Table of Contents

As filed with the Securities and Exchange Commission on June 25, 2015

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

LM FUNDING AMERICA, INC.
(Exact name of registrant as specified in its charter)

Delaware	6199	47-3844457
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

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Tampa, Florida 33602
Telephone No.: (813) 222-8996
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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☒

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered(4)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Units, each unit consisting of:	$20,000,000.00	$2,324.00
One share of common stock, par value $0.001 per share	—	(2)
One warrant to purchase one share of common stock	—	(2)
Common stock, issuable upon exercise of common stock warrants (3)	$25,000,000.00	$2,950.00
Total	$45,000,000.00	$5,229.00

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Section 6(b) and Rule 457(o) of the Securities Act of 1933, as amended (the "Securities Act"). This amount includes up to shares of our common stock issuable to our placement agent underlying the placement agent's warrants to acquire one share of common stock for each of the placement agent's warrants.

(2) No fee pursuant to Rule 457(g).

(3) Includes offering price attributable to shares of common stock issuable upon exercise of warrants that we have agreed to issue to our placement agent.

(4) Pursuant to Rule 416, this registration statement also covers such number of additional shares of common stock to prevent dilution resulting from stock splits, stock dividends and similar transactions pursuant to the terms of the warrants referenced above.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION DATED JUNE 25, 2015

Maximum of Units
Minimum of Units
Each Unit Consisting of One Share of Common Stock and One Warrant

LM Funding America, Inc. is offering for sale up to units, with each unit consisting of one share of our common stock, par value $0.001 per share, and one warrant. Each warrant may be exercised to acquire one share of common stock at an exercise price equal to $ per share (which is 125% of the public offering price). The warrants may be exercised at any time after the closing of this offering until the five-year anniversary of the closing of this offering. We may cancel the warrants, in whole or in part, and if in part, by lot, at any time following the six-month anniversary of the closing of this offering if the closing price per share of our common stock exceeds $ (which is 125% of the exercise price of the warrant) for at least ten trading days within any period of twenty consecutive trading days.

Our placement agent, International Assets Advisory, LLC (the "Placement Agent"), is selling the units on a minimum/maximum "best efforts" basis. The Placement Agent is not required to sell any specific dollar amount of securities but will use its best efforts to sell the securities offered. Our Placement Agent will receive a fee with respect to such sales. Funds for the units will be deposited into escrow with SunTrust Bank, N.A. until a minimum of units have been sold. In the event we do not sell a minimum of units by , 2015, escrowed funds will be promptly returned to investors without interest or deduction. In the event that a minimum of units are sold by , 2015, we will close on those funds received and promptly issue the units.

Prior to this offering, there has been no public market for our units, shares of common stock or warrants. We anticipate that the initial public offering price of the units will be between $ and $ per unit.

We intend to file an application to list our units, shares of common stock, and warrants on The NASDAQ Capital Market under the symbols "LMFAU," "LMFA" and "LMFAW," respectively. Assuming that our application is approved, we expect that the shares of common stock and warrants comprising the units will begin separate trading, and that the units will cease trading, on or about the 45th day following the date of this prospectus.

We are an "emerging growth company" under federal securities laws and will be subject to reduced public reporting requirements. Investing in our securities involves a high degree of risk. See "Risk Factors" on page 12.

	Price to Public	Placement Agent Fees(1)	Proceeds, Before Expenses, to LM Funding America, Inc.(2)
Per unit	$	$	$
Total if minimum sold	$	$	$
Total if maximum sold	$	$	$

(1) We have also agreed to issue to our Placement Agent warrants to purchase a number of shares of our common stock equal to 5% of the number of units sold in the offering. These warrants will have an exercise price equal to 165% of the initial public offering price. The terms of our arrangements with the Placement Agent are described under the caption "Plan of Distribution" beginning on page 94.

(2) We expect total cash expenses for this offering to be approximately $, which includes an estimated $ of an accountable expense allowance of one percent (1%) of the amount of this offering, payable to the Placement Agent.

We expect all units purchased in this offering to be delivered to the purchasers on or about , 2015.

Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

International Assets Advisory, LLC

The date of this prospectus is , 2015.

