

Status Report for Special Master

July 27, 2021

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: March 5, 2018, \$2,794,967 interim distribution to TTIGA

Statement of Assets and Liabilities as of June 30, 2021

Total Assets:	\$ 871,895
Cash Assets:	\$ 808,600
Escrow Funds:	\$ 63,295
Non-Cash Assets:	\$ 0
Total Liabilities:	\$5,324,336
Negative Equity:	(\$4,452,441)

Asset Recovery through June 30, 2021

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

Status and Activity Since Last Status Conference

Status Report: In light of the continued cancellation of in-person status conferences, the SDR submits this Status Report for the Special Master's consideration.

COVID-19 Response: The estate has functioned without delays during the pandemic. Mail, faxes, voice mail messages, and e-mails are forwarded to the responsible estate staff or subcontractor, as usual.

Nancy Carroll: The Texas Department of Criminal Justice notified the SDR in June that it had begun processing Ms. Carroll's case for review by the Texas Board of Pardons and Paroles. The purpose of the review is for the Board to decide whether to release the offender to supervision. Supervision means the offender would serve the remainder of her sentence in the community under the supervision of a parole officer. These reviews are normally completed within two to four months. The SDR submitted a letter in opposition to her release and understands that TTIGA intends to do the same. She is currently scheduled to be released at the end of this year.

Closing Document Handling: Estate subcontractors finished work updating all files to be retained at closing and identifying materials to be destroyed.

IRS Issues: As reported previously, the IRS approved the SDR's request for a private letter ruling ("PLR") in October 2020. Upon receipt, the SDR re-filed the 2016 return. Since then, estate accounting and tax subcontractor, Mr. Tom Petrosewicz, has conferred repeatedly with the IRS regarding the status of the re-filed 2016 tax return. In April 2021, the IRS representative told Mr. Petrosewicz that the return had not been processed. In light of the continued delay, the SDR again re-filed, for the third time, the 2016 return. This time, the IRS did note its receipt but stated that the return could not be accepted as filed citing the same reason that had led to the SDR's request for the PLR in the first place. Of course, the PLR was attached to the re-filed 2016 return.

In June, Mr. Petrosewicz was finally able to reach someone at the IRS regarding the computer-generated rejection of the re-filed 2016 return. After her review, she informed him that the IRS will accept the 2016 return, as originally filed. We expect written confirmation of that decision in the next 30 to 60 days.

In May, the SDR also submitted Form 4810 Prompt Determination Request forms for all returns that have been filed (2016-2020) to the IRS. The IRS will most likely deny, without prejudice, the request as it related to the 2016 return because it was filed before the final acceptance of the 2016 return. The form will be re-filed upon receipt of the 2016 acceptance letter.

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.

Claims Activities

POCs: The deadline for creditors to file claims with both the SDR and TTIGA was November 15, 2016. All POCs have been adjudicated. No new claims have been filed in the last two years.

Unclaimed Escrow Funds: At closing, all funds remaining in the escrow account will be distributed to TTIGA or transferred to the Commissioner as unclaimed funds.

General Legal Activities

Litigation Report: There are no active lawsuits involving the SDR or Millennium Title.

Conclusion

Summary of Major Achievements:

- Completed review of estate records and documents to be retained or destroyed at closing.
- Obtained verbal acceptance of 2016 federal tax return from the IRS.
- Filed requests for prompt assessment of all federal tax returns.

Estate Goals to Achieve Prior to Next Status Conference:

- Obtain written confirmation from IRS of its acceptance of the 2016 federal tax return.
- File Application to Make Final Distribution and Destroy Records.
- Re-file request for prompt assessment of 2016 federal tax return within the three-year statute of limitations.

Estimated Closing Date of Receivership: Year-end 2021.

Factors Affecting Closing Date and Final Distribution:

- IRS written acceptance of the re-filed 2016 tax return.
- Timing of submission and approval of Distribution and Closing Applications.