust also assumed income tax liabilities of the Debtors at its inception which total approximately $ 1.0 and $2.0 million as of September 30, 2019 and December 31, 2018, respectively, related to taxes, penalties, and interest from the Debtors' 2008, 2009, and 2010 income tax returns. These obligations bear interest at 4% annually and are due in full by January 2020.

Premium Liability

Premium liabilities are funds in escrow on behalf of continuing fractional holders for future payment of their premium obligations. If such funds are not used for such continuing fractional holder's premium payments, they are refunded to the respective continuing fractional holder.

Maturity Liability

Maturity liabilities are maturities collected on behalf of continuing factional holders pending payment.

Use of Estimates

The preparation of these financial statements, in conformity with GAAP, requires the Trust to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting periods. Actual results could differ from these estimates and such differences could be material. The estimates related to the valuation of the life insurance policies represent significant estimates made by the Trust.

Risks and Uncertainties

The Trust encounters economic, legal, and longevity risk. The main components of economic risk potentially impacting the Trust are market risk, concentration of credit risk, and the increasing cost of insurance risk. The Trust's market risks include interest rate risk and the risk of declines in valuation of the Trust's life insurance policies, including declines caused by the selection of increased discount rates associated with the Trust's fair value model. It is reasonably possible that future changes to estimates involved in valuing life insurance policies could change and materially affect future financial statements. Concentration of credit risk is the risk that an insurance carrier who has issued life insurance policies held by the Trust, does not remit the amount due under those policies due to the carrier's deteriorating financial condition or otherwise. Another credit risk potentially impacting the Trust is the risk continuing fractional holders may default on their future premium obligations, increasing the Trust's premium obligations. The increasing cost of insurance risk includes the carriers' attempts to change a policy's cost of insurance. While some cost of insurance increases are anticipated and taken into consideration in the Trust's forecasts, other cost of insurance increases are unilaterally imposed by the carrier.

The main components of legal risk are: (i) the risk that an insurer could successfully challenge its obligation to pay policy benefits at maturity; and (ii) that an insured's family could successfully challenge the Trust's entitlement to an insurance policy's benefits. In either case, there is also risk that the Trust would be unable to recover the premiums it paid towards the insurance policy.

Longevity risk refers to the reasonable possibility that actual mortalities of insureds in the Trust's portfolio extend over longer periods than are anticipated, resulting in the Trust paying more in premiums and delaying its collection of death benefits. Further, increased longevity may encourage additional continuing fraction holders to default on their premium obligations, increasing the Trust's positions and its premium payment burden. The Trust management is continuing to evaluate any potential impact; however, such future revisions could have a material impact on the valuation.

The Trust maintains the majority of its cash in several accounts with a commercial bank. Balances on deposit are insured by the Federal Deposit Insurance Corporation ("FDIC"). However, from time to time the Trust's balances may exceed the FDIC insurable amounts.

Recent Accounting Pronouncements

In August 2018, the FASB issued ASU 2018-13, "Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement" which modifies the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement, based on the concepts in the Concepts Statement, including the consideration of costs and benefits. The following disclosure requirements were removed from Topic 820 among others: 1) The amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy 2) The policy for timing of transfers between levels. The following disclosure requirements were part of the modifications in Topic 820:1) For investments in certain entities that calculate net asset value, an entity is required to disclose the timing of liquidation of an investee’s assets and the date when restrictions from redemption might lapse only if the investee has communicated the timing to the entity or announced the timing publicly. The amendments also clarify that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date. Lastly, the following disclosure requirements were added to Topic 820: 1) the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period; 2) the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. For certain unobservable inputs, an entity may disclose other quantitative information (such as the median or arithmetic average) in lieu of the weighted average if the entity determines that other quantitative information would be a more reasonable and rational method to reflect the distribution of unobservable inputs used to develop Level 3 fair value measurements. The amendments in this Update are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. We have evaluated the methods and impact of adopting this new standard on our financial statements and believe it to be immaterial.

Note 2 - Commitments and Contingencies

Litigation

In accordance with applicable accounting guidance, the Trust establishes an accrued liability for litigation and regulatory matters when those matters present loss contingencies that are both probable and estimable. In such cases, there may be an exposure to loss in excess of any amounts accrued. When a loss contingency is not both probable and estimable, the Trust does not establish an accrued liability. As a litigation or regulatory matter develops, the Trust, in conjunction with any outside counsel handling the matter, evaluates on an ongoing basis whether such matter presents a loss contingency that is probable and estimable. Such matters will continue to be monitored for further developments.

Indemnification of Certain Persons

Under certain circumstances, the Trust may be required to indemnify certain persons performing services on behalf of the Trust for liability they may incur arising out of the indemnified persons' activities conducted on behalf of the Trust. There is no limitation on the maximum potential payments under these indemnification obligations and, due to the number and variety of events and circumstances under which these indemnification obligations could arise, the Trust is not able to estimate such maximum potential payments. The Trust has not made any payments under such indemnification obligations and no amount has been accrued in the accompanying financial statements for these indemnification obligations of the Trust. The Trust maintains insurance to mitigate its exposure to this contingency risk.

Note 3 - Restricted Cash and Cash Equivalents

The Plan imposes restrictions on the Trust to maintain certain funds in segregated accounts. As of September 30, 2019, and December 31, 2018, the Trust has $81.6 million and $51.2 million, respectively, in restricted cash and cash equivalents. The restricted cash accounts are for: maturities, premium reserves, premium obligations, and collateral deposits.

Note 4 - Life Insurance Policies

As of September 30, 2019, the Trust owns an interest in 2,936 policies of which 497 are life settlement policies and 2,439 are viaticals (the “PHT Portfolio”). The PHT Portfolio’s aggregate face value is approximately $1.1 billion as of September 30, 2019 of which $ 0.9 billion is attributable to life settlements and $ 191.3 million is attributable to viaticals. The PHT Portfolio’s aggregate fair value is $167.0 million as of September 30, 2019 of which $ 163.4 million is attributable to life settlements and $3.6 million is attributable to viaticals.

As of December 31, 2018, the Trust owned an interest in 3,037 policies of which 548 are life settlement policies and 2,489 are viaticals. The PHT Portfolio's aggregate face value was approximately $1.3 billion as of December 31, 2018 of which $ 1.1 billion was attributable to life settlements and $ 203.1 million was attributable to viaticals. The PHT Portfolio's aggregate fair value was estimated at $186.3 million as of December 31, 2018 of which $ 182.0 million was attributable to life settlements and $4.3 million was attributable to viaticals.

Life expectancy reflects the probable number of years remaining in the life of a class of persons determined statistically, affected by such factors as heredity, physical condition, nutrition, and occupation. It is not an estimate or an indication of the actual expected maturity date or indication of the timing of expected cash flows from death benefits. See: Note 6 – Fair Value Measurements, below for a more detailed discussion of this change in estimating the insureds' longevity. The following tables summarize the Trust's life insurance policies grouped by remaining life expectancy as of September 30, 2019 and December 31, 2018:

As of September 30, 2019:

Remaining Life Expectancy (Years)	Number of Life Insurance Policies	Face Value	Fair Value
0-1	—	$ —	$ —
1-2	1	46,395	32,334
2-3	1	645,076	241,706
3-4	64	77,792,500	19,737,659
4-5	189	380,267,903	74,905,818
Thereafter	2,681	688,331,898	72,122,028
	2,936	**$ 1,147,083,772**	**$ 167,039,545**

As of December 31, 2018:

Remaining Life Expectancy (Years)	Number of Life Insurance Policies	Face Value	Fair Value
0-1	—	$ —	$ —
1-2	1	46,395	5,076
2-3	1	241,667	53,634
3-4	44	50,866,327	15,246,887
4-5	183	339,765,032	75,610,383
Thereafter	2,808	867,471,295	95,335,780
	3,037	**$ 1,258,390,716**	**$ 186,251,760**

Estimated premiums to be paid by the Trust for its portfolio during each of the five succeeding calendar years and thereafter as of September 30, 2019, are as follows:

2019	$ 13,451,686
2020	62,132,333
2021	65,518,634
2022	61,454,161
2023	56,493,899
Thereafter	236,391,340
Total	**$ 495,442,053**

The Trust is required to pay premiums to keep its portion of life insurance policies in force. The estimated total future premium payments could increase or decrease significantly to the extent that insurance carriers increase the cost of insurance on their issued policies or that actual mortalities of insureds differ from the estimated life expectancies. Additionally, as the continuing fractional holders default on their future premium obligations, the Trust's premium liability will increase.