TABLE OF CONTENTS

PROSPECTUS SUMMARY	1
RISK FACTORS	12
CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS	26
USE OF PROCEEDS	28
DIVIDEND POLICY	30
CORPORATE REORGANIZATION	31
DETERMINATION OF OFFERING PRICE	32
CAPITALIZATION	33
DILUTION	34
UNAUDITED PRO FORMA FINANCIAL STATEMENTS	36
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	39
BUSINESS	51
MANAGEMENT	68
EXECUTIVE COMPENSATION	74
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS	81
PRINCIPAL STOCKHOLDERS	83
DESCRIPTION OF SECURITIES	85
SHARES ELIGIBLE FOR FUTURE SALE	89
MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS OF SECURITIES	91
PLAN OF DISTRIBUTION	94
LEGAL MATTERS	98
EXPERTS	98
INTERESTS OF NAMED EXPERTS AND COUNSEL	98
WHERE YOU CAN FIND MORE INFORMATION	98
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS	F-1

You should rely only on the information contained in this prospectus. We have not, and the Placement Agent has not, authorized any other person to provide you with information that is different from that contained in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We and the Placement Agent are offering to sell and seeking offers to buy these securities only in jurisdictions where offers and sales are permitted. You should assume that the information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our securities. Our business, financial condition, results of operations and prospects may have changed since that date.

For investors outside of the United States: Neither we nor the Placement Agent have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

PROSPECTUS SUMMARY

This summary highlights information that we present more fully in the rest of this prospectus and does not contain all of the information you should consider before investing in our securities. You should read the entire prospectus carefully, including the "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Unaudited Pro Forma Financial Statements" and our consolidated financial statements and the related notes elsewhere in this prospectus before making an investment decision.

Except as otherwise indicated, the market data and industry statistics in this prospectus are based upon independent industry publications and other publicly available information. All dollar amounts referred to in this prospectus are in U.S. dollars unless otherwise indicated. We own the trademarks, service marks and trade names that we use in connection with the operation of our business. This prospectus may also contain trademarks, service marks and trade names of other companies, which are the property of their respective owners. Our use or display of third parties' trademarks, service marks, trade names or products in this prospectus is not intended to, and should not be read to, imply a relationship with or endorsement or sponsorship of us. Solely for convenience, some of the trademarks, service marks and trade names referred to in this prospectus are listed without the ™, ℠ and ® symbols, but we will assert, to the fullest extent under applicable law, our applicable rights, if any, in these trademarks, service marks and trade names. All other trademarks are the property of their respective owners.

As used in this prospectus, unless context requires otherwise, references to "LMF," "LM Funding," "we," "us," "our," "the Company," "our company," and similar references refer to (i) following the date of the Corporate Reorganization discussed under the heading "Corporate Reorganization," LM Funding America, Inc., a Delaware corporation, and its consolidated subsidiaries, and (ii) prior to the date of the Corporate Reorganization, LM Funding, LLC, a Florida limited liability company, and its consolidated subsidiaries.

Unless otherwise indicated, the financial information in this prospectus represents the historical financial information of LM Funding, LLC and its consolidated subsidiaries. The financial results of LM Funding, LLC and its consolidated subsidiaries will be consolidated in our financial statements after this offering.

LM Funding America, Inc.

Company Overview

We are a specialty finance company that provides funding to nonprofit community associations primarily located in the state of Florida and, to a lesser extent, nonprofit community associations in the states of Washington and Colorado. We offer incorporated nonprofit community associations, which we refer to as "Associations," a variety of financial products customized to each Association's financial needs. Our original product offering consists of providing funding to Associations by purchasing their rights under delinquent accounts that are selected by the Associations arising from unpaid Association assessments. Historically, we provided funding against such delinquent accounts, which we refer to as "Accounts," in exchange for a portion of the proceeds collected by the Associations from the account debtors on the Accounts. More recently, we have started to engage in the business of purchasing Accounts on varying terms tailored to suit each Association's financial needs, including under our *New Neighbor Guaranty*™ program. We believe that revenues from the *New Neighbor Guaranty* program, as well as other similar products we may develop in the future, will comprise an increasingly larger piece of our business during the next few years, and we intend to seek to leverage these products to expand our business activities and growth both within and outside of Florida.

Under our original business, we purchase Associations' right to receive a portion of the Association's collected proceeds from owners that are not paying their assessments. After taking assignment of an

Association's right to receive a portion of the Association's proceeds from the collection of delinquent assessments, we engage law firms to perform collection work on a deferred billing basis wherein the law firms receive payment upon collection from the account debtors or a predetermined contracted amount if payment from account debtors is less than legal fees and costs owed. Under this business model, we typically fund an amount equal to or less than the statutory minimum an Association could recover on a delinquent account for each Account, which we refer to as the "Super Lien Amount". Upon collection of an Account, the law firm working on the Account, on behalf of the Association, generally distributes to us the funded amount, interest, and administrative late fees, with the law firm retaining legal fees and costs collected, and the Association retaining the balance of the collection. In connection with this business, we have developed proprietary software for servicing Accounts, which we believe enables law firms to service Accounts efficiently and profitably.

