

August 16, 2019

RE: KD Commerce, LLC | Loan 4246 - Forbearance Extension Proposal and Purchase Offer Ballot

Dear Investor,

We are writing to provide an update on the above-referenced investment. As we previously communicated the borrower has been working through the State of Nevada's Office of the Ombudsman to achieve dispute resolution with the Homeowner's Association (HOA) concerning the acceptable architectural plans for the property. Through the mediation process the borrower and the HOA were able to come to an agreement on the plans that would be allowed in the community. Attached to this communication is a copy of the letter and schematic approved and agreed to by all parties for this property.

Through the successful mediation with the HOA the borrower is now able to continue to market the property for sale to another builder. The impediment to selling the property previously has been the inability for the prospective buyers to have clear direction as to what architectural plans would be approved by the HOA. The borrower has received a purchase offer that we are presenting for investor vote.

Richmond American Homes has made an offer to purchase this property in its entirety. As you may recall the borrower, KD Commerce, has a total of six loans which encumber 20 finished lots and 64 partially finished lots. It is the intent of the borrower to purchase the 20 finished lots by the end of 2019, and then complete the purchase of the remaining lots in 2020. If the purchase offer is accepted by the investor majorities on all six of the loans, the buyer will deposit a non-refundable deposit that would go hard upon the close of the lots, anticipated to by the end of December 2019.

The amount that has been offered specific to this loan is \$3,100,000, which is anticipated to return approximately 79% of principal to the investors with an anticipated close date in the first quarter of 2020.

In order to make an educated decision in regard to this offer it is important to understand the current market conditions and valuation of the property. Over the last year the borrower has been working with the existing Homeowner's Association to allow prospective buyers of the community to construct attached homes with smaller square footage, while maintaining the esthetics of the community. Although the borrower has obtained final approval from the State of Nevada Real Estate Division to build on the finished lots based on esthetic approvals from the HOA, it does not overcome the fact that the Covenants, Conditions and Restrictions (CC&Rs) govern that the homes must be approximately 1,800 square feet. In today's environment (not just Las Vegas), buyers of attached homes are seeking a lower price point than a detached home. The size of these attached homes makes that difficult for homebuilders to make the revenue needed to build to this product type, given the size requirements and price point the market demands.

Additionally, the land adjacent to this development recently sold for a value that is below the amount owed on the KD Commerce loans. The adjacent land will be an active selling community for the next

DEFAULT DISCLAIMER: It is the duty of Ignite Funding as Loan Servicer to provide investors with all available information on a loan. In our capacity as Loan Servicer, we are obligated to present all viable resolution offers to investors for investor majority determination. Ignite Funding does not recommend or endorse any offer presented and will not direct investors on how they should vote. Investors should make their own determination as to the feasibility of each offer presented in regard to their own situation as an investor on the loan. Investor majority (51% of the loan balance) determine outcome of any property proposal.

few years which makes it difficult, if not impossible, for any homebuilder to buy this property and be able to compete with the other community on the sale prices of the homes.

Due to these factors, investors need to consider whether to agree to sell now at a loss, as estimated above; complete foreclosure of the property and hold until the market improves, which is not likely to happen until the adjacent community is sold out which could be a few years from now.

The alternative to accepting the current purchase offer and granting a continued forbearance is to proceed with foreclosure of the property immediately to eliminate the borrower's claim to the property, understanding that there will be expenses and tax consequences to the investors once ownership is transferred to the investors through the successful completion of the foreclosure process, and then continue to market the property for sale in anticipation of a higher offer in the future. Should the investor majority (51% of the loan balance) vote to reject the Borrower's forbearance proposal as outlined above, Ignite Funding will initiate the default process on the property.

YOUR IMMEDIATE BALLOT RESPONSE IS REQUIRED. Please return the enclosed ballot to Ignite Funding by Friday, August 23, 2019. Executed ballots may be e-signed, emailed to investors@ignitefunding.com, faxed to 702.739.7735, or may be mailed to Ignite Funding at the following address:

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

We will continue to update you on the status of this property, including ballot results, through additional correspondence.

Please contact your Investment Representative should you have any questions.

Sincerely,

Ignite Funding
Attachment

DEFAULT DISCLAIMER: It is the duty of Ignite Funding as Loan Servicer to provide investors with all available information on a loan. In our capacity as Loan Servicer, we are obligated to present all viable resolution offers to investors for investor majority determination. Ignite Funding does not recommend or endorse any offer presented and will not direct investors on how they should vote. Investors should make their own determination as to the feasibility of each offer presented in regard to their own situation as an investor on the loan. Investor majority (51% of the loan balance) determine outcome of any property proposal.