The Plan requires that the continuing fractional holders pay premium calls within 60 days of the day the Trust sends an invoice. The failure of a continuing fractional holder to timely pay a premium call on a position results in a premium default with respect to that position. Upon a premium default, the continuing fractional holder is deemed to have contributed its position to the Trust in exchange for Units. Section 5.05(c) of the Plan requires that the Trust reduce the number of Units issued upon a default by 20% – the subsection (c)(i) discount.

The Trust anticipates funding the estimated premium payments from maturities of life insurance policies. It also maintains premium reserves and access to lines of credit.

Note 5 - Notes Payable

On December 9, 2016, the Trust obtained a term loan from Vida Opportunity Fund, LP, an affiliate of Vida Capital, Inc., for $ 55.0 million. Interest accrues at 11% of outstanding balance per annum and is paid quarterly. Substantially all of the Trust's assets collateralized the loan. The Trust made principal payments of $31.0 million in 2018 leaving a balance outstanding on the term loan of $ 4.0 million at December 31, 2018. The maturity date of the term loan was December 9, 2018; however, an extension was agreed to until June 7, 2019. On January 17, 2019, the Trust paid $4.0 million to Vida Opportunity Fund, LP for the final payment of the loan.

Effective January 17, 2019, the Life Partners Position Holder Trust paid the remaining balances in full related to the Exit Loan Facility and terminated the $55 million Exit Loan Facility with Vida Opportunity Fund, LP and the $ 25 million Revolving Line of Credit with Vida Longevity Fund, LP. All liens and security interests of the lenders under these loan facilities have been terminated and released.

To provide for short term capital needs of the Position Holder Trust, if any, effective as of January 30, 2019, the Position Holder Trust entered into a $15 million revolving credit facility with Veritex Community Bank of Dallas, Texas. The Veritex Credit Facility, is secured by a lien on the Position Holder Trust's assets, has an initial 2-year term and, as to any amounts drawn thereunder, shall bear interest at the rate of 6% per annum. There are no amounts outstanding as of September 30, 2019.

In accordance with the Plan, the Trust issued New IRA notes of $ 35.9 million in exchange for claims against the Debtor's estate and the incidental interests in life insurance policies. Those policies collateralize the Trust's obligations under the notes. Interest accrues at 3% of outstanding balance and is paid annually in December. Principal is due in full on December 9, 2031. In accordance with the notes, beginning in December 2017, the Trust is required to make annual payments to a sinking fund for the principal payment due at maturity. Such fund is included in restricted cash on the accompanying balance sheet.

On August 1, 2019, the Trust made a principal and interest payment of $ 5.7 million to the New IRA note holders from the sinking fund. After the Trust made the payment the principal amount of the notes reduced to $30.7 million and the number of note holders decreased to 1,123. The Trust has the authority to make these payments early under the New IRA notes. The Trust will make the remaining interest payment for the current year for the New IRA notes in December 2019. The Trust may make a principal payment to the remaining IRA note holders along with the appropriate interest payment from the sinking fund each year.

In the first nine months of 2019, there was a conversion of note payable to units of $ 221,747 based on changes to election for certain unit holders which were in dispute and resolved through settlement, mediation or court order.

As of September 30, 2019, and December 31, 2018, the outstanding balances of the New IRA notes were $ 30.7 million and $35.9 million, respectively. The sinking fund associated with these notes had balances of $2.8 million and $4.8 million at September 30, 2019 and December 31, 2018, respectively.

On March 28, 2017, the Trust was ordered to pay the Chapter 11 trustee's fees totaling $ 5.5 million. The first payment of $2.8 million was paid in 2017. The remaining balance is in the form of a note payable in the amount of $2.8 million and is due in three equal annual payments on January 1 beginning in 2019. The note does not bear interest as ordered by the Court, thus the note has been discounted by $0.2 million, based on an implied interest rate of 3%. As of September 30, 2019, and December 31, 2018, the outstanding balances were $1.8 million and $2.7 million, respectively.

Future scheduled principal payments on the long-term debt are as follows as of September 30, 2019:

Years Ending December 31,	Long-Term Debt
2019	$ —
2020	916,667
2021	876,666
2022	—
2023	—
Thereafter	30,703,087
Total	**$ 32,496,420**

Note 6 - Fair Value Measurements

The Trust carries its life insurance policies at fair value. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are classified based on the following fair value hierarchy:

Level 1 - Valuation is based on unadjusted quoted prices in active markets for identical assets and liabilities that are accessible at the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuation is determined from pricing inputs that are other than quoted prices in active markets that are either directly or indirectly observable as of the reporting date. Observable inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 - Valuation is based on inputs that are both significant to the fair value measurement and unobservable. Level 3 inputs include situations where there is little, if any, market activity for the financial instrument. The inputs into the determination of fair value generally require significant management judgment or estimation.

The balances of the Trust's assets measured at fair value on a recurring basis as of September 30, 2019 and December 31, 2018, are as follows:

	As of September 30, 2019	As of December 31, 2018
Assets:		
Investments in Life Insurance Policies		
Level 1	$ —	$ —
Level 2	$ —	$ —
Level 3	$ 167,039,545	$ 186,251,760
Total Fair Value	$ 167,039,545	$ 186,251,760

Quantitative Information about Level 3 Fair Value Measurements

Life insurance policies	September 30, 2019	December 31, 2018
Fair Value	$ 167,039,545	$ 186,251,760
Face Value	$ 1,147,083,772	$ 1,258,390,716
Valuation Techniques	Discounted Cash flow	Discounted Cash flow
Unobservable Inputs	Discount rate	Discount rate
Range	24.4-25.7%	24.8-25.8%

The life insurance policies' fair value estimates were reduced significantly in the second quarter of 2018. The primary cause of the change was the use of standard mortality multipliers for all policies as opposed to using previous life expectancy estimates that were previously determined by the Debtor for certain policies. A secondary cause was the increase in the cost of insurance imposed by certain life insurance companies on a number of policies.

In assessing and determining the PHT Portfolio's valuation, the Position Holder Trust retained Lewis & Ellis, Inc. as its principal actuaries.

The following is a summary of the methodology used to estimate the assets' fair value measured on a recurring basis and within the above fair value hierarchy. The overall methodology did not change during the current or prior year, however, as discussed above the method for estimating longevity was modified during the second quarter of 2018.

For the prior year and the first quarter of 2018, the PHT Portfolio's value was estimated using an actuarially based approach incorporating net cash flows and life expectancies as provided by third-party life expectancy providers when they were available. This approach applied a monthly mortality scale as generated by the specific life expectancy ("LE") and/or a default mortality multiplier of each insured which is used to project the PHT Portfolio's present value of net cash flows (death benefits less premium payments and servicing company compensation). The mortality scale was actuarially rolled forward from the LE underwriting date to the valuation date.

The LEs that the Trust holds were issued by life expectancy providers to the Debtor during the course of the bankruptcy. The LEs were approaching, and in some cases exceeding, two years since issuance. As LEs age, they become less reliable because they are based on increasingly out of date medical information. After two years, many industry participants obtain new medical information from insureds and purchase new LEs. The Trust does not purchase new LEs because of the significant time and financial burden that would be required to obtain new medical releases from the insureds and collect their medical records from various doctors, clinics and hospitals.

Because it had a number of LEs that were becoming aged and, thus, less reliable, the Trust began to incrementally phase out the LEs in favor of a mortality multiplier based on the 2015 Valuation Basic Table produced by the U.S. Society of Actuaries ("2015 VBT") beginning in December 31, 2017. Accordingly, as the LEs aged, less weight would be applied to them and more weight would be placed with the default mortality multiplier. A 25% discount would be applied quarterly starting 21 months past the underwriting date until the aged LE date was fully discounted and replaced by the default mortality multiplier. A LE that is 24 to 26 months old would have a 50% discount, an LE that is 27 to 29 months old will have a 75% discount, and an LE greater than or equal to 30 months would only use the default mortality multiplier, as described below. The Trust anticipated eliminating reliance on most of its LEs in favor of the mortality multiplier by the end of calendar year 2018.

If a policy did not have a LE, or the LE became aged, a default mortality multiplier was used, based on the 2015 VBT.

