

Report for Special Master's Status Conference

November 5, 2018

**R-558 Millennium Closing Services, L.L.C.
d/b/a Millennium Title**

SDR: CANTILO & BENNETT, L.L.P.
Primary Responsible Person: Susan E. Salch
Estate Counsel: Christopher Fuller
Receiver's Counsel: Kimberly M. Hammer
RLO Analyst: Vicente Aguillon

Background on Receivership

- Date of Permanent Injunction (Liquidation): January 25, 2016
- Date of Appointment of SDR: January 26, 2016
- Claims Filing Deadline: November 15, 2016
- States Where Licensed: Texas
- Lines of Business: Title Agency
- Texas Guaranty Association Triggered: Texas Title Insurance Guaranty Association ("TTIGA")
- Date of Impairment: January 25, 2016
- Early Access Distributions: March 5, 2018 \$2,794,967 interim distribution to TTIGA

Statement of Assets and Liabilities as of September 30, 2018

Total Assets:	\$1,139,239
Cash Assets:	\$ 905,550
Escrow Funds:	\$ 233,689
Non-Cash Assets:	\$ 0
Total Liabilities:	\$5,498,437
Negative Equity:	(\$4,359,198)

Asset Recovery Through September 30, 2018

Premium Collected:	\$ N/A
Subrogation/Salvage:	\$ N/A
Reinsurance Collected:	\$ N/A
FF&E Sold:	\$ 11,664

Status and Activity Since Last Status Conference

Nancy Carroll Matters: Ms. Carroll continues to serve her ten-year sentence. She is projected to be released by no later than December 31, 2021, but is eligible for parole beginning in January 2019.

Unclaimed Escrow Funds: The SDR still holds \$113,071 in escrow funds for which no claim was filed with either the estate or TTIGA. Prior to the POC deadline (and since), the SDR contacted (or attempted to contact) all parties who may have an interest in the unclaimed funds to urge them to file a claim.

401(k) Plan: The SDR has made the necessary filings to dissolve the Millennium Title 401(k) plan. The SDR has begun the process to distribute the money after which the plan will dissolve.

Asset Recovery Activity

Cost Sharing with TTIGA: The SDR and TTIGA continue to work under a cost sharing agreement similar to the agreements reached in prior title agency estates.

Nancy Carroll and Affiliates: The case against the remaining defendants is set for a bench trial on November 7, 2018. The October 17, 2018, setting was moved at the court's request. Defendant Kenneth Spinks, Ms. Carroll's husband, was served by publication in September.

All proceeds the SDR receives from litigation will be allocated pursuant to the requirements of the Insurer Receivership Act, including, but not limited to, Tex. Ins. Code § 443.301. The SDR anticipates that there will be a number of creditors who may not qualify for TTIGA coverage, but nevertheless have claims against the assets of the estate. Such creditors would participate in any distributions based on their priority under Tex. Ins. Code § 443.301.

Insurance/Bonds: Great American Insurance Company ("GAIC") agreed to waive its demand for a release from TDI and paid the \$50,000 owed on the Direct Operations Bond. All bond recoveries are now completed. On October 2, 2018, the SDR adjudicated the GAIC POC as a Class 5 claim. GAIC had sought Class 1 status for its \$150,000 payment on the Minimum Capitalization Bond and the \$50,000 on the Direct Operations Bond.

Claims Activities

Filing Deadline: The deadline for creditors to file claims with both the SDR and TTIGA was November 15, 2016. There were no new claims in the last quarter.

SDR Claims:

POCs: As of the date of this report, there are ten unadjudicated POCs and three on appeal. Pending POCs include the TTIGA POC, underwriter POCs, and five involving claims to funds held by the SDR in escrow.

Investor Appeals: In July, the SDR filed five disputed claims applications seeking resolution of the appeals filed by Nancy Carroll's investor claimants. All five investors withdrew their appeals upon receipt of the SDR's applications. The SDR's determinations of the POCs as Class 5 are now final.

Pending Appeals: Three POCs remain on appeal: Zennith Realty, Khan, and Peniel. The Zennith Realty appeal is now the subject of an interpleader action that is set for hearing on November 7, 2018. Disputed claims applications were filed for the Khan and Peniel appeals in October. Both claims were classified as Class 5, and the amounts owed were unadjudicated. The SDR's counsel will work with the claimants' counsel to schedule hearings for these in the near future.

TTIGA POC: On August 24, 2017, TTIGA submitted a supplement to its POC. Therein, TTIGA asserts that its claim, to date, is \$4,046,511. The bulk of this figure consists of \$3,573,727 in covered claim payments for which it has been reimbursed \$2,794,967. The balance of the claim is for administrative expenses of the association which, as of that date, amounted to \$472,786.

General Legal Activities

Litigation: There are no active third-party lawsuits involving the SDR or Millennium Title.

Conclusion

Summary of Major Achievements:

- Completed recovery from bond company and adjudicated its POC.
- Resolved investor appeals.
- Filed Disposition of Assets Schedule.
- Filed interpleader application on Zennith escrow claim.
- Filed disputed claim applications on Peniel and Khan appeals.

Estate Goals to Achieve Prior to Next Status Conference:

- Complete adjudication of remaining POCs.
- Resolve handling of unclaimed escrow funds.
- Resolve Zennith interpleader and Khan and Peniel appeals.
- Prepare and file tax returns.

Estate Closing Date of Receivership: Spring 2019

Identification of Factors Affecting Closing Date and Final Distribution:

- Processing Estate POCs and Appeals
- Tax Returns
- Federal Waiver of Claims