

UPDATE REGARDING IMPLEMENTATION OF PLANS OF LIQUIDATION FOR THE HOW COMPANIES

THIS WILL SERVE TO UPDATE HOME OWNERS, MEMBER BUILDERS, CREDITORS, AND OTHER INTERESTED PERSONS REGARDING IMPLEMENTATION OF THE 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. TERMS ARE USED IN THIS UPDATE AS THEY ARE DEFINED IN "HISTORICAL & CURRENT DEVELOPMENTS" AND "DOCUMENTS."

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

The Deputy Receiver continues implementing the HOWIC Plan of Liquidation.

The Bar Date for filing claims against the HOW Companies expired on January 12, 2009.

Subsequent to the expiration of the Bar Date, the Deputy Receiver issued determinations regarding 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 their claims.

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. Subsequently, preparations ensued for the dissolution of HOWIC, the distribution of HOWIC's assets to HWC, and HWC's assumption of HOWIC's remaining liabilities.

On October 21, 2014, the Deputy Receiver consented to the dissolution of HOWIC and signed HOWIC's articles of dissolution. 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. Consequently, HOWIC continues its existence but may not carry on any business except that appropriate to wind up and liquidate its business and affairs.

It is contemplated that the Deputy Receiver will cause HWC to assume HOWIC's remaining liabilities, and HOWIC to distribute its remaining assets to HWC by early 2015. HOWIC will then distribute its remaining assets to HWC, after which the Deputy Receiver will file with the Commission articles of termination for HOWIC.

After the Commission's issuance of a certificate of termination for HOWIC, the Deputy Receiver will issue a directive adopting and implementing the HOW/HWC Plan of Liquidation. As part of the

HOW/HWC Plan of Liquidation, the Deputy Receiver currently estimates payment, by 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 is 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.

The Deputy Receiver will cause additional updates to be posted on the web site periodically, as material developments warrant.