

RE: TBH Series 4491, LLC (f/k/a Tailor Built Homes, LLC Loan 4491)

February 26, 2019

Dear Investor,

We are writing to provide an update on the above-referenced property. Since the completion of foreclosure in January, Ignite Funding, as Asset Manager, has been able to assess the current status of the property, as well as the marketability of the property “as is” versus completing the construction of the home and then marketing the home for sale. As communicated in August 2018 when the borrower initially defaulted on the loan, the construction of the home had begun. The drywall was underway; however, there is still a lot of work needed to complete the construction on the home.

Upon taking ownership of this property, on behalf of investors, at foreclosure and reviewing the status of the property, it appears the borrower may have misappropriated some of the construction control funds released to complete work on this property, which may have impaired the value of the asset.

#### **CURRENT ESTIMATED VALUE AND INVESTOR OPTIONS**

It is estimated that the “as is” value of the property is approximately \$400,000, based on an offer to purchase the property. Additionally, there is \$137,137 held aside from the construction control account that will be returned upon final disposition of the property. The current outstanding principal balance of the loan is \$690,000. Selling “as is” is anticipated to result in a loss of approximately 44% of principal.

The alternative to selling now “as is” is to take out a construction loan on the property to complete the necessary work on the home. We estimate the total cost for the loan would be \$400,000, based on bids obtained from licensed contractors, **subject to change**. Unfortunately, due to asset management fees and carrying costs on the property the estimated loss to investors would be similar to the loss anticipated to sell the property now, “as is”, and would extend the time to sell the home and achieve resolution.

As always, our top priority is your investment. Therefore, we believe the most prudent option is to market the property for sale “as is” and take the loss described above versus incurring additional time and expense necessary to complete the home in hopes that the loss is slightly decreased in the future. The only other option would be to maintain the property “as is” and continue to market in anticipation of a higher value in the future; however, due to the potential deterioration of the property due to inclement weather in this area, ongoing carrying costs, and asset management fees associated with holding the property in anticipation of a better offer, we do not believe that this option would be in the best interest of investors or result in a substantial enough increase in value to outweigh the extended carrying costs.

#### **ACTIONS TAKEN BY IGNITE FUNDING**

Ignite Funding, on behalf of investors, is in the process of exploring the possibility of an insurance claim against the general liability policy for the borrower for the above-described

misappropriation of construction control funds. Once we receive a response from the insurance company, we will send an additional update to investors.

Additionally, Ignite Funding is in the process of filing a deficiency claim against the borrower through the courts. In the state of Utah when a lender forecloses on a property and the value assessed at the Trustee Sale is less than the original loan amount, the lender may file a claim of deficiency on the difference between the two. The deficiency claim must be filed within 90 days of the foreclosure. The estimated deficiency on this property is \$240,000. The claim allows Ignite Funding, on behalf of the investors, to document the anticipated loss and protect investor's rights to file further legal action against the borrower on this deficiency, if desired.

#### **ADDITIONAL REMEDIES TO BE CONSIDERED**

In addition to the pending insurance claim, it may be possible to file a fraud lawsuit against the borrower. It is important to understand that there will be time and expense associated with a fraud lawsuit, which could harm the final return to investors if the lawsuit is denied or if the borrower is unable to pay any potential award through the courts. Once we receive a determination on the pending insurance claim, we will ballot investors on whether or not the majority want to proceed with a fraud lawsuit, and from there we will be able to provide more detailed information as to the process of such a lawsuit and the estimated expense to pursue the lawsuit.

#### **YOUR IMMEDIATE BALLOT RESPONSE IS REQUIRED.**

**Please return the enclosed ballot to Ignite Funding at your earliest convenience and no later than 5:00 p.m. Friday, March 1, 2019.**

Executed ballots may be e-Signed, faxed to 702.739.7735, emailed to [investors@ignitefunding.com](mailto:investors@ignitefunding.com), or may be mailed to:

Ignite Funding, LLC  
2140 E Pebble Rd #160  
Las Vegas, NV 89123

We will continue to keep you informed regarding the status of the property, including ballot results, through additional correspondence.

Additionally, all updates are posted on the Tailor Built Homes portal at:

<https://ignitefunding.com/tailor-built-homes-investments-default-updates/>

The password to enter the page is: **Tailor**

Please contact your Investment Representative should you have any questions.

Sincerely,

**Ignite Funding**

February 26, 2019

Re: TBH Series 4491, LLC

**Please return your ballot (postmarked, faxed, or emailed) by Monday, February 25, 2019.**

Executed ballots may be mailed to Ignite Funding, may be E-Signed, faxed to 702.739.7735, or may be emailed to [investors@ignitefunding.com](mailto:investors@ignitefunding.com).

- I/we agree to accept** the current proposal to market and sell the property “as is. I understand it is anticipated that there will be a significant loss to my principal investment, but this proposal would allow for the quickest resolution of the property.
  
- I/we wish to reject** the current proposal to sale the property “as is”. Instead I want a construction loan to be taken against the property, on my behalf, to complete construction with the hope that a completed home will yield a more attractive value on the property. I understand that the cost of the loan and all fees for the loan will be repaid before my investment upon the sale of the property. I further understand that Ignite Funding does not believe that the construction will substantially change the ultimate return on my investment.
  
- I/we wish to reject** the current proposal to sale the property “as is”. Instead I want to continue to market the property in anticipation of a more attractive offer in the future. I understand that there is no guarantee that a more attractive offer will be received, and I also understand that there is ongoing costs to maintain and manage the asset until the final disposition of the property, that may erode any additional value gained by waiting for a higher purchase offer.

By my/our signature(s) below I/we do hereby acknowledge my/our understanding of this proposal and my/our decision of acceptance or refusal as marked above. I/we do further agree and acknowledge that Ignite Funding, LLC hereby provides no guarantees regarding the performance and outcome of the proposed action.

<b>Investor Acknowledgement:</b>		
_____	_____	_____
Print Name	Signature	Date

<b>Investor Acknowledgement:</b>		
_____	_____	_____
Print Name	Signature	Date

Thank you,

**Ignite Funding**