August 16, 2019

Re: KD Commerce, LLC | Loan 4246

Please return your ballot (postmarked, faxed, or emailed) by Friday, August 23, 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.

- I/we agree to accept** the proposal to the extend the forbearance on the property through June 30, 2020 to allow the borrower to complete the sale of the property to Richmond American Homes, as described in the attached letter dated August 16, 2019. I understand that the purchase offer, if approved, will result in a loss of principal to me. It is estimated that the total loss would be 21% of my current invested amount on this loan.

- I/we wish to reject** the current purchase offer on the property, and instead proceed with the foreclosure process immediately. I understand that there will be expenses and tax consequences associated with the completion of a foreclosure, and that there is no guarantee a higher purchase offer will ever be received for this property

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.

Investor Acknowledgement:		
_____	_____	_____
Print Name	Signature	Date

Investor Acknowledgement:		
_____	_____	_____
Print Name	Signature	Date

Thank you,

Ignite Funding

DEFAULT DISCLAIMER: It is the duty of Ignite Funding as Loan Servicer to provide investors with all available information on a loan. In our capacity as Loan Servicer, we are obligated to present all viable resolution offers to investors for investor majority determination. Ignite Funding does not recommend or endorse any offer presented and will not direct investors on how they should vote. Investors should make their own determination as to the feasibility of each offer presented in regard to their own situation as an investor on the loan. Investor majority (51% of the loan balance) determine outcome of any property proposal.

STEVE SISOLAK
Governor



MICHAEL J. BROWN
Director

SHARATH CHANDRA
Administrator

CHARVEZ FOGER
Ombudsman

STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
REAL ESTATE DIVISION
COMMON-INTEREST COMMUNITIES AND
CONDOMINIUM HOTELS PROGRAM

CICombudsman@red.nv.gov

<http://www.red.nv.gov>

June 20, 2019

Claimant(s):

KD COMMERCE, LLC
C/O ATKIN WINNER & SHERROD
ATTN: JUSTIN ZARCONE
1117 SOUTH RANCHO DRIVE
LAS VEGAS, NV 89102

Respondent(s):

SENNA COMMUNITY HOMEOWNERS'
ASSOCIATION
TYSON & MENDES, LLP
ATTN: CHRISTOPHER A. LUND
3960 HOWARD HUGHES PARKWAY, STE. 600
LAS VEGAS, NV 89169

Alternative Dispute Resolution (ADR) Control #: 19-179 / MEDIATION AGREEMENT

Dear Sir or Madam:

The Claimant and Respondent participated in mediation on May 01, 2019 through the Division's Alternative Dispute Resolution Program as described in NRS 38. The mediator assigned to this claim, **(Henry Melton)**, has notified the Division that a Settlement agreement has been reached. This matter is now closed.

Sincerely,

A handwritten signature in cursive script that reads "E. Meza".

Elizabeth Meza
ADR Supervisor

NRED CLAIM #19-179

KD Commerce, LLC

vs.

Senna Community Homeowners' Association

(Mediation Feb. 26, 2019-May 1, 2019)

May 1, 2019

ATTENDEES

Claimants:

KD Commerce, LLC
Justin Zarcone, Esq.
Dave Allsop, K.D. Commerce
Karen Allsop, K.D. Commerce
Patrick Vasser, K.D. Commerce
Kerry Cook, K.D. Commerce

Respondents:

Senna Community Homeowners' Association
Christopher A. Lund, Esq.
Kerry Shalian, HOA Board
Alyssa Waters, CMA
Cyndi Koester, CMA
Dallas Trip, HOA BOARD

NO SHOW

OUTCOME

A. Compromise Resolution B. No Compromise Resolution

SUMMARY:

A compromise resolution was reached by the parties. This concludes the mediation associated with NRED #19-179.

* Double Hung
Windows on front?

* No white wood
Finish.