As a result of its planned comparison of actual to expected mortalities during the second quarter of 2018, the Trust noticed a growing divergence between actual and expected maturities. After further analysis, the Trust determined that the LEs in its possession were less reliable than previously understood and that the mortality multipliers were providing more accurate longevity projections across the portfolio. Accordingly, the Trust's management decided to accelerate its migration towards the mortality multipliers and stop using the LEs.

Beginning in the second quarter of 2018, the PHT Portfolio's value was estimated using an actuarially based approach incorporating net cash flows and life expectancies as determined by a default mortality multiplier based on the 2015 VBT as opposed to specific life expectancies of insureds which were based on increasingly out of date medical information. A default mortality multiplier for each insured was used to project the PHT Portfolio's present value of net cash flows (death benefits less premium payments and servicing company compensation).

The default mortality multipliers have not changed since December 31, 2018. The multipliers used are 110% for the life settlement males, 90% for the life settlement females, and 350% for the viaticals regardless of gender. On a quarterly basis, the Trust compares actual mortalities to expected mortalities to refine its analysis.

The exclusive use of the mortality multipliers has had the effect of extending anticipated longevity of the insureds in the PHT Portfolio. As a result, the amount of premiums that the Trust anticipates paying increased as did the anticipated length of time before the receipt of the death benefit. These factors were major contributors to the 2018 reduction in the estimated fair value of the PHT Portfolio.

The Trust continually evaluates and updates its forecasts of future premium obligations for individual policies. The Trust considers these potential changes to estimated future cash flows in its consideration of the discount rate.

The Trust also continues to monitor historical deaths on a quarterly basis. We will compare actual to expected mortalities to refine our mortality multipliers; such that they reasonably "validate" based on our analysis of trends.

The servicing company is paid 2.65% of each maturity as compensation. All estimated cash flows of the Policies are net of such compensation.

The monthly net cash flows with interest and survivorship were discounted to arrive at the PHT Portfolio's estimated value as of September 30, 2019 and December 31, 2018. Future changes in the longevity estimates and estimated cash flows could have a material effect on the PHT Portfolio's fair value, and the Trust's financial condition and results of operations.

Life expectancy sensitivity analysis

The table below reflects the effect on the PHT Portfolio's fair value if the actual life expectancy experienced is 5% less or 5% more than is currently estimated. If the life expectancy estimate increases by 5% or decreases by 5%, the change in estimated fair value of the life insurance policies as of September 30, 2019 and December 31, 2018 would be as follows:

As of September 30, 2019 As of Life Expectancy Months Adjustment	Weighted Average Life Expectancy	Fair Value	Change in Fair Value
-5%		$ 183,323,101	$ 16,283,556
No change	4.9 years	$ 167,039,545	
+5%		$ 150,136,822	$ (16,902,723)

As of December 31, 2018 As of Life Expectancy Months Adjustment	Weighted Average Life Expectancy	Fair Value	Change in Fair Value
-5%		$ 202,547,381	$ 16,295,621
No change	5.2 years	$ 186,251,760	—
+5%		$ 169,348,101	$ (16,903,659)

Cost of Insurance

Over the past several years, various insurers have increased the cost of insurance tables used in certain of their policies. The PHT Portfolio has not been exempt from these increases. The most significant of these to date have been increases announced by Lincoln National Life Insurance Company, PHL Variable Life Insurance Company and John Hancock Life Insurance Company. The Trust's portfolio has a significant concentration of policies issued by these carriers. *See*: Credit Exposure to Insurance Companies, below.

Because the cost of insurance affects the premiums paid, an increase in the cost of insurance negatively impacts the affected policies' valuation. The fair value estimates take into account all known increases in the cost of insurance.

Discount rate

The discount rate is another significant input in the fair value determination. The Trust's estimate incorporates market factors, the size of the portfolio, and various policy specific quantitative and qualitative factors including known information about the underlying insurance policy, its economics, the insured and the insurer.

The effect of changes in the weighted average discount rate on the death benefit and premiums used to estimate the PHT Portfolio's fair value has been analyzed. If the weighted average discount rate increased or decreased by 2 percentage points and the other assumptions used to estimate fair value remained the same, the change in estimated fair value as of September 30, 2019 and December 31, 2018 would be as follows:

As of September 30, 2019 Rate Adjustment	Fair Value	Change in Fair Value
+2%	$ 158,278,242	$ (8,761,303)
No change	$ 167,039,545	—
-(2)%	$ 176,808,804	$ 9,769,259

As of December 31, 2018 Rate Adjustment	Fair Value	Change in Fair Value
+2%	$ 175,204,064	$ (11,047,696)
No change	$ 186,251,760	—
-(2)%	$ 198,679,523	$ 12,427,763

Future changes in the discount rates used by the Trust to value life insurance policies could have a material effect on the Trust's fair value analysis, which could have a material adverse effect on the Trust's financial condition and results of operations.

The Trust re-evaluates its discount rates at the end of every reporting period in order to estimate the discount rates that could reasonably be used by market participants in a transaction involving the Trust's life insurance policies. In doing so, the Trust engages third party consultants to corroborate its assessment, engages in discussions with other market participants and extrapolates the discount rate underlying actual sales of insurance policies.

Credit Exposure to Insurance Companies

The following table provides information about the life insurance issuer concentrations that exceed 10% of total death benefit or 10% of total fair value of the Trust's life insurance policies as of September 30, 2019:

Carrier	Percentage of Face Value	Percentage of Fair Value	Carrier Rating
The Lincoln National Life Insurance	10.7 %	13.2 %	A+
Transamerica Financial Life Insurance	9.8 %	13.3 %	A+

The following table provides information about the life insurance issuer concentrations that exceed 10% of total death benefit or 10% of total fair value of the Trust's life insurance policies as of December 31, 2018:

Carrier	Percentage of Face Value	Percentage of Fair Value	Carrier Rating
The Lincoln National Life Insurance	10.4 %	13.4 %	A+
Transamerica Financial Life Insurance	9.6 %	13.1 %	A+

Changes in Fair Value

The following table provides a roll-forward of the fair value of life insurance policies for the three months ended September 30, 2019 and 2018:

	2019	2018
Balance at July 1,	**$ 188,397,206**	**$ 190,303,387**
Realized gain on matured policies	45,753,913	16,794,590
Unrealized gain (loss) on assets held	(23,745,889)	(22,261,356)
Change in estimated fair value	**22,008,024**	**(5,466,766)**
Matured policies, net of fees	(54,271,732)	(19,153,583)
Premiums paid	10,906,047	14,103,964
Balance at September 30,	**$ 167,039,545**	**$ 179,787,002**

The following table provides a roll-forward of the fair value of life insurance policies for the nine months ended September 30, 2019 and 2018:

	2019	2018
Balance at January 1,	**$ 186,251,760**	**$ 272,140,787**
Realized gain on matured policies	89,521,377	44,831,548
Unrealized loss on assets held	(28,098,856)	(122,508,724)
Change in estimated fair value	**61,422,521**	**(77,677,176)**
Matured policies, net of fees	(110,659,050)	(56,240,462)
Premiums paid	30,024,314	41,563,853
Balance at September 30,	**$ 167,039,545**	**$ 179,787,002**

Other Fair Value Considerations - All assets and liabilities except for the life insurance policies, which includes cash, maturities and premium receivable, notes payable and premium and maturity liability, are accounted for at their carrying value which approximates fair value.

Note 7 – Subsequent Event

On November 1, 2019, the Trust announced in its newsletter the Board and Trustee's decision to make an initial distribution of approximately $20.0 million to the holders of units in the Trust and in the IRA Partnership. The distribution will be made on November 15, 2019 based on the number of units held by the unit holder minus any liens that the unit holder may have against them for unpaid premiums.