Under the *New Neighbor Guaranty* program, an Association will generally assign substantially all of its outstanding indebtedness and accruals on its delinquent units to us in exchange for payment by us of monthly dues on each delinquent unit. This simultaneously eliminates a substantial portion of the Association's balance sheet bad debts and assists the Association to meet its budget by receiving guaranteed monthly payments on its delinquent units and relieving the Association from paying legal fees and costs to collect its bad debts. We believe that the combined features of the program enhance the value of the underlying real estate in an Association and the value of an Association's delinquent receivables. We intend to leverage our proprietary software platform, as well as our industry experience and knowledge gained from our original business, to expand the *New Neighbor Guaranty* program and to potentially develop other new products in the future.

Because we acquire and collect on the delinquent receivables of Associations, the Account debtors are third parties that we have little or no information about. Therefore, we cannot predict when any given Account will be paid off or how much it will yield. In assessing the risk of purchasing Accounts, we review the property values of the underlying units, the governing documents of the relevant Association, and the total number of delinquent receivables held by the Association.

As of March 31, 2015, we have, since our inception, purchased an aggregate of approximately $250 million in Association receivables by funding a total of $10 million with respect to 11,000 units across nearly 500 Associations in Florida, Washington and Colorado. Through March 31, 2015, we have, since our inception, received just under $100 million from approximately $175 million in purchased Accounts. From these purchased Accounts, we have recovered almost all of our principal investment of $8 million and earned about $26 million in revenues. Per our contracts, we have paid or recovered $10 million in legal fees and returned $56 million to our funded Associations.

Our Products

Original Product

Our original product relies upon Florida statutory provisions that effectively protect the principal amount invested by us in each Account. In particular, Section 718.116(1), *Florida Statutes*, makes purchasers and sellers of a unit in an Association jointly and severally liable for all past due assessments, interest, late fees, legal fees, and costs payable to the Association. In addition, the statute grants to Associations a so-called "super lien", which is a category of lien that is given a statutorily higher priority than all other types of liens other than property tax liens. Under the Florida statute, a Florida Association's super lien has higher priority than all other lien holders, except that in the case of property tax liens. The amount of the Association's priority over a first mortgage holder that takes title to a property through foreclosure (or deed in lieu), referred to as the Super Lien Amount, is limited to twelve months' past due assessments or, if less, one percent (1.0%) of the original mortgage amount. Under our contracts with Associations for our original product, we pay Associations an amount up to the Super Lien Amount for the right to receive all collected interest and late fees on Accounts purchased from the Associations. To protect any amount invested by us in excess of the Super Lien Amount, we

purchase insurance from an affiliate of AmTrust North America, or AmTrust, covering all assessments lost during the term of coverage due to a first mortgage foreclosure resulting in a Super Lien Amount payoff less a deductible equal to six months of assessments.

In other states in which we offer our original product, which are currently only Washington and Colorado, we rely on statutes that we believe are similar to the above-described Florida statutes in relevant respects. A total of approximately 21 U.S. states and the District of Columbia have super lien statutes that give Association assessments super lien status under some circumstances, and of these states, we believe that all of these jurisdictions other than Alaska have a regulatory and business environment that would enable us to offer our original product to Associations in those states on materially the same basis. With respect to our original product, for the year ended December 31, 2014, we acquired 496 Accounts for $359,200, compared to 1,097 Accounts for $940,097 for the year ended December 31, 2013. We believe the decline in purchased Accounts acquired in 2014 as compared to 2013 was a result of a decline in our available capital in 2014.

New Neighbor Guaranty

In 2012, we began development of a new product, the *New Neighbor Guaranty*, wherein an Association assigns substantially all of its outstanding indebtedness and accruals on its delinquent units to us in exchange for payments in an amount equal to the regular ongoing monthly or quarterly assessments for delinquent units when those amounts would be due to the Association. We assume both the payment and collection obligations for these assigned Accounts under this product. This simultaneously eliminates an Association's balance sheet bad debts and assists the Association to meet its budget by receiving guaranteed assessment payments on its delinquent units and relieving the Association from paying legal fees and costs to collect its bad debts. We believe that the combined features of the product enhance the value of the underlying real estate in an Association and the value of an Association's delinquent receivables.

