

June 5, 2019

RE: TBH Series 4476, LLC

Dear Investor,

We are writing to provide an update on your investment in the above-referenced property. As you may recall from our previous communications, Ignite Funding, as Asset Manager, took ownership of this property on behalf of the investors at the foreclosure sale in January 2019. At that time, it was discovered that the borrower may have misappropriated some of the construction control funds received at the original loan closing. No work had ever begun on the construction of the home which resulted in an impairment of value to this property.

The investor majority (51% of the loan balance) voted to proceed with a deficiency claim and fraud lawsuit against Tailor Built Homes and the owners of the company. In April 2019, the claim and lawsuit were filed in Utah. Tailor Built Homes and one of the three owners **have not filed** for bankruptcy protection as of May 31, 2019, which is the last day to respond to the pleading. The remaining two owners **have filed** for bankruptcy protection and our attorney has filed an objection to the discharge of bankruptcy and the court granted an extension to file a complaint until July 12<sup>th</sup> for one owner and July 29<sup>th</sup> for the other owner.

The scenario above splits the court proceedings into state and federal court oversight, and as such requires Ignite Funding investors to be represented by a state and federal attorney given the unique circumstances surrounding the variances of state and federal law as we proceed in obtaining a judgement from Tailor Built Homes and its owners.

Ignite Funding has provided the attorneys with all support documentation to the deficiency claim and fraud allegations, which will be reviewed as they prepare their complaint to the courts. In addition, the attorneys will be conducting a Rule 2004 Examination for each owner of the company prior to the extension deadlines above. The following link defines the Rule 2004 Examination:

<https://www.federalrulesofbankruptcyprocedure.org/part-ii/rule-2004/>

As additional information is made available or any actions are taken in this matter, Ignite Funding will keep investors informed through additional correspondence.

As we previously communicated in February, the estimated current value of the property is \$200,000 based on the current market conditions. We have received an offer from a buyer to purchase this property through a two-phase takedown that would provide a total purchase price of \$260,000. The buyer has made purchase offers for not only this lot but for a total of 10 properties that Ignite Funding is acting as Asset Manager for from the Tailor Built Homes foreclosures, under the same terms.

The buyer is Huish Construction, headquartered in Riverton, Utah. Bret Wright is the owner and General Contractor for Huish Construction and has more than 16 years of experience building custom homes throughout Utah. The buyer intends to purchase the lot(s) and has secured construction financing through a bank to build homes on the lots. The buyer proposes a two-phase buyout of the lots in which

he would pay \$120,000 upfront to investors. The remaining amount due through the offer of \$140,000 would be secured through a second lien position on the property, second only to the construction financed by the bank to complete construction on the property.

The buyer expects to be able to complete the construction and sell the property within 12 months which would allow investors to receive the full purchase offer at that time. However, there is no guarantee that the buyer will be able to complete construction of the home or sell the property within that period of time. If the borrower is unable to complete construction, sell the property or the market conditions change in the area the buyer may not be able to pay the remaining amount due for the lot. Only upon the final sale of the property will investors receive the remaining purchase price for the lot.

If the investor majority agree to accept this purchase offer, Ignite Funding will release all remaining construction control funds at the time the initial purchase is complete, returning an approximate total of 39% of the initial principal investment, which includes all remaining construction control funds, the upfront purchase price from the buyer less hard costs and asset management fees incurred to date by Ignite Funding to complete foreclosure of the property and market for sale. Additionally, the estimated legal expenses to pursue the fraud claim has factored into this return estimate. Keep in mind that the exact legal expenses are not yet known and could be less than the amount currently being held, in which case any excess will be returned to investors once the case is complete. The final sale is expected to return approximately 22% more to investors, less any additional fees due to Ignite Funding, meaning that by accepting the current purchase offer investors could expect to receive a total of 61% of their principal investment back once the buyer successfully completes construction and sells the property.

The alternative to accepting the current offer is to continue to hold the property in anticipation of a higher offer in the future. There is no guarantee that a better offer will be received and there will be ongoing carrying costs and asset management fees until the final disposition of the property, which could erode any additional amount offered.

It is important to note that acceptance of the purchase offer does not interfere with the outstanding deficiency and fraud claim against the borrower. The legal claims will continue through the courts regardless of whether or not investors sell the property before final judgment. Upon final sale of this property, Ignite Funding will continue to update investors on the status of the pending deficiency and fraud lawsuit on a regular basis.

**YOUR IMMEDIATE BALLOT RESPONSE IS REQUIRED. Please return the attached ballot to Ignite Funding at your earliest convenience and no later than 5:00 p.m. Wednesday, June 12, 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**

June 5, 2019

Re: TBH Series 4476, LLC

**Please return your ballot (postmarked, faxed, or emailed) by Wednesday, June 12, 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 purchase offer the property through a two-phase takedown for a total purchase price of \$260,000, as described in the communication dated June 5, 2019.
  
- I/we wish to reject** the current purchase offer as described in the June 5, 2019 communication and instead continue to market the property for sale.

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**