LIFE PARTNERS IRA HOLDER PARTNERSHIP, LLC
BALANCE SHEETS
SEPTEMBER 30, 2019 AND DECEMBER 31, 2018

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Assets		
Investment in Life Partners Position Holder Trust	$ 133,996,254	$ 102,164,149
Total assets	**$ 133,996,254**	**$ 102,164,149**
Liabilities		
Due to the Life Partners Position Holder Trust	$ 284,531	$ 160,691
Total liabilities	**$ 284,531**	**$ 160,691**
Net assets	$ 133,711,723	$ 102,003,458

LIFE PARTNERS IRA HOLDER PARTNERSHIP, LLC
STATEMENTS OF OPERATIONS
THREE AND NINE MONTHS ENDED SEPTEMBER 30

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Income				
Equity income (loss) from Life Partners Position Holder Trust	$ 10,151,504	$ (4,641,746)	$ 31,832,105	$ (56,020,152)
Expenses				
Professional fees	8,031	9,816	30,492	117,855
State and local taxes	10,168	—	93,348	—
Increase (decrease) in net assets	$ 10,133,305	$ (4,651,562)	$ 31,708,265	$ (56,138,007)

LIFE PARTNERS IRA HOLDER PARTNERSHIP, LLC
STATEMENTS OF CHANGES IN NET ASSETS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net assets, beginning of period	**$ 123,578,418**	**$ 99,230,549**	**$ 102,003,458**	**$ 150,716,994**
Increase (decrease) in net assets	10,133,305	(4,651,562)	31,708,265	(56,138,007)
Net assets, end of period	**$ 133,711,723**	**$ 94,578,987**	**$ 133,711,723**	**$ 94,578,987**
Net asset value per unit:				
Number of units	**746,634,100**	**747,862,666**	**746,634,100**	**747,862,666**
Net assets per unit	**$ 0.18**	**$ 0.13**	**$ 0.18**	**$ 0.13**

LIFE PARTNERS IRA HOLDER PARTNERSHIP, LLC
STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30,

	2019	2018
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Net increase (decrease) in net assets	$ 31,708,265	$ (56,138,007)
Adjustments to reconcile net increase (decrease) in net assets to net cash used in operations:		
Investment in Life Partners Position Holder Trust	(31,832,105)	56,020,152
Change in assets and liabilities:		
Due to Life Partners Position Holder Trust	$ 123,840	$ 117,855
Net cash used in operating activities	$ —	$ —
Net change in cash	$ —	$ —
Cash, beginning of period	$ —	$ —
Cash end of period	$ —	$ —

LIFE PARTNERS IRA HOLDER PARTNERSHIP, LLC
NOTES TO FINANCIAL STATEMENTS
(unaudited)

Note 1 - Operations

The Life Partners IRA Holder Partnership, LLC (the "IRA Partnership" or "Partnership") was created on December 9, 2016, pursuant to the Revised Third Amended Joint Plan of Reorganization of Life Partners Holdings, Inc., *et al.* (the "Debtors"), dated as of October 27, 2016, which we call the "Plan," that was confirmed by order of the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division ("Bankruptcy Court") on November 1, 2016.

In connection with its formation and the inception of its activities on December 9, 2016, the Partnership issued limited liability company interests ("Member Interests") in satisfaction of claims against the Debtors. The only assets of the Partnership are beneficial interest units of the Life Partners Position Holder Trust. The Partnership held 746,634,100 and 747,775,628 units as of September 30, 2019 and December 31, 2018, respectively, of the Trust's outstanding units totaling 1,233,410,261 and 1,237,019,204 as of September 30, 2019 and December 31, 2018, respectively. The sole purpose of the Partnership is to hold Trust interests to permit holders of partnership interests to participate in distributions of the proceeds of the liquidation of the Trust. The Partnership was created to allow IRA holders to hold an interest in an entity classified as a partnership for federal tax purposes, rather than the assets of a grantor trust, such as the Trust. The Partnership's sole asset is its investment in the Trust and it engages in no other business activity.

The Bankruptcy Court organized the Trust and the Partnership in order to liquidate the assets of the Debtors in a manner calculated to conserve, protect and maximize the value of the assets, and to distribute the proceeds thereof to the Trust's securities holders in accordance with the Plan. The Trust and IRA Partnership have no other business interests nor operations and will not acquire any additional life insurance policies in the future. The Trust's beginning assets and liabilities were contributed pursuant to the Plan as of December 9, 2016.

Note 2 - Significant Accounting Policies

Equity Method Accounting

The Partnership accounts for its investment in the Trust using the equity method of accounting in accordance with Accounting Standards Codification (ASC) 323, Investments – Equity Method and Joint Ventures. The Partnership and the Trust are closely connected, with a common trustee and common management. As a result of this common oversight and control, as well as the Partnership's position as the majority holder of the Trust's beneficial interest units, the Partnership is considered to have significant influence under the provisions of ASC 323, resulting in the application by the Partnership of the equity method of accounting.

The following table presents summary financial information for the Trust:

Balance Sheet Data

	September 30, 2019	December 31, 2018
	(Unaudited)	(Audited)
Investment in life insurance policies	$ 167,039,545	$ 186,251,760
All other assets	127,298,002	76,486,910
Total assets	**$ 294,337,547**	**$ 262,738,670**
Total liabilities	**$ 72,980,976**	**$ 93,732,074**
Net assets	**$ 221,356,571**	**$ 169,006,596**

Income Statement Data

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Change in fair value of life insurance policies	$ 22,008,024	$ (5,466,766)	$ 61,422,521	$ (77,677,176)
Other income	372,968	$ 102,696	$ 932,584	$ 1,268,478
Total income (loss)	**$ 22,380,992**	**$ (5,364,070)**	**$ 62,355,105**	**$ (76,408,698)**
Total expenses	**$ 4,704,571**	**$ 2,192,524**	**$ 10,226,877**	**$ 7,600,971**
Net increase (decrease) in net assets resulting from operations	**$ 17,676,421**	**$ (7,556,594)**	**$ 52,128,228**	**$ (84,009,669)**

Income Taxes

No provision for state or Federal income taxes has been made as the liability for such taxes is attributable to the members rather than the Partnership. In certain instances, however, the Partnership may be required under applicable state laws to remit directly to state tax authorities amounts otherwise due to members prior to any distributions. Such payments on behalf of the members are deemed distributions to them.

The Financial Accounting Standards Board (the “FASB”) has provided guidance for how uncertain tax positions should be recognized, measured, disclosed, and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Partnership’s tax returns to determine whether the tax positions are more-likely-than-not of being sustained when challenged or when examined by the applicable taxing authority. The Partnership has no material uncertain income tax positions as of September 30, 2019 nor December 31, 2018.

Use of Estimates

The preparation of these financial statements, in conformity with generally accepted accounting principles in the United States of America (“GAAP”), requires the Partnership to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting periods. Actual results could differ from these estimates and such differences could be material

Risks and Uncertainties

The Partnership, due to the nature of its assets and operations, is subject to significant risks and uncertainties affecting the Trust which encounters economic risk. The two main components of economic risk potentially impacting the Partnership’s interest in the Trust are market risk and concentration of credit risk. The market risks include interest rate risk and the risk of declines in valuation of the Trust’s life insurance policies, including declines caused by the selection of increased discount rates associated with the Trust’s fair value model and changes in other assumptions to the Trust’s fair value model. Concentration of credit risk is the risk that an insurance carrier who has issued life insurance policies held by the Trust, does not remit the amount due under those policies due to the deteriorating financial condition of the carrier or otherwise. It is reasonably possible that future changes to estimates involved in valuing life insurance policies could result in material effects to the Partnership’s financial position and results of operations.

Note 3 – Subsequent Event

On November 1, 2019, the Trust announced in its newsletter the Board and Trustee's decision to make an initial distribution of approximately $20.0 million to the holders of units in the Trust and in the IRA Partnership. The distribution will be made on November 15, 2019 based on the number of units held by the unit holder minus any liens that the unit holder may have against them for any unpaid premiums.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion in conjunction with the financial statements and accompanying notes as well as the financial statements and the notes to those statements in our 2018 Form 10K. The statements in this discussion and analysis concerning expectations regarding Life Partners Position Holder Trust's ("Position Holder Trust" or "Trust") and the Life Partners IRA Holder Partnership, LLC's ("IRA Partnership" or "Partnership") future performance, liquidity and capital resources, as well as other non-historical statements in this discussion and analysis, are forward-looking statements. The actual results of the Trust and Partnership could differ materially from those suggested or implied by any forward-looking statements.

Business Overview

The Position Holder Trust was created on December 9, 2016, pursuant to the Revised Third Amended Joint Plan of Reorganization of Life Partners Holdings, Inc., *et al.*, dated as of October 27, 2016, which we call the "Plan," that was confirmed by order of the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division ("Bankruptcy Court") on November 1, 2016, as amended. The Plan became effective on December 9, 2016.

As of September 30, 2019, and December 31, 2018, there were 9,677 and 10,442 holders of the 1,233,410,261 and 1,237,019,204 units outstanding, respectively. The Trust owns a portfolio of life insurance policies; a portion of the policies is encumbered by the beneficial interest of continuing fractional interest holders. The Trust's portion of the portfolio consists of positions in 2,936 and 3,037 life insurance policies, with aggregate fair values of $167.0 million and $186.3 million and an aggregate face values of approximately $1.1 billion and $1.3 billion at September 30, 2019, and December 31, 2018, respectively. The fair value of the interests in the life insurance policies owned by continuing fractional interest holders are not reflected in the Trust's financial statements.

