

SENIOR TEXAN ESTATE PLANNING §
SERVICES, LLC, WILLIAM EVANS, §
MIKE AHLERS, DARRILL S. BEEBE, §
PC&S, LLC, GLOBAL ONE DIRECT, §
LLC, DAVID A. SHIELDS, STEVEN §
FEEKEN, JOSEPH T. DONNANTUONI, §
FIRST COVENANT FINANCIAL §
PARTNERS, LLC, PAUL BROST, DAVID §
DOLPH, RONALD R. COLEMAN, §
CHARLES DAVID GRAY, GARY §
LENAHAM, EARL BROWN, MIOKE §
GIVILANCZ, JR., KIP HARTMAN, §
MICHAEL A. CASTELLANO, JOHN P. §
FISH, JOEL FRANKLIN, W. JUSTIN §
TITLE, DAVID RICE, JAMES WILLIAM §
RASH, DAVID MATA, IAM FINANCIAL §
SERVICES, INC., DAVID HERZOG, AND §
SCOTT SCHROEDER §
Third-Party Defendants §

RESPONSE IN OPPOSITION TO WENDY ROGER’S OBJECTION TO THE APPLICATION FOR FEES FOR ACTUARIAL SERVICES

TO THE HONORABLE GISELA D. TRIANA

Donald R. Taylor (“HCF Receiver”), in his capacity as receiver for Hill Country Funding LLC (Texas) and Hill Country Funding LLC (Nevada) (collectively “HCF”), and on behalf of the same, files this Response in Opposition to Defendant Wendy Roger’s Objection to HCF Receiver’s Application for Fees for Actuarial Services.

1. Defendant Wendy Roger’s lacks standing to object to the HCF Receiver’s fee application. She holds no equity interest in HCF nor does she have any claim against HCF. She has no economic interest in the receivership estate whatsoever. Consequently, the Court should disregard Ms. Roger’s objection entirely and consider the application unopposed.
2. Additionally, Ms. Roger’s contentions that the services performed are of questionable value to the estate is completely without merit. If the services were not provided and HCF

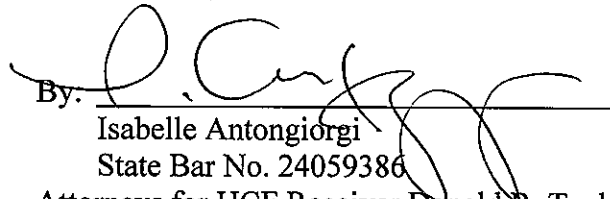
continued to pay the requested amount, the estate would be completely without funds at this point and at least some of its policies would have lapsed. Two months of payments have been made at the lower rates and the insurers have accepted the same.

3. In response to the contentions that the firm's invoices do not provide sufficient detail of the services provided, the HCF Receiver offers the Affidavit of Kirk Gravely, which is attached hereto as Exhibit A and fully incorporated by reference.

4. Based on the foregoing, the HCF Receiver respectfully requests that this Application be granted and the Court approve of the payment of \$14,751.77 to Bailey, Ramsey & Associates, Inc.

Respectfully submitted,

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CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing document was served on the following attorneys and pro se individuals by delivering a true and correct copy as indicated by the Court's electronic service system, and first class mail on this the 17th day of November, 2011, as follows:

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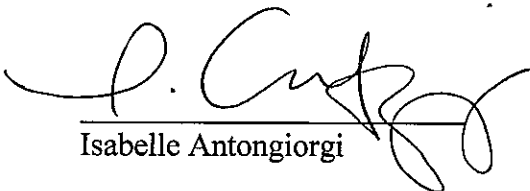
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AFFIDAVIT OF KIRK GRAVELY

COUNTY OF TRAVIS §
 §
STATE OF TEXAS §

Before me, the undersigned authority, appeared Kirk Gravelly, who is personally known to me and upon his oath he said:

1. My name is Kirk Gravelly. I am over the age of eighteen years, am of sound mind, and am capable of making this Affidavit. I have personal knowledge of the facts stated herein, which are true and correct.

2. I am an actuary and the Executive Vice President of Bailey, Ramsey & Associates, Inc., an actuarial consulting firm in Austin, Texas. I have been associated with the firm since 1986. I am an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries.

3. My firm was engaged by court-appointed receiver Donald R. Taylor to determine the minimum premium payments necessary to keep the life insurance policies of Hill Country Funding, LLC in force. I performed and supervised this work.

4. The following is a summary of the procedures we used in our calculation of the required premium amounts for the Hill Country Funding Policies:
 - a. In general, the process to calculate the premiums to be paid to keep the policies in force involved setting up a policy values calculation template for each contract.

 - b. A thorough review of each of the various products, including the policy form and schedule pages, was required to determine expenses, loads, guaranteed cost of insurance rates, and interest rate guarantees as well analyzing the policy fund mechanics, all necessary for determining the correct formula to be used for the account value accumulation.

Exhibit A

- c. We had one or more prior policyholder annual statements and after setting up the calculation template our next step was to match values shown in these historical statements.
- d. We also calculated different funding patterns (monthly, quarterly and annual) to provide the most flexibility in terms of payment structures.
- e. Upon completion of the initial task, we received more current policyholder annual statements, at which point we recalculated premiums based on updated premium history and interest rate crediting rates.

5. Some of the most notable obstacles we had while completing the calculations included:

- a. The lack of a table of current cost of insurance rates. Since universal life contracts charge current scale COI rates and not the guaranteed rates shown in the policy form, we had to perform additional analysis to determine the relationship of the current to guaranteed rates in order to arrive at a reasonable estimate for projecting into the future.
- b. Current interest rates were not available and therefore we had complete additional testing to determine the impact of anticipated changes to current interest rates.
- c. A complete premium history was not available for these contracts, and required numerous conversations, data requests, etc., as well as gathering notes taken from conversations between Taylor Dunham and the insurance carriers. In some instances the various sources contained conflicting data.
- d. A comparison between electronically-provided data and paper files was also required, a very time consuming process.
- e. These contracts also contained "in force" illustrations that were prepared to show what future policy values might be under different scenarios. Analysis of that output in combination with the other data resulted in additional significant effort.
- f. Several of these contracts contained an underlying "shadow account" which is not readily available. This account

determines whether or not the policy will stay in force, but is not the account from which the policyholder can withdraw funds. We had to take into consideration that we did not have this information and had to run several different calculations to make sure the policies were not expected to lapse during the next year.

6. Collectively, we spent approximately 45 hours performing these analyses and charged a total of \$14,751.77. These are reasonable rates for Travis County, Texas and for these types of services. The analyses we conducted and the amount of time spent on this performing these services was both reasonable and necessary to determine the minimum premium payments required to maintain these policies in force.

FURTHER AFFIANT SAYETH NOT.

Kirk Gravely
Kirk Gravely

SUBSCRIBED AND SWORN TO before me on this 17th day of November, 2011.

STAMP:



Barbara H. Waters
Notary Public Barbara H. Waters
Date of Expiration: Oct. 12, 2015