

UPDATE REGARDING IMPLEMENTATION OF PLANS OF LIQUIDATION FOR THE HOW COMPANIES (AS OF JANUARY 28, 2020)

As developments warrant, we post updates under the Most Recent Receivership Update link on the receivership web site at www.howcorp.com, so that all interested persons will have access to the same update information at the same time. Please do not call or e-mail the receivership simply to ask when checks will be issued (if you do, we will refer you to the most recent update posted on the receivership web site). As discussed below, we have already contacted, or will be contacting, persons who have submitted documentation in need of correction or supplementation.

This update covers events subsequent to those described in previous updates found under the Historical Information/Historical Receivership Updates page on the receivership web site at www.howcorp.com. Previous updates are incorporated by reference herein (except that to the extent there are any differences between this update and prior updates, this update prevails). Other information that you might find helpful is posted on other pages of www.howcorp.com:

- * **Change of Address Form** - includes a link to a form for use in providing the receivership with your current mailing address, e-mail address, and telephone number, if you believe that the receivership might not have your current contact information;
- * **W-9 and Successorship Documentation Instructions** - links to forms for Proof of Successorship Instructions, Form Affidavit and Instructions, and W-9 Form and Instructions;
- * **W-9 Form and Instructions** - includes links to the W-9 Form and Instructions;
- * **Contacts** - provides the receivership's mailing address, telephone number, and fax number;
- * **Documents** - includes links to copies of certain receivership applications, orders, directives, and other documents; and
- * **Historical Information** - includes links to certain older receivership documents of historical interest.

The following is a summary description of some of the significant events regarding the liquidation of Home Warranty Company ("HWC"), the last of the HOW Companies that remains to be liquidated. **NOTHING HEREIN CONSTITUTES A BINDING LEGAL STATEMENT OR TIMETABLE BY THE RECEIVER, THE DEPUTY RECEIVER, OR THEIR REPRESENTATIVES. NOR ARE THE STATEMENTS CONTAINED HEREIN INTENDED TO BE COMPLETE LEGAL DESCRIPTIONS OF THE EVENTS OR MATTERS TO WHICH THEY RELATE. THE MATERIAL PROVIDED HEREIN IS OFFERED ONLY FOR THE PURPOSE OF GENERAL INFORMATION. FOR FULL LEGAL INFORMATION, INTERESTED PARTIES SHOULD REVIEW THE SOURCE DOCUMENTS AND APPLICABLE LEGAL AUTHORITIES.**

It is recommended that Builder Distributees (or their legal successors) submit a completed Change of Address Form along with their original submissions, even if their name or mailing address has not changed, so that we will have alternate means to contact them (e-mail, telephone). If mail is the only means we have to contact a Builder Distributee or successor, the resolution of documentation issues will

be delayed. The address correction form is found under the link on the Change of Address Form page at www.howcorp.com. On January 20, 2020, we sent a letter to approximately 100 persons who had submitted documentation that we identified as deficient, but for whom the only contact information that we have is a mailing address. That letter enclosed, and requested completion and return of, an Address Correction Form in order to help expedite our inquiries by e-mail (preferred) or telephone.

As of January 28, 2020, legal staff had completed their initial review of all W-9s and successorship documentation submitted by Builder Distributees (or their legal successors) through January 23, 2020, were continuing their initial review of submissions received after that date, and were continuing to receive submissions. If a submission is deficient, staff will generally contact the sender during their initial review to request correction or supplementation (if we have the sender’s e-mail address or telephone number). However, if a submission has more than a minor deficiency (or if the only contact information that we have is a mailing address), contacting the sender is deferred and resolution of the deficiency is delayed.

The Application for Order in Aid of Continuing Liquidation, filed on March 1, 2019, and posted at www.howcorp.com (“Application”), at pages 10-11, provides the accountants’ estimate of the amount of distributable Residual Assets, ranging from \$90 million to \$100 million (after providing for the Reserve for Final Expenses and Contingencies previously approved by the Commission). The Application also includes Exhibit I-4F, listing each Builder Distributee by name, HOW builder number, and percentage allocation (which each Builder Distributee (or their legal successor) may multiply by the estimated amount of distributable Residual Assets in order to estimate the dollar amount of their share of the Residual Assets). Below are two examples that will enable you to check if you are using the correct methodology to calculate an estimated dollar amount of a Builder Distributee’s share of Residual Assets. In this first example, the calculator being used has a percentage key:

Example Builder Distributee percentage allocation:	0.00113420%
Midpoint of the range of estimated aggregate distribution amount:	\$95,000,000.00
Estimate of the example Builder Distributee’s distribution amount, in dollars (<i>i.e.</i> , in this example, 0.00113420% x \$95,000,000.00):	\$ 1,077.49

If you are using a calculator without a percentage function, you must first convert the percentage to a decimal fraction by dividing the percentage by 100, as in this second example:

Example Builder Distributee percentage allocation:	0.00113420%
Example percentage divided by 100 to convert to decimal fraction:	0.0000113420
Midpoint of the range of estimated aggregate distribution amount :	\$95,000,000.00
Estimate of the example Builder Distributee’s distribution amount, in dollars (<i>i.e.</i> , in this example, 0.0000113420 x \$95,000,000.00):	\$ 1,077.49

After the accountants determine the aggregate dollar amount of distributable Residual Assets (which they had not yet determined as of January 28, 2020), they will multiply that amount by each Builder Distributee’s percentage allocation to determine the dollar amount that will be distributed to each Builder Distributee (or their legal successor). At that time, it is anticipated that the accountants will start issuing and mailing checks in batches. Until then, legal staff are working diligently to review W-9s and successorship documentation (and to follow up as necessary), and the accountants are entering into their

system the information received from Builder Distributees (or their legal successors) whose submissions have been reviewed and approved.

The Deputy Receiver appreciates the patience of Builder Distributees as this complex liquidation continues. As material developments warrant, the Deputy Receiver will cause additional updates to be posted periodically under Most Recent Receivership Update at www.howcorp.com.