The Bankruptcy Court organized the Trust and the Partnership in order to liquidate the assets of the Debtors in a manner calculated to conserve, protect and maximize the value of the assets, and to distribute the proceeds thereof to the Trust's securities holders in accordance with the Plan. The Trust and IRA Partnership have no other business interests nor operations and will not acquire any additional life insurance policies in the future. The Trust's beginning assets and liabilities were contributed pursuant to the Plan as of December 9, 2016.

During July 2019, the Trustee for Life Partners Position Holders Trust, acting on behalf of the Trust, appointed NorthStar Capital Management, LLC, based in Atlanta, GA and Irvine, CA, as Portfolio Manager for the insurance policies owned by the Trust. NorthStar Capital Management, LLC is well-experienced in the management of life insurance policy portfolios and is owned and managed by John McFarland, an industry expert with 15 years of experience in the life settlement industry. McFarland is the current CEO and member of NorthStar Life Services, LLC, and an Officer/Director of the Life Insurance Settlement Association (LISA). McFarland was previously Chief Operating Officer of AVS Underwriting, LLC, a Georgia based portfolio servicer and life expectancy provider and has extensive operational experience in fund management and administration. As Portfolio Manager, Northstar Capital Management, LLC will maintain all insurance policy files, work to maximize the value and optimize the premium streams for the policies as well as liaise with Trust professionals with respect to the policies. The Trustee believes that the contributions of NorthStar Capital Management, LLC will enhance the value of the portfolio and streamline operations of the Trust.

As of September 10, 2019, the Life Partners Position Holder Trust has entered into an agreement with Vida Capital, Inc. and Magna Servicing LLC to effectuate a termination of the policy services provided by them to the Trust, effective October 31, 2020. Pursuant to the agreement, the Trust will pay Vida Capital, Inc. an early termination fee of $2.5 million. As part of the agreement the Trust paid $2.0 million and accrued the remaining $0.5 million of the termination fee in third quarter of 2019. Starting October 31, 2020 a new policy servicing company will take over the responsibility of policy services.

Continuing Operations

While the Position Holder Trust is a liquidating trust with no intent to continue or to engage in a trade or business, the nature of the life insurance policies assets being liquidated are such that it is not practical or advantageous to simply liquidate the Policies by disposing of them. In this regard, there is no viable secondary market for the Policies, nor is there another practical means of disposing of them or monetizing them in the near term.

The Position Holder Trust expects that fulfilling its liquidating purpose will require a significant amount of time. As such, the Trust will have significant ongoing operations during that period due to the nature of its assets and its plan to maximize the proceeds to its beneficiaries by maintaining the majority of its Policies until maturity. As a result, the Trust has concluded that its liquidation is not imminent, in accordance with the definitions under accounting principles generally accepted in the United States and has not applied the liquidation basis of accounting in presenting its financial statements. The Trust will continue to evaluate its operations to determine when its liquidation becomes imminent and the liquidation basis of accounting is required.

The Plan requires that the continuing fractional holders pay premium calls within 60 days of the day the Trust sends an invoice. The failure of a continuing fractional holder to timely pay a premium call on a position results in a premium default with respect to that position. Upon a premium default, the continuing fractional holder is deemed to have contributed its position to the Trust in exchange for Units. Section 5.05(c) of the Plan requires that the Trust reduce the number of Units issued upon a default by 20% – the subsection (c)(i) discount.

The Partnership operations consist entirely of its interests in the operations of the Trust and will continue as long as the Trust is liquidating its assets. The Partnership utilizes the equity method of accounting for its interests in the Trust and recognizes its proportionate interest in the results of the Trust’s continuing operations accordingly.

Critical Accounting Policies

Position Holder Trust

Investments in Life Insurance Policies

The Trust accounts for its interests in life insurance policies at fair value in accordance with ASC 325-30, *Investments in Insurance Contracts*. Any resulting changes in estimates are reflected in operations in the period the change becomes apparent.

Fair Value of Life Insurance Policies

The Trust follows ASC 820, *Fair Value Measurements and Disclosures*, in estimating the fair value of its life insurance policies, which defines fair value as an exit price representing the amount that would be received if an asset were sold or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability.

As a basis for considering such assumptions, the guidance establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. Level 1 relates to quoted prices in active markets for identical assets or liabilities. Level 2 relates to observable inputs other than quoted prices included in Level 1. Level 3 relates to unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The Trust’s investments in life insurance policies are considered to be Level 3 as there is currently no active market where the Trust is able to observe quoted prices for identical assets and the Trust’s valuation model incorporates significant inputs that are not observable.

The Trust’s valuation of life insurance policies is a critical estimate within the financial statements. The Trust currently uses a probabilistic method of valuing life insurance policies, which the Trust believes to be the preferred valuation method in its industry. The Trust calculates the assets’ fair value using a present value technique to estimate the fair value of the projected future cash flows. The most significant assumptions in estimating the fair value are the Trust’s estimate of the insureds’ longevity, anticipated future premium obligations and the discount rate. See Note 6, “Fair Value Measurements” in the accompanying financial statements.

Income Recognition

The Trust’s investments in life insurance policies are its primary source of income. Gain or loss is recognized from ongoing changes in the portfolio’s estimated fair value, including any gains or losses at maturity. Gains or losses from maturities are recognized at receipt of a death notice or verified obituary for an insured party and determined based on the difference between the death benefit and the estimated fair value of the policy at maturity.

Premiums Receivable

The Trust assumed the Debtors' receivables related to life insurance policy premiums and service fees that were paid to the Debtors on behalf of fractional interest holders prior to the Trust's effective date. After December 9, 2016, the policy premiums allocable to continuing fractional interest holders are those persons' obligations and not the Trust. If a continuing fractional interest holder defaults on future premium obligations, such position is deemed contributed to the Trust in exchange for the number of Units provided by the Plan.

The Trust maintains an allowance for doubtful accounts for estimated losses resulting from the inability to collect premiums and service fees receivable. Such estimates are based on the position holder's payment history and other indications of potential uncollectability. After all attempts to collect a receivable have failed, receivables are written off against the allowance. At September 30, 2019, and December 31, 2018, the allowance for doubtful accounts was $10.1 million, all of which was for receivables assumed from the Debtors on the effective date. Outstanding receivable balances may be recoverable pursuant to the Trustee's set-off rights under the Plan.

Maturities Receivable

Maturities receivable consist of the Trust's portion of life insurance policy maturities that occurred, but payment was not yet received as of the reporting period.

Income Taxes

No provision for state or federal income taxes has been made as the liability for such taxes is attributable to the Unit holders rather than the Trust. The Trust is a grantor trust with taxable income or loss passing through to the Unit holders. In certain instances, however, the Trust may be required under applicable state laws to remit directly to state tax authorities amounts otherwise due to Unit holders. Such payments on behalf of the Unit holders are deemed distributions to them.

The FASB has provided guidance for how uncertain tax positions should be recognized, measured, disclosed, and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Trust's tax returns to determine whether the tax positions are more-likely-than-not of being sustained when challenged or when examined by the applicable taxing authority. The Trust has no material uncertain income tax positions as of September 30, 2019 or December 31, 2018.

The Trust also assumed income tax liabilities of the Debtors at its inception which total approximately $1.0 million and $2.0 million as of September 30, 2019 and December 31, 2018, respectively, related to taxes, penalties, and interest from the Debtors' 2008, 2009, and 2010 income tax returns. These obligations include imputed interest at 4% annually and are due in full by January 2020.

Premium Liability

As of September 30, 2019, and December 31, 2018, the Trust holds $28.1 million and $33.2 million, respectively, in escrow for future payment of premium obligations. To the extent advanced premiums received from continuing fractional holders are not used for premium payments, they are refunded to the respective continuing fractional holder.

Maturity Liability

As of September 30, 2019, and December 31, 2018, the Trust holds $8.7 million and $14.3 million, respectively, of maturities collected on behalf of continuing factional holders pending payment.

