

UPDATE REGARDING IMPLEMENTATION OF PLANS OF LIQUIDATION FOR THE HOW COMPANIES

This update covers events subsequent to those described in "Historical & Current Developments" (www.howcorp.com/historicalinfo/histrec_updates.html) and in other documents previously posted on the receivership web site (www.howcorp.com/documents/default.html), which are incorporated by reference herein.

NOTHING HEREIN SHALL CONSTITUTE A BINDING TIMETABLE BY THE RECEIVER, THE DEPUTY RECEIVER, OR THEIR REPRESENTATIVES.

After expiration of the Bar Date, the Deputy Receiver issued determinations on the claims submitted, adjudicated any appeals, and paid in full the claims of policyholders arising out of the HOW Companies' insurance contracts pursuant to Va. Code Ann. § 38.2-1509.B.1(ii), except for interest.

On March 11, 2013, the United States released and discharged the Deputy Receiver, Special Deputy Receiver, and the HOW Companies' estate from any and all liability under 31 U.S.C. § 3713(b) in connection with the HOW Companies receivership, except only for possible federal tax, fraud, or criminal liabilities, or reimbursement liabilities and penalties arising under 42 U.S.C. § 1395y(b).

On May 14, 2014, the last petition pending against the HOW Companies in the Commission was resolved, and that judgment became final and no longer appealable on June 13, 2014.

On October 21, 2014, the Deputy Receiver authorized dissolution of HOWIC. On October 30, 2014, the Deputy Receiver filed HOWIC's articles of dissolution with the Commission. The Commission issued a certificate of dissolution for HOWIC, effective November 18, 2014. On December 9, 2014, the Deputy caused HWC to assume HOWIC's remaining liabilities, and HOWIC to distribute its remaining assets to HWC. HOWIC then distributed its remaining assets to HWC and, on February 6, 2015, the Deputy Receiver filed with the Commission articles of termination for HOWIC. The Commission issued HOWIC's certificate of termination effective February 11, 2015.

On March 2, 2015, the Deputy Receiver issued the Deputy Receiver's Eighth Directive (Implementing HOW/HWC Plan of Liquidation). As part of the HOW/HWC Plan of Liquidation, the Deputy Receiver currently estimates payment, by the end of the second quarter of 2015, of all approved claims of the HOW Companies filed before the Bar Date that have been liquidated (including the refund of vested capital contributions to Eligible Builders), plus interest.

The distribution of residual assets will be the last step of the HOW/HWC Plan of Liquidation. The Deputy Receiver currently estimates that the last federal tax return will be filed for the 2016 taxable year in 2017. Once the final federal tax return has been filed, the Deputy Receiver will file a Notice of Prompt Assessment with the IRS. The IRS will have eighteen (18) months to respond to that notice. Once the Deputy Receiver has resolved all IRS issues, residual assets will be distributed.

As material developments warrant, the Deputy Receiver will cause additional updates to be posted periodically on the receivership web site (www.howcorp.com/documents/default.html).