

March 6, 2019

RE: KD Commerce, LLC | Loan 4246

Dear Investor,

We are writing to provide an update on the above-referenced investment. As you may recall, the borrower majority approved postponing foreclosure of this property to allow the property to be sold to LGI Homes, with an expected close date in July 2019, following a 45-day due diligence period in which the buyer would work to finalize their building plans and gain approval from the homeowner's association. Unfortunately, the buyer has been unable to finalize the plans or gain approval from the Board of Directors of the Homeowner's Association (HOA), which prohibits the buyer from completing their due diligence and has resulted in this property falling out of purchase contract.

Previous contracted buyers have also faced similar obstacles from the HOA as all proposed building plans have been rejected by the HOA which prohibits buyers from completing the due diligence on the property and ultimately causes the sale to stop. It is our belief, as well as the original borrower's, that the HOA is placing unreasonable restrictions and architectural requirements on potential buyers which is hindering the borrower's ability to sell the property. The borrower continues to remain in active contact with Ignite Funding through the resolution of this property and has initiated legal action against the HOA in an effort to ultimately sell the property and resolve the default of this loan.

In the State of Nevada the first step in a legal action against a homeowner's association is to file an Alternative Dispute Resolution Claim Form (ADR) with the Office of the Ombudsman at the Department of Business and Industry, which seeks to mediate disputes between the homeowner's association and the property owner. The borrower filed an ADR with the State on January 14, 2019 citing the fact that the HOA continues to place unreasonable restrictions on building plan proposals which prohibit the borrower from selling the property.

We have been advised that the State of Nevada has appointed a mediator to review the Alternative Dispute Resolution Claim Form (ADR) that was submitted by the borrower in January. As updates are available in regard to the status of the mediation between the borrower and the homeowner's association, we will provide additional updates. However, until the dispute is resolved the borrower is unable to proceed with the sale of the property.

If you have any questions, please contact your Investment Representative.

Sincerely,

**Ignite Funding**