Risks and Uncertainties

The Trust encounters economic, legal, and longevity risk. The main components of economic risk potentially impacting the Trust are market risk, concentration of credit risk, and the increasing cost of insurance risk. The Trust's market risks include interest rate risk and the risk of declines in valuation of the Trust's life insurance policies, including declines caused by the selection of increased discount rates associated with the Trust's fair value model. It is reasonably possible that future changes to estimates involved in valuing life insurance policies could change and materially affect future financial statements. Concentration of credit risk is the risk that an insurance carrier who has issued life insurance policies held by the Trust, does not remit the amount due under those policies due to the carrier's deteriorating financial condition or otherwise. Another credit risk potentially impacting the Trust is the risk continuing fractional holders may default on their future premium obligations, increasing the Trust's premium obligations. The increasing cost of insurance risk includes the carriers' attempts to change a policy's cost of insurance. While some cost of insurance increases are anticipated and taken into consideration in the Trust's forecasts, other cost of insurance increases are unilaterally imposed by the carrier.

The main components of legal risk are: (i) the risk that an insurer could successfully challenge its obligation to pay policy benefits at maturity; and (ii) that an insured's family could successfully challenge the Trust's entitlement to an insurance policy's benefits. In either case, there is also risk that the Trust would be unable to recover the premiums it paid towards the insurance policy.

Longevity risk refers to the reasonable possibility that actual mortalities of insureds in the Trust's portfolio extend over longer periods than are anticipated, resulting in the Trust paying more in premiums and delaying its collection of death benefits. Further, increased longevity may encourage additional continuing fraction holders to default on their premium obligations, increasing the Trust's positions and its premium payment burden. The Trust management is still evaluating any potential impact; however, such future revisions could have a material impact on the valuation

The Trust maintains the majority of its cash in several accounts with a commercial bank. Balances on deposit are insured by the Federal Deposit Insurance Corporation ("FDIC"). However, from time to time the Trust's balances may exceed the FDIC insurable amounts.

IRA Partnership

Equity Method Accounting

The Partnership accounts for its investment in the Trust using the equity method of accounting in accordance with Accounting Standards Codification (ASC) 323, Investments – Equity Method and Joint Ventures. The Partnership and the Trust are closely connected, with a common trustee and common management. Due to this common oversight and control, as well as the Partnership's position as the majority holder of the Trust's beneficial interest units, the Partnership is considered to have significant influence under the provisions of ASC 323, resulting in the application by the Partnership of the equity method of accounting.

Income Taxes

No provision for state or federal income taxes has been made as the liability for such taxes is attributable to the members rather than the Partnership. The Partnership is a limited liability company with taxable income or loss passing through to the members. In certain instances, however, the Partnership may be required under applicable laws to remit amounts otherwise due to members, directly to state or federal tax authorities. Such payments on behalf of the members are deemed distributions to them.

FASB has provided guidance for how uncertain tax positions should be recognized, measured, disclosed, and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Partnership's tax returns to determine whether the tax positions are more-likely-than-not of being sustained when challenged or when examined by the applicable taxing authority. The Partnership has no material uncertain income tax positions as of September 30, 2019 nor December 31, 2018.

Risks and Uncertainties

The Partnership, due to the nature of its assets and operations, is subject to significant risks and uncertainties affecting the Trust. The two main components of economic risk potentially impacting the Partnership's interest in the Trust are market risk and concentration of credit risk. The market risks include interest rate risk and the risk of declines in valuation of the Trust's life insurance policies, including declines caused by the selection of increased discount rates associated with the Trust's fair value model. Concentration of credit risk is the risk that an insurance carrier who has issued life insurance policies held by the Trust, does not remit the amount due under those policies due to the deteriorating financial condition of the carrier or otherwise. It is reasonably possible that future changes to estimates involved in valuing life insurance policies could change and result in material effects to the Partnership's financial position and results of operations.

Results of Continuing Operations

As of September 30, 2019, the Trust owns an interest in 2,936 policies of which 497 are life settlement policies and 2,439 are viaticals (the "PHT Portfolio"). The PHT Portfolio's aggregate face value is approximately $1.1 billion as of September 30, 2019 of which $0.9 billion is attributable to life settlements and $191.3 million is attributable to viaticals. The PHT Portfolio's aggregate fair value is $167.0 million as of September 30, 2019 of which $163.4 million is attributable to life settlements and $3.6 million is attributable to viaticals.

The Policies were valued as of September 30, 2019 using a base or foundational discount rate of 12%, distinctions between life settlement and viatical policies and whether the Policies are whole life, convertible term or non-convertible term policies and with a post-adjustment weighted average discount rate of 24.4% for life settlements and 25.7% for viaticals. See, Note 6, "Fair Value Measurements" to the accompanying financial statements.

As of December 31, 2018, the Trust owned an interest in 3,037 policies of which 548 are life settlement policies and 2,489 are viaticals. The PHT Portfolio's aggregate face value was approximately $1.3 billion as of December 31, 2018 of which $1.1 billion was attributable to life settlements and $203.1 million was attributable to viaticals. The PHT Portfolio's aggregate fair value was estimated at $186.3 million as of December 31, 2018 of which $182.0 million was attributable to life settlements and $4.3 million was attributable to viaticals.

The Policies were valued as of December 31, 2018 using a base or foundational discount rate of 14%, with further valuation adjustments based upon the size of the insured pool, life expectancy data, distinctions between life settlement and viatical policies and whether the Policies are whole life, convertible term or non-convertible term policies and with a post-adjustment weighted average discount rate of 24.8% for life settlements and 25.8% for viaticals. See, Note 6, "Fair Value Measurements" to the accompanying financial statements.

Three Months Ended September 30, 2019 Compared to Three Months Ended September 30, 2018

Results of Operations for the Trust

Net increase in net assets for the three months ended September 30, 2019 was $17.7 million as compared to a net decrease in net assets of $7.6 million for the same period last year. The following are the components of net change in net assets resulting from operations for the three months ended September 30, 2019 and 2018:

	Three Months Ended September 30,			
	2019	2018	Change	% Change
Income (loss)	$ 22,380,992	(5,364,070)	$ 27,745,062	517 %
Expenses	4,704,571	2,192,524	2,512,047	115 %
Increase (decrease) in net assets	$ 17,676,421	$ (7,556,594)	$ 25,233,015	334 %

The Trust recognizes income on its respective portion of the Policies primarily from changes in their aggregate fair value. There was no tax expense nor benefit for the three months ended September 30, 2019 and 2018. The primary increase in income is due to the change in valuation of the investment portfolio as described in Note 6 "Fair Value Measurements" in the accompanying financial statements.

The following table provides a roll-forward of the fair value of life insurance policies for the three months ended September 30, 2019 and 2018:

	2019	2018
Balance at July 1,	**$ 188,397,206**	**$ 190,303,387**
Realized gain on matured policies	45,753,913	16,794,590
Unrealized gain/(loss) on assets held	(23,745,889)	(22,261,356)
Change in estimated fair value	**22,008,024**	**(5,466,766)**
Matured policies, net of fees	(54,271,732)	(19,153,583)
Premiums paid	10,906,047	14,103,964
Balance at September 30,	**$ 167,039,545**	**$ 179,787,002**

The change in estimated fair value of the Trust's life insurance Policies includes realized gains (losses) on matured policies in addition to unrealized losses on policies which is affected by unwinding the discount over time, and changes in valuation assumptions, including mortality and discount rates. This includes the fact that beginning in the second quarter of 2018, the Trust stopped using LEs issued by life expectancy providers to the debtor. Based upon our planned comparison of actual maturities to projected maturities, management determined to accelerate its existing program of deemphasizing the LEs in favor of default mortality multipliers based on the 2015 Valuation Basic Table. The Trust now uses mortality multipliers as its exclusive method of estimating longevity. On a quarterly basis, management compares actual maturities to projected maturities to refine and validate its analysis. See, Note 6, "Fair Value Measurements" to the accompanying consolidated financial statements.

Expenses

	Three Months Ended September 30,			
	2019	2018	Change	% Change
Interest	$ 265,113	737,574	$ (472,461)	(64)%
Administrative and filing fees	255,227	265,603	(10,376)	(4)%
Legal fees	507,036	419,533	87,503	21 %
Professional fees	1,091,609	706,305	385,304	55 %
Other general and administrative	2,585,586	63,509	2,522,077	3,971 %
Total expenses	$ 4,704,571	$ 2,192,524	$ 2,512,047	115 %

The increase in total expenses of $2.5 million is primarily due to the amount owed to the Vida Capital, Inc for termination of the policy services provided by it to the Trust and additional professional services due to the transition of the Trust management and changes in Trust operations. The additional expenses are offset by a decrease in interest expense due to the pay down of the notes payable balance.