Before we implement the *New Neighbor Guaranty* program, an Association typically asks us to conduct a review of its accounts receivable. After we have conducted the review, we inform the Association of which Accounts we are willing to purchase and the terms of such purchase. Once we implement the *New Neighbor Guaranty* program, we begin making scheduled payments to the Association on the Accounts as if the Association had non-delinquent residents occupying the units underlying the Accounts. Our *New Neighbor Guaranty* contracts typically allow us to retain all collection proceeds on each Account other than special assessments and accelerated assessment balances. Thus, the Association foregoes the potential benefit of a larger future collection in exchange for the certainty of a steady stream of immediate payments on the Account.

As a result of the availability of our insurance coverage from AmTrust, unlike our original product, which relies on the existence of certain types of super lien statutes to protect our principal investment, we believe we can offer the *New Neighbor Guaranty* program in the majority of U.S. states with similar limited risk. The only portion of our principal investment at risk in Accounts in states without super lien statutes is the portion comprising six months' worth of past due assessments. Our AmTrust insurance policy covers all assessments during the coverage term that go unpaid as a result of a first mortgage foreclosure. Therefore, for each month we fund a delinquent Account under the *New Neighbor Guaranty*, the AmTrust insurance policy will reimburse us for the funded amount, but not our profits or costs.

The *New Neighbor Guaranty* program represented approximately six percent (6%) of our overall revenue in 2014. That is in comparison to our original product, which accounted for approximately eighty-nine percent (89%) of our overall revenue in the same period. The balance of our revenue from the period was from Accounts that are hybrids of the original product with varying splits and from income on real estate owned, or REO, units. As we continue to develop our *New Neighbor Guaranty* product, we expect it to make up continually larger portions of our total revenue.

As of June 1, 2015, our average investment per unit for currently active Accounts under our original product was approximately $804, and we expect that this average investment size will not materially change for the foreseeable future. Current investment for active *New Neighbor Guaranty* Accounts as of June 1, 2015 averaged approximately $6,100 per unit, although this average will vary in the future depending on how quickly we add new Accounts and how quickly we are able to resolve those Accounts. The average continued payment to Associations that have the *New Neighbor Guaranty* program in place is $250 per month for each active Account as of June 1, 2015.

As of June 1, 2015, we have historically recovered approximately $3,450 per Account in interest and late fee revenue for Accounts collected under our original product. Accounts under our *New Neighbor Guaranty* program are producing revenue to us of, on average, approximately $7,600 per Account as of June 1, 2015 after the recovery of our purchase price or investment basis. The average total recovery under our *New Neighbor Guaranty* program at final settlement is approximately $11,000 per Account, and is expected to continue to increase.

With respect to our *New Neighbor Guaranty* product, for the year ended December 31, 2014 we acquired 67 Accounts for $19,000 compared to 25 Accounts for $16,000 for the year ended December 31, 2013.

Future Products

We are also developing other variations of our contracts with Associations in various states that we may introduce to the market in the future. For example, under one product under development, at the request of an Association lender we may contract with an Association to provide that the Association will have revenues equal to or more than 90% of budget or any other percentage the lender requests. If an Association is at 80% of budget and a lender requires it to maintain revenues of 90% of budget, this product would provide upfront capital to bring the Association to the 90% threshold and then make continuing payments to keep it there through the term of the loan. This minimizes the lender's risk of delinquencies adversely affecting the loan's repayment. Also, this would enable lenders to do business with more Associations than their previous underwriting guidelines would permit if Associations contract with us as part of the loan package. This product, along with other variations on our contracts with Associations in various states, remains under development, however, and there is no assurance that we will ultimately launch this product or any other variation on our contracts with Associations in any state.

Industry Overview

According to the Community Association Institute ("CAI"), as of January 2014, 65 million people lived in 328,500 Associations in the United States. As a percentage, homeowners associations account for between 51-55% of the total and condominium associations make up between 42-45% of the total, with cooperatives comprising the balance. Florida has nearly eight million residents living in more than 47,000 community associations. Assuming the national distribution of property types exists in Florida, Florida has approximately 24,000 homeowners associations and 20,000 condominium associations. As of June 15, 2015, we have contracted with approximately 450 community associations. We believe opportunity remains abundant in our other geographic markets. As of December 31, 2014, the state of Washington had more than 10,000 community associations and the state of Colorado had more than 9,000.

Associations typically address delinquencies by paying lawyers or collection agencies to recover amounts owed. While Associations seek recovery of delinquent amounts, budgets go underfunded causing the need to cut services or raise assessments further. The real estate downturn in 2008 made delinquency issues an acute problem for a large number of Associations. We were organized in 2008 to immediately address the financial problems faced by Associations as a result of delinquent unit owners.

