

February 28, 2020

RE: KD Commerce, LLC | Loan 4404 – Joint Venture Ballot Proposal

Dear Investor,

We are writing to provide an update on the above-referenced property. As previously communicated this loan consists of two lot of 20 remaining lots in a much larger 134-lot community, governed by an established Homeowner's Association. As you may recall these lots have been under contract to sell to multiple buyer's over the last couple of years and due to the challenges associated with being inside the HOA the sales have continued to fall out of contract. Potential buyers have been hesitant or unwilling to purchase these lots and build homes due to the requirements imposed by the HOA, which is primarily a specific size that is much larger and more costly to build than comps in the area.

The borrower has fielded multiple bids from builders to estimate the cost to build through these lots and sell a finished home versus selling the lots as is; however, there is only one builder who presented a bid that would be feasible based on the cost to build and the BPO received for the lots as is and that is Edward Homes. This builder estimates the cost to build to be approximately \$85 per square foot, or \$183,742 per lot. Based on the cost to build, estimated sale price upon completion and associated closing costs, investors could expect to receive a total return on the original investment of approximately 80%, combined with the interest earned by the borrower when the loan was performing and the principal return processed in August 2019 from construction control funds and interest reserve that the borrower released for disbursement to investors. It is important to consider the additional time that a joint venture such as this could add to a final resolution of the property. Although the builder is ready to start now and the permits are ready to pull, they estimate it would take approximately 6 months to build out the twenty lots and potentially another six months to sell the homes, resulting in a year before investors could expect to see a final payoff.

The alternative to partnering with Edward Homes in the above-described joint venture is to sell the 20 lots "as is" to another buyer; however, there are currently no offers on the lots and as discussed above previous purchase offers have consistently fallen through due to the HOA requirements, which are not going to change. In addition, the estimated "as is" lot value is less than the amount a finished home would sell for. The estimated return to investors on the original investment amount under this scenario would be 73%, combined with the interest earned by the borrower when the loan was performing and the principal return processed in August 2019 from construction control funds and interest reserve that the borrower released for disbursement to investors.

We are presenting for investor ballot consideration the two options described above to determine how the investor majority would like to proceed with this property. **YOUR IMMEDIATE BALLOT RESPONSE IS REQUIRED. Please return the enclosed ballot to Ignite Funding by Friday, March 6, 2020.** Executed ballots may be e-signed, emailed to investors@ignitefunding.com, texted to 702.630.1313, or faxed to 702.739.7735.

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

February 28, 2020

Re: KD Commerce, LLC | Loan 4404

Please return your ballot (postmarked, faxed, text, or email) by Friday, March 6, 2020.

Executed ballots may be mailed to Ignite Funding, may be e-signed, texted to 702.630.1313, faxed to 702.739.7735, or may be emailed to investors@ignitefunding.com.

- I/we agree to accept** the proposal to joint venture with Edward Homes, as described in the communication dated February 28, 2020. I understand that entering into the joint venture to finish construction of homes on the finished lots will take approximately 1 year from start to sale of the home, and will result in an estimated loss of principal of approximately 20% overall, considering the interest earned on this loan and principal paydowns previously processed..
- I/we wish to reject** the proposal to joint venture with Edward Homes, and instead continue to market the lots for sale "as is". I understand that the estimated "as is" value of the lots will result in a loss of principal of approximately 27% overall, considering the interest earned on this loan and the principal paydowns previously processed. I also understand that there is no guarantee a purchase offer will be received on the lots as they are.

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