Results of Operations for the Partnership

The net increase in net assets for the three months ended September 30, 2019 was $10.1 million as compared to a net decrease in net assets of $4.7 million for the same period in the last year.

The Partnership recognizes income on its respective portion of the Trust which is controlled by its investment in the Trust's life insurance Policies and the changes in their aggregate fair value. The primary increase in income and net assets is due to the change in valuation of the investment portfolio as described above in the section related to the Trust.

Nine Months Ended September 30, 2019 Compared to Nine Months Ended September 30, 2018

Results of Operations for the Trust

Net increase in net assets for the nine months ended September 30, 2019 was $52.1 million as compared to a net decrease in net assets of $84.0 million for the same period last year. The following are the components of net change in net assets resulting from operations for the nine months ended September 30, 2019 and 2018:

	Nine Months Ended September 30, 2019			
	2019	**2018**	**Change**	**% Change**
Income (loss)	$ 62,355,105	$ (76,408,698)	$ 138,763,803	182 %
Expenses	10,226,877	7,600,971	2,625,906	35 %
Increase (decrease) in net assets	$ 52,128,228	$ (84,009,669)	$ 136,137,897	162 %

The Trust recognizes income on its respective portion of the Policies primarily from changes in their aggregate fair value. The primary increase in income is due to the change in valuation of the investment portfolio as described in Note 6 “Fair Value Measurements” in the accompanying financial statements.

The following table provides a roll-forward of the fair value of life insurance policies for the nine months ended September 30, 2019 and 2018:

	2019	**2018**
Balance at January 1,	**$ 186,251,760**	**$ 272,140,787**
Realized gain on matured policies	89,521,377	44,831,548
Unrealized loss on assets held	(28,098,856)	(122,508,724)
Change in estimated fair value	**61,422,521**	**(77,677,176)**
Matured policies, net of fees	(110,659,050)	(56,240,462)
Premiums paid	30,024,314	41,563,853
Balance at Balance at September 30,	**$ 167,039,545**	**$ 179,787,002**

The change in estimated fair value of the Trust’s life insurance Policies includes realized gains (losses) on matured policies in addition to unrealized losses on policies which is affected by unwinding the discount over time, and changes in valuation assumptions, including mortality and discount rates. This includes the fact that beginning in the second quarter of 2018, the Trust stopped using LEs issued by life expectancy providers to the debtor. Based upon our planned comparison of actual maturities to projected maturities, management determined to accelerate its existing program of deemphasizing the LEs in favor of default mortality multipliers based on the 2015 Valuation Basic Table. The Trust now uses mortality multipliers as its exclusive method of estimating longevity. On a quarterly basis, management compares actual maturities to projected maturities to refine and validate its analysis. See, Note 6, “Fair Value Measurements” to the accompanying consolidated financial statements.

Expenses

	Nine Months Ended September 30,			
	2019	**2018**	**$ Change**	**% Change**
Interest	858,885	2,807,970	(1,949,085)	(69.4)%
Administrative and filing fees	763,918	781,143	(17,225)	(2.2)%
Legal fees	1,801,818	1,488,088	313,730	21.1 %
Professional fees	3,946,275	2,123,576	1,822,699	85.8 %
Other general and administrative	2,855,981	400,194	2,455,787	613.6 %
Total expenses	10,226,877	7,600,971	2,625,906	34.5 %

The increase in total expenses of $2.6 million is primarily due to the amount owed to the Vida Capital, Inc for termination of the policy services provided by it to the Trust and additional professional services due to the transition of the Trust management and changes in Trust operations. The additional expenses are offset by a decrease in interest expense due to the pay down of the notes payable balance.

Results of Operations for the Partnership

The net increase in net assets for the nine months ended September 30, 2019 was $31.7 million as compared to a net decrease in net assets of $56.1 million for the same period in the last year.

The Partnership recognizes income on its respective portion of the Trust which is controlled by its investment in the Trust's life insurance Policies and the changes in their aggregate fair value. There was no federal tax expenses nor benefit for the nine months ended September 30, 2019 and 2018. The primary increase in income and net assets is due to the change in valuation of the investment portfolio as described above in the section related to the Trust.

Liquidity and Capital Resources

Overview and Cash Flow

The principal source of the Trust's operating liquidity is the Trust's share of the death benefits from the maturity of life insurance policies, dividend income and refund of premiums paid on behalf of others. The principal uses of that liquidity include payment of premiums on policies, liquidation of existing debt, payment of general and administrative expenses and distribution to the Unit holders, if any.

The primary needs for working capital are to pay premiums on Policies and expenses relating to the administration of the Trust and its assets. The Trust is authorized for the use of collected death benefits, called the "Maturity Funds Facility," from which the Trustee may borrow on a short-term revolving basis to fund its premium reserves. The Trust is also entitled to access the cash surrender value included in the beneficial ownership registered in its name to use for any purpose permitted by the Position Holder Trust Agreement, including to satisfy its share of the premium obligations relating to the Policies. If any such use results in a decrease in the death benefit payable under the related Policy, the decrease will be taken out of the Position Holder Trust's share of the maturity proceeds of the Policy or, if the Trust's share is insufficient, the Trust must make up the difference. Fees for servicing the Policies will be paid out of the death benefits paid on Policies in an amount equal to 2.65% of the death benefits paid. The Trust believes that these financial resources, in addition to proceeds from maturities, line of credit, and Maturity Funds Facility, are sufficient for it to continue its operations and to issue funds, as necessary, throughout the twelve months after the date of this report.

Capital

<u>Loan Facilities</u>

Vida Opportunity Fund, LP, an affiliate of Vida Capital, Inc. provided the $55 million Exit Loan Facility needed to provide for consummation of the reorganization transactions contemplated by the Plan. At the same time, Vida Longevity Fund, LP, also an affiliate of Vida Capital, Inc., provided a $25 million revolving line of credit. The obligations were secured by liens on virtually all of the Position Holder Trust's assets.

Outstanding debt at December 31, 2018 was $42.6 million and included $4.0 million of outstanding principal on the Vida Opportunity Fund, LP loan, $35.9 million secured 15-year promissory note issued by the Trust to the IRA holders (“New IRA Notes”), and $2.7 million to the initial trustee.

Effective as of January 17, 2019, the Life Partners Position Holder Trust paid the remaining balances in full related to the Exit Loan Facility and terminated the $55 million Exit Loan Facility with Vida Opportunity Fund, LP and the $25 million Revolving Line of Credit with Vida Longevity Fund, LP. All liens and security interests of the lenders under these loan facilities have been terminated and released.

To provide for short term capital needs of the Position Holder Trust, if any, effective as of January 30, 2019, the Position Holder Trust entered into a $15 million revolving credit facility with Veritex Community Bank of Dallas, Texas. The Veritex Credit Facility, is secured by a lien on the Position Holder Trust’s assets, has an initial 2-year term and, as to any amounts drawn thereunder, shall bear interest at the rate of 6% per annum. There was no amount outstanding under the Veritex Credit Facility at September 30, 2019.

The Plan authorizes the Trustee to use the Maturity Funds Facility to borrow on a short-term revolving basis to fund its premium reserves. The Position Holder Trust is also entitled to access the cash surrender value included in the beneficial ownership registered in its name from time to time to use for any purpose permitted by the Position Holder Trust Agreement, including to satisfy its share of the premium obligations relating to the Policies. If any such use results in a decrease in the death benefit payable under the related Policy, the decrease will reduce the Trust’s share of the maturity proceeds of the Policy, or if the Trust’s share is insufficient, it must make up the difference.

New IRA Notes

The Debtors’ estate included 1,254 security holders who held their positions through their individual retirement accounts (“IRA”), which are prohibited investments for an IRA. As a result, the Plan included a mechanism to resolve the IRA investors’ claims by establishing the Partnership and authorizing the issuance of the New IRA Notes.

The Position Holder Trust was authorized to issue New IRA Notes in a principal amount of $63.7 million bearing interest at 3.0% per annum and maturing in 2031. As of September 30, 2019, there were $30.7 million of New IRA Notes outstanding. Interest is payable annually in December.

If the Trust elects to redeem any New IRA Notes, it must notify the New IRA Note trustee of the redemption date and the principal amount to be redeemed at least 60 days before the redemption date (unless a shorter period is satisfactory to the trustee). If fewer than all the New IRA Notes are being redeemed, the notice must also specify a record date not less than 15 days after the date of the notice of redemption is given to the New IRA Note trustee. The New IRA Note trustee will select the notes to be redeemed on a pro rata basis in denominations of $100 principal amount and higher integral multiples of $100.