According to the Community Association Institute, in Florida, where we have primarily operated, Associations annually assess their residents $9 billion and nationwide, annual assessments by Associations are $65 billion. We believe we are the largest purchaser of delinquent Accounts in Florida, with total purchases of approximately $250 million over a seven-year period. The balance of delinquent Accounts are serviced by lawyers, collection companies, or a handful of small competitors of us, or not serviced at all. We believe we offer Associations a better financial solution to Account delinquencies and that Associations will increasingly turn to us and our products as a solution to handle Account delinquencies.

Our Strategy

Our primary objective is to utilize our competitive strengths, including our proprietary technology and our management's experience and expertise in buying and collecting Association Accounts, to grow our business in Florida and in other states by identifying, evaluating, pricing, and acquiring Association Accounts and maximizing collections of such Accounts in a cost efficient manner. The principal elements of our strategy are comprised of the following:

- ***Capitalizing on our brand and existing strategic relationships to identify and acquire Association Accounts***. We market our "We Buy Problems" and "You Are Always Better off with LM Funding" brands primarily through trade shows throughout Florida and, to a lesser extent, at national events. Participation in these shows and events has enabled us to form strategic relationships throughout the Association services industry and has served to provide a positive reputation in the industry. We leverage our brand and strategic relationships with law firms and Associations to identify and purchase Accounts.
- ***Partnering with Associations' advisors such as law firms, management companies, accountants, Association lenders, and others to efficiently identify and acquire Accounts on a national basis.*** The point of purchase for Accounts is at the individual Association board of directors level; therefore, establishing and maintaining relationships with the advisors of those boards is important to our business strategy. Our strategic relationships with Association boards' advisors provide us with opportunities to meet with Association boards on favorable terms and help us to gain their trust and confidence.
- ***Providing our proprietary software to our partner law firms in order to cost effectively track, control, and collect purchased Accounts and maintain low fixed overhead.*** Our proprietary software enables law firms' lawyers to efficiently handle approximately 1,000 accounts at a time with a high degree of uniformity and accuracy based upon BLG's historical caseload per lawyer. This enables our law firms to operate more efficiently and profitably, while simultaneously enabling us to cost effectively track and control our Accounts on a real-time basis.
- ***Leveraging our insurance arrangement with AmTrust to develop new products and markets and control risk***. We build our products with a low risk-high reward outlook. Initially, we controlled risk by funding the almost always recoverable Super Lien Amount. Now, our insurance arrangement with AmTrust allows us to develop new products such as the New Neighbor Guaranty and operate in states without a statute giving Association assessments super lien status with low risk to our principal investment while pursuing the high rewards of full lien payoffs.
- ***Utilizing increased access to capital and lines of credit to expand our product offerings nationally.*** As a specialty finance company, capital is our inventory. Access to capital has always determined the speed of our growth and the amount of upfront funding we can provide with our products. We believe that increased access to capital will enable us to pursue more opportunities to buy Accounts and to develop a wider array of specialty finance products.

- ***Extending secured commercial loans as a means to acquiring large blocks of Accounts.*** We intend to pursue the extension of secured loans to commercial partners who, as a condition of such loans, would be required to drive large blocks of accounts to us. Banks, management companies, law firms, and large Associations control large blocks of Accounts that we may be able to acquire if we help meet their capital needs.
- ***Pursuing acquisitions of legacy providers in the Association Account servicing industry.*** A number of smaller collection companies continue to operate in the community association market. Some have funded Accounts that we can acquire. Others have customer relationships which can serve as a valuable platform for selling our products. Although we have not historically pursued any acquisitions and have not had acquisition discussions with any potential targets, partially due to insufficient capital, we believe the opportunity to make acquisitions could be an important part of our growth strategy going forward.

Risks Relating to Our Business and This Offering

The implementation of our business strategy and our future results of operations and financial condition are subject to a number of risks and uncertainties. We discuss in detail factors that could adversely affect our actual results and performance, as well as the successful implementation of our business strategy, under the heading "Risk Factors" beginning on page 12. Before you invest in our securities, you should carefully consider all of the information in this prospectus, including matters set forth under the heading "Risk Factors," including:

- we may not be able to continue to purchase Association Accounts at favorable prices, or on sufficiently favorable terms, or at all;
- since debtors under Accounts are third parties that we have little or no information about, we cannot predict when any given account will pay off or how much such payoff will yield;
- we may not be able to recover sufficient amounts on our Accounts to cover our costs;
- we face intense competition from lawyers, collection agencies, and other direct and indirect competitors;
- we are dependent upon third-party law firms to service our Accounts;
- we may not be successful at acquiring and collecting Accounts in other states profitably;
- the Rodgers family will effectively control our company by beneficially owning more than 50% of our outstanding common stock; and
- government regulation, current laws, and new laws may limit our ability to recover and enforce the collection of our Accounts.