9'-0" to 8'-6"

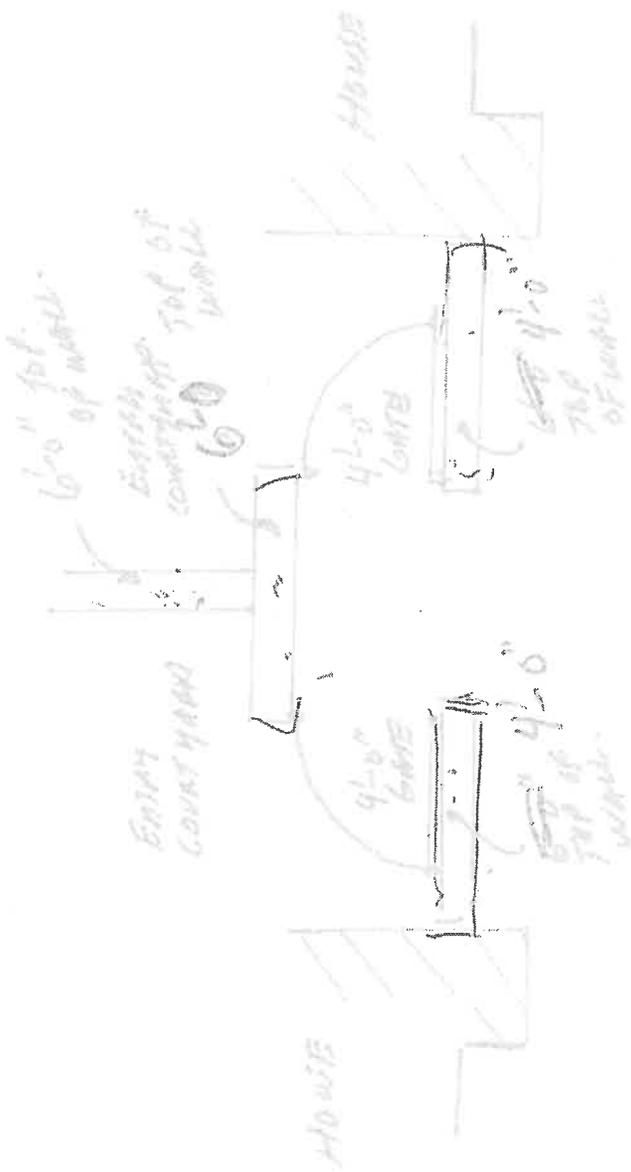
Pop up

9'-0"



KD Commerce, LLC
K. D. Sch...
W. A. Beck

[Signature]
KMS



6'-8" brick wall BEHIND.

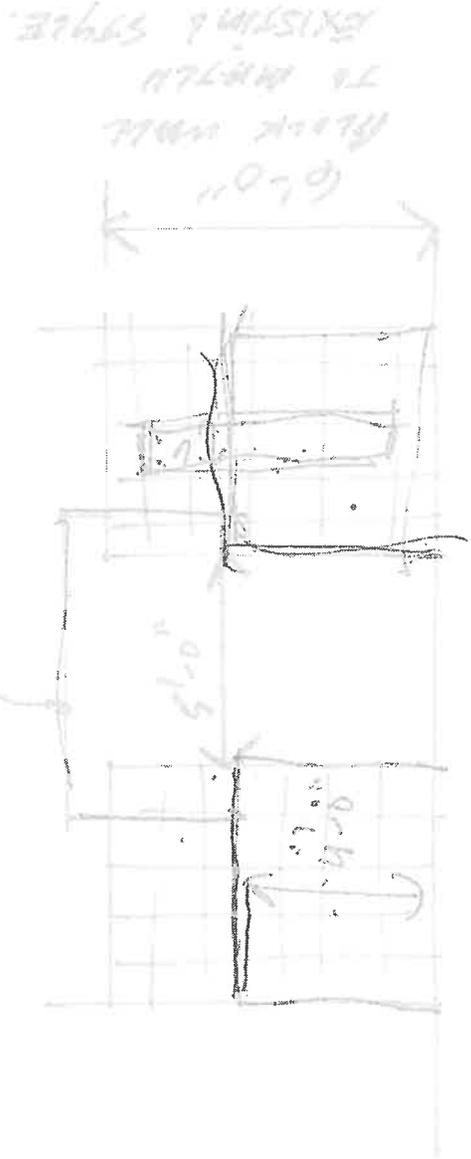


EXHIBIT 'A' - ENTRY GATE
ALTERNATE FROM ORIGINAL STYLE.

6'D COMMERCIAL, LLC
W.S. CUMMINGS,
MANAGER

KMS

[Signature]

OK