In the first nine months of 2019, there was a conversion of notes payable to units of $221,747 based on changes to election for certain unit holders which were in dispute and resolved through settlement, mediation or court order.

On August 1, 2019, the Trust made a principal and interest payment of $5.7 million to the New IRA note holders from the sinking fund. After the Trust made the payment the principal amount of the note reduced to $30.7 million and the number of security holders decreased to 1,123. The Trust has the authority to make these payments early under the New IRA notes. The Trust will make the remaining interest payment for the current year for the New IRA notes in December 2019. The Trust will now make a principal payment to the IRA note holders along with the appropriate interest payment from the sinking fund each year.

Other Notes Payable

On March 28, 2017, the Bankruptcy Court allowed $5.5 million to be paid as compensation for the services rendered by H. Thomas Moran as the Chapter 11 trustee, with fifty percent (50%), or $2.8 million, paid promptly. The remaining amount is to be paid in cash pursuant to the terms of an unsecured promissory note issued by the Trust. The note does not bear interest and the principal amount will be paid in three equal annual installments on January 1 of 2019, 2020 and 2021, with the full principal amount paid by December 30, 2021.

Liquidity and Financial Condition

At September 30, 2019, the Position Holder Trust had $82.4 million of cash primarily consisting of $48.4 million held to pay Policy premiums on behalf of Trust and the continuing fractional holders, $8.9 million held to pay maturities collected and owed to current fractional holders, $24.3 million held as collateral deposits on debt, and $0.8 million was available to pay for operating expenses of the Trust.

At December 31, 2018, the Position Holder Trust had $51.9 million of cash primarily consisting of $32.1 million held to pay Policy premiums on behalf of the Trust and the continuing fractional holders, $14.3 million held to pay maturities collected and owed to current fractional holders, $4.8 million held as collateral deposits on debt, and $0.7 million was available to pay for operating expenses of the Trust.

The Trust's maturities receivable increased by $20.3 million from $24.1 million at December 31, 2018, to $44.4 million at September 30, 2019. The increase was mainly attributable to the timing of maturities of insurance contracts during the nine month period.

The Trust's total outstanding liabilities decreased by $20.7 million from $93.7 million at December 31, 2018, to $73.0 million at September 30, 2019. The decrease was mainly attributable to the expenditure of cash to pay outstanding liabilities related to notes payable, premium liability, maturity liability and assumed tax liability.

During the nine months ended September 30, 2019 and 2018, the Position Holder Trust paid premiums on Policies totaling $30.0 million and $41.6 million, respectively on the PHT Portfolio. Also, for the nine months ended September 30, 2019 and 2018, there were maturities received of $110.7 million and $56.2 million, respectively.

The Position Holder Trust paid $9.9 million and $22.5 million of its outstanding notes payable during the nine months ended September 30, 2019 and September 30, 2018, respectively.

On November 1, 2019, the Trust announced in its newsletter the Board and Trustee's decision to make an initial distribution of approximately $20.0 million to the holders of units in the Trust and in the IRA Partnership. The distribution will be made on November 15, 2019 based on the number of units held by the unit holder minus any liens that the unit holder may have against them for unpaid premiums.

The Trust has a liquidity risk associated with the payment of premiums by the continuing fractional interest holders. Under the Plan, the Trust bills continuing fractional interest holders for their share of premiums due over the coming twelve months. If a continuing fractional interest holder fails to pay its share of the premiums on a position, the continuing fractional interest holder defaults and the position is deemed to have been contributed to the Trust in exchange for Units. The Trust is then responsible for the premium payments related to the defaulted interest. Therefore, a significant increase in the non-payment by continuing fractional interest holders may adversely affect the liquidity of the Trust.

Off-Balance Sheet Arrangements

As of September 30, 2019, and December 31, 2018, the Trust and Partnership had no off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Market risk is the risk of potential economic loss principally arising from adverse changes in the fair value of financial instruments. The major components of market risk are credit risk and interest rate risk. As of September 30, 2019, we did not hold a material amount of financial instruments for trading purposes.

Credit Risk

Credit risk consists primarily of the potential loss arising from adverse changes in the financial condition of the issuers of the life insurance policies that we own.

The following table provides information about the life insurance issuer concentrations that exceed 10% of total death benefit and 10% of total fair value of our life settlements as of September 30, 2019.

Carrier	Percentage of Face Value	Percentage of Fair Value	Carrier Rating
The Lincoln National Life Insurance	10.7%	13.2%	A+
Transamerica Financial Life Insurance	9.8%	13.3%	A+

Interest Rate Risk

The revolving line of credit with Veritex was established at a fixed interest rate. Accordingly, fluctuations in interest rates during the period ending September 30, 2019, did not impact the Trust’s operations.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our trustee and chief financial officer, conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, our trustee and chief financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q.

Limitations on Controls

Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives as specified above. Management does not expect, however, that our disclosure controls and procedures or our internal controls over financial reporting will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based on certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Trust or Partnership have been detected.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

There have been no material changes to any litigation matters during the three months ended June 30, 2019.

Item 1A. Risk Factors.

Not required for smaller reporting companies.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None

Item 6. Exhibits.

Exhibit No.	Description
31.1	Rule 13a-14(a) Certification
31.2	Rule 13a-14(a) Certification
32.1	Section 1350 Certification
32.2	Section 1350 Certification
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

Dated: November 12, 2019

LIFE PARTNERS POSITION HOLDER TRUST

By: /s/ Michael J. Quilling
Michael J. Quilling, Trustee

LIFE PARTNERS IRA HOLDER PARTNERSHIP, LLC

By: /s/ Michael J. Quilling
Michael J. Quilling, Trustee

EXHIBIT 31.1

CERTIFICATION

I, Michael J. Quilling, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Life Partners Position Holder Trust and Life Partners IRA Holder Partnership, LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrants' other certifying officer(s) and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrants' other officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2019

By: /s/ Michael J. Quilling
Michael J. Quilling, Trustee
Trustee, Life Partners Position Holder Trust
Manager, Life Partners IRA Holder Partnership, LLC
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Wayne L. Williams, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Life Partners Position Holder Trust and Life Partners IRA Holder Partnership, LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrants' other certifying officer(s) and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrants' other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2019

/s/ Wayne L. Williams, Jr.

Wayne L. Williams, Jr.
Chief Financial Officer, Life Partners Position Holder Trust
Chief Financial Officer, Life Partners IRA Holder Partnership, LLC
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Reports of Life Partners Position Holder Trust and Life Partners IRA Holder Partnership, LLC on Form 10-Q for the period ended June 30, 2019 as filed with the Securities and Exchange Commission (“Report”), I, Michael J. Quilling, Trustee of Life Partners Position Holder Trust and Manager of Life Partners IRA Holder Partnership, LLC certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Life Partners Position Holder Trust and Life Partners IRA Holder Partnership, LLC.

A signed original of this written statement required by Section 906 has been provided to Life Partners Position Holder Trust and Life Partners IRA Holder Partnership, LLC and will be retained by each and furnished to the Securities and Exchange Commission or its Staff upon request.

Date: November 12, 2019

By: /s/ Michael J. Quilling

Michael J. Quilling, Trustee

Trustee, Life Partners Position Holder Trust

Manager, Life Partners IRA Holder Partnership, LLC
(Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to 18 U. S. C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Reports of Life Partners Position Holder Trust and Life Partners IRA Holder Partnership, LLC on Form 10-Q for the period ended June 30, 2019 as filed with the Securities and Exchange Commission ("Report"), I, Wayne L. Williams, Jr., Chief Financial Officer of Life Partners Position Holder Trust and Chief Financial Officer of Life Partners IRA Holder Partnership, LLC certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Life Partners Position Holder Trust and Life Partners IRA Holder Partnership, LLC.

A signed original of this written statement required by Section 906 has been provided to Life Partners Position Holder Trust and Life Partners IRA Holder Partnership, LLC and will be retained by each and furnished to the Securities and Exchange Commission or its Staff upon request.

Date: November 12, 2019

/s/ Wayne L. Williams, Jr.

Wayne L. Williams, Jr.

Chief Financial Officer, Life Partners Position Holder Trust

Chief Financial Officer, Life Partners IRA Holder Partnership, LLC
(Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to 18 U. S. C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.