Implications of Being an Emerging Growth Company

We qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. An emerging growth company may take advantage of specified reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. As an emerging growth company:

- we may present only two years of audited financial statements and only two years of related disclosure in our "Management's Discussion and Analysis of Financial Condition and Results of Operations;"
- we are exempt from the requirement to obtain an attestation and report from our auditors on the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act");

- we are permitted to provide less extensive disclosure about our executive compensation arrangements;
- we are not required to submit certain executive compensation matters to stockholder advisory votes, such as "say-on-pay," "say-on-frequency" and "say-on-golden parachutes;" and
- we may elect to use an extended transition period for complying with new or revised accounting standards.

We may take advantage of these provisions for up to five years or such earlier time that we are no longer an emerging growth company. We will cease to be an emerging growth company if we have more than $1 billion in annual revenues, have more than $700 million in market value of our common stock held by non-affiliates, or issue more than $1 billion of non-convertible debt over a three-year period. We may choose to take advantage of some or all of these reduced burdens.

To the extent that we continue to qualify as a "smaller reporting company," as such term is defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), after we cease to qualify as an emerging growth company, certain of the exemptions available to us as an emerging growth company may continue to be available to us as a smaller reporting company, including: (1) not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act; (2) scaled executive compensation disclosures; and (3) the requirement to provide only two years of audited financial statements, instead of three years.

Corporate Information

We began operations in 2008, and historically, our business was operated through LM Funding, LLC, a limited liability company organized in the state of Florida on January 14, 2008. LM Funding America, Inc. was incorporated in the state of Delaware on April 20, 2015 for the purpose of this offering and has engaged to date only in activities in contemplation of this offering. Upon completion of the offering, LM Funding America, Inc. will be a holding company the principal asset of which will be its interest in LM Funding, LLC. We expect that substantially all of our business will be conducted through LM Funding, LLC, and the financial results of LM Funding, LLC and its consolidated subsidiaries will be consolidated in our financial statements. LM Funding America, Inc. will be the sole managing member of LM Funding, LLC and will therefore have 100% of the voting rights and control of LM Funding, LLC. See "Corporate Reorganization."

After completion of this offering, LM Funding America, Inc. will be a "controlled company" under the listing rules of The NASDAQ Capital Market.

Our principal executive offices are located at 302 Knights Run Avenue, Suite 1000, Tampa, Florida 33602, and our telephone number is (813) 222-8996. Our website is *www.lmfunding.com*. Information contained on our website is not incorporated by reference into this prospectus, and such information should not be considered to be part of this prospectus.

The Offering	
Issuer	LM Funding America, Inc.
Securities offered	A minimum of and a maximum of units. Each unit consists of one share of common stock, $0.001 par value, and one warrant.
Warrant terms	The warrants included in the units will be exercisable any time following the completion of the offering, and will expire on the final day of the 60th month following the date of the closing of this offering. Each warrant may be exercised to purchase one share of common stock at an exercise price equal to 125% of the public offering price ($ assuming the mid-point of the expected public offering price range). We may cancel the warrants, in whole or in part, and if in part, by lot, at any time following the six-month anniversary of the closing of this offering if the closing price per share of common stock exceeds $ (which is 125% of the exercise price of the warrant) for at least ten trading days within any period of twenty consecutive trading days.
Shares of common stock outstanding after the closing of the offering	Assuming that we sell the minimum number of units, we will have shares of common stock outstanding and assuming that we sell the maximum number of units, we will have shares of common stock outstanding (not including the shares of common stock underlying the warrants offered hereby nor the shares of common stock underlying the warrants to be issued to our Placement Agent).
Proposed NASDAQ Capital Market symbols	“LMFAU” for our units, “LMFA” for our shares of common stock, and “LMFAW” for our warrants.
Use of Proceeds	We estimate the net proceeds to us from this offering to be approximately $, based on an assumed initial offering price of $ per unit. We intend to use the estimated net proceeds from this offering for general corporate purposes and growth capital, including working capital and capital for acquisitions to allow us to grow in Florida and nationally. We also intend to use the proceeds from this offering to retire approximately $1.8 million of long-term debt secured by the assets of our wholly-owned subsidiary LMF October 2010 Fund, LLC. This debt carries a 14% interest rate amortized in equal monthly payments and matures January 26, 2018. There is no prepayment penalty for prepaying this debt.
Proposed Transfer Agent	American Stock Transfer & Trust Company, LLC.
Risk Factors	Investing in our securities involves a high degree of risk and as an investor, you should be prepared to bear a complete loss of your investment. See the heading “Risk Factors” and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our securities.

