

October 29, 2018

RE: KD Commerce, LLC | Loan 4246

Dear Investor,

We are writing to provide an update on the above-referenced investment. As previously communicated, the investor majority voted to delay the foreclosure process on this property through the end of 2018 to allow the borrower additional time to sell the property at a price that would provide a minimum return to investors of 100% of principal.

The advantage in approving the extended forbearance to allow the borrower to sell the property before the completion of foreclosure is that investors have not incurred any of the expenses or tax consequences of taking ownership of the property. Although there have been unforeseen delays in completing the sale of the property, the borrower has continued to work to complete a sale that will allow for a 100% return of principal to investors.

As you may recall, the borrower first entered into a contract to sell the property to LGI Homes in March 2018. In order to complete the sale, the borrower went forward, at their own expense, with the work necessary to obtain city approval for a 64-lot tentative map for the property. It was anticipated that the approval could take as long as six months to receive from the city.

During this time, LGI Homes experienced internal structural changes in their company which would have required additional time to close on the sale of the property. For this reason, the contract did not move forward with LGI Homes. Immediately upon notification that LGI Homes was not moving forward with the purchase, the borrower entered into a contract to sell the property with another buyer, Harmony Homes Nevada, that would allow the sale to complete in the same time period as the original contract and with substantially equal terms that would result in a 100% return of principal to investors. For this reason, the foreclosure process remained on hold until September 2018 as approved by the investor majority.

As you know, the sale to Harmony Homes Nevada did not complete in September as anticipated and the investor majority has approved additional time to allow the borrower to identify a new borrower to complete the sale of the property. The borrower is seeking investor approval to enter into a sale contract with LGI Homes to purchase the property. As mentioned above LGI Homes experienced structural changes earlier in the year that prohibited them from completing the purchase of the property in the time frame required by the contract; however, they are now looking to build operations in the Las Vegas market and are still interested in purchasing this property.

They have agreed to place a deposit of \$100,000 that will become non-refundable 45 days after going into contract on the property. In addition, they will finalize the tentative map for the site, as well as establish a new Homeowners Association for the community. After 90 days the buyer will deposit an additional \$150,000 that will be non-refundable should the buyer fail to complete the purchase of the property. It is anticipated that the close of escrow will be July 1, 2019.

The reason for the lengthy close period is that the buyer will be purchasing the property in two phases. The first is expected to complete in February 2019 with the take down of 20 finished lots in the community that are held under other loans that the borrower has with Ignite Funding, that are part of the total property LGI Homes is purchasing. The second and final phase of the sale is the purchase of the 64 partially finished lots encumbered by this loan. The paydown will be distributed to investors upon this final purchase, anticipated to be July 1, 2019.

As always, our top priority is your investment. Therefore, we believe the most prudent option is to continue to postpone the foreclosure process by delaying the Trustee Sale date. The delay will allow the borrower to continue the sale of the property to LGI Homes. Upon the completed sale of the property, not only do we anticipate a 100% return of principal for investors, but investors would not incur any of the expenses associated with completing a foreclosure and becoming owners of the property, including any associated tax consequences. If we proceed with foreclosure, the sale of the property to LGI Homes will be delayed if not forfeited, which could have a negative impact on investors return of principal. **Investor majority (51% of the loan balance) vote is REQUIRED to postpone Foreclosure Proceedings and allow the borrower to enter into the new sales contract with LGI Homes on this property.**

**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, October 26, 2018. The borrower can not go into contract with the buyer without a majority investor approval to proceed with continued forbearance.**

Executed ballots may be mailed to Ignite Funding, may be faxed to 702.739.7735, or may be emailed to [investors@ignitefunding.com](mailto:investors@ignitefunding.com). The mailing address is:

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

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

Please contact your Investment Representative should you have any questions.

Sincerely,

**Ignite Funding**