Conditions to Closing	We will not close the offering if we do not receive subscriptions to purchase at least the minimum offering amount.
Escrow Period	Funds will be held in escrow until the earlier of our receipt of commitments to purchase units or , 2015.
Escrow Agent	SunTrust Bank, N.A. will serve as escrow agent for the subscription funds pending the closing of the offering.
Plan of Distribution	The Placement Agent intends to market the securities on a "best efforts" agency basis.

Unless otherwise indicated, all information in this prospectus assumes the sale of units at an assumed initial public offering price of $ per unit, the midpoint of the range set forth on the cover page of this prospectus.

Summary Historical and Pro Forma Consolidated Financial Data

The following tables set forth, for the periods and at the dates indicated, the summary historical and pro forma consolidated financial and operational data for LM Funding, LLC and Subsidiaries and LM Funding America, Inc. The summary historical financial data as of and for March 31, 2015, the three months ended March 31, 2015 and March 31, 2014, and the years ended December 31, 2014 and 2013 has been derived from the consolidated financial statements of LM Funding, LLC and Subsidiaries contained herein. Historical results are not indicative of the results to be expected in the future. You should read the following information together with the more detailed information contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Unaudited Pro Forma Financial Statements" and our consolidated financial statements and the accompanying notes thereto appearing elsewhere in this prospectus. The financial statements of LM Funding America, Inc. have been omitted from this prospectus because the entity has not commenced operations, and has no assets or liabilities and has conducted no activities except in connection with its formation, as described under "Corporate Reorganization."

The summary unaudited pro forma consolidated financial data of LM Funding America, Inc. presented below for the three months ended March 31, 2015 has been prepared to give pro forma effect to all of the transactions described under the heading "Unaudited Pro Forma Financial Statements" as if they had been completed as of January 1, 2015, with respect to the unaudited pro forma condensed consolidated statements of income, and as of March 31, 2015 with respect to the unaudited pro forma condensed consolidated balance sheets. This pro forma financial data is subject and gives effect to the assumptions and adjustments described in the notes accompanying the unaudited pro forma financial statements included elsewhere in this prospectus. The summary unaudited pro forma financial data is presented for informational purposes only and should not be considered indicative of actual results of operations that would have been achieved had the transactions been consummated on the dates indicated, and does not purport to be indicative of statements of financial condition data or results of operations as of any future date or for any future period.

	LM Funding America, Inc.	Historical LM Funding, LLC and Subsidiaries			
	(Unaudited) Pro Forma Results 3 Months Ended	(Unaudited) 3 Months Ended		Fiscal Year Ended	
Consolidated Balance Sheet Data	March 31, 2015	March 31, 2015	March 31, 2014	December 31, 2014	December 31, 2013
ASSETS					
Cash	$ 11,111,111	$ 2,066,609	$ 884,076	$ 2,027,694	$ 764,850
Finance receivables	3,199,711	3,199,711	4,478,716	3,473,261	4,727,332
Due from related party	—	507,365	341,294	463,900	484,990
Other assets	626,662	626,662	301,659	806,503	330,642
	$ 14,937,484	$ 6,400,347	$ 6,005,745	$ 6,771,358	$ 6,307,814
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)					
Liabilities	$ 477,467	$ 477,467	$ 483,979	$ 472,597	$ 600,762
Bank indebtedness	7,431,937	7,431,937	7,866,799	7,431,938	—
Other indebtedness	—	1,888,889	—	—	8,252,849
	7,909,404	9,798,293	8,350,778	7,904,535	8,853,611
Members' equity (deficit)	7,015,934	(3,410,092)	(2,355,063)	(1,144,212)	(2,547,513)
Non-controlling interest	12,146	12,146	10,030	11,035	1,716
	7,028,080	(3,397,946)	(2,345,033)	(1,133,177)	(2,545,797)
	$ 14,937,484	$ 6,400,347	$ 6,005,745	$ 6,771,358	$ 6,307,814

Table of Contents

	LM Funding America, Inc.	Historical LM Funding, LLC and Subsidiaries			
	(Unaudited) Pro Forma Results 3 Months Ended	(Unaudited) 3 Months Ended		Fiscal Year Ended	
Consolidated Statements of Income Data	March 31, 2015	March 31, 2015	March 31, 2014	December 31, 2014	December 31, 2013
Revenues	$ 1,587,633	$1,587,633	$1,741,058	$7,649,389	$6,895,487
Staff costs and payroll	430,766	304,516	333,510	1,301,137	1,461,431
Collection costs	20,856	20,856	152,096	715,547	564,818
Professional fees	303,553	253,553	174,891	565,537	267,554
Settlement costs with associations	117,263	117,263	92,666	373,422	364,490
Other expenses	292,849	292,849	344,623	1,162,390	1,167,592
Interest expense	125,881	193,881	265,806	985,023	1,213,422
Income before taxes	296,465	404,715	377,466	2,546,333	1,856,180
Provision for income taxes	(119,000)	—	—	—	—
Net income (1)	$ 177,465	$ 404,715	$ 377,466	$2,546,333	$1,856,180

(1) includes income attributable to non-controlling interest

RISK FACTORS

An investment in our securities involves a high degree of risk and many uncertainties. You should carefully consider the specific factors listed below together with the other information included in this prospectus before purchasing our securities in this offering. If any of the possibilities described as risks below actually occur, our business, financial condition and results of operations would likely suffer and the trading price of our securities could fall, causing you to lose some or all of your investment in the securities we are offering. The following is a description of what we consider the key challenges and material risks to our business and an investment in our securities.

Risks Relating to Our Business

We may not be able to purchase Accounts at favorable prices, or on sufficiently favorable terms, or at all.

Our success depends upon the continued availability of Association Accounts. The availability of Accounts at favorable prices and on terms acceptable to us depends on a number of factors outside our control, including:

(i) the status of the economy and real estate market in markets which we have operations may become so strong that delinquent Accounts do not occur in sufficient quantities to efficiently acquire them;

(ii) the perceived need of Associations to sell their Accounts to us as opposed to taking other measures to solve budget problems such as increasing assessments; and

(iii) competitive pressures from law firms, collections agencies, and others to produce more revenue for Associations than we can provide through the purchase of Accounts.

In addition, our ability to purchase Accounts, in particular with respect to our original product, is reliant on state statutes allowing for a Super Lien Amount to protect our principal investment; any change of those statutes and elimination of the priority of the Super Lien Amount, particularly in Florida, could have an adverse effect on our ability to purchase Accounts. If we were unable to purchase Accounts at favorable prices or on terms acceptable to us, or at all, it would likely have a material adverse effect on our financial condition and results of operations.

Our quarterly operating results may fluctuate and cause our stock price to decline.

Because of the nature of our business, our quarterly operating results may fluctuate, which may adversely affect the market price of our common stock. Our results may fluctuate as a result of the following factors:

(i) the timing and amount of collections on our Account portfolio;

(ii) our inability to identify and acquire additional Accounts;

(iii) a decline in the value of our Account portfolio recoveries;

(iv) increases in operating expenses associated with the growth of our operations; and

(v) general, economic and real estate market conditions.

We may not be able to recover sufficient amounts on our Accounts to recover charges to the Accounts for interest and late fees necessary to fund our operations.

We acquire and collect on the delinquent receivables of Associations. Since Account debtors are third parties that we have little to no information about, we cannot predict when any given Account will pay off or how much it will yield. In order to operate profitably over the long term, we must continually purchase and collect on a sufficient volume of Accounts to generate revenue that exceeds our costs.

We are subject to intense competition seeking to provide a collection solution to Associations for delinquent Accounts.

Lawyers, collection agencies, and other direct and indirect competitors vying to collect on Accounts all propose to solve the problem delinquent Accounts pose to Associations. Additionally, Associations and their management companies sometimes try to solve their delinquent Account problems in house, without the assistance of third-party collection agencies. An Account that an Association attempts to collect through any of these other options is an Account we cannot purchase and collect. We compete on the basis of reputation, industry experience, performance and financing dollars. Some of these competitors have greater contacts with Associations, greater financial resources and access to capital, more personnel, wider geographic presence and other resources than we have. In addition, we expect the entry of new competitors in the future given the relatively new nature of the market in which we operate. Aggressive pricing by our competitors could raise the price of acquiring and purchasing Accounts above levels that we are willing to pay, which could reduce the number of Accounts suitable for us to purchase or if purchased by us, reduce the profits, if any, generated by such Accounts. If we are unable to purchase Accounts at favorable prices or at all, the revenues generated by us and our earnings could be materially reduced.

We are dependent upon third-party law firms to service our Accounts.

Although we utilize our proprietary software and in-house staff to track, monitor, and direct the collection of our Accounts, we depend upon third-party law firms to perform the collection work. As a result, we are dependent upon the efforts of our third-party law firms, particularly Business Law Group, P.A. ("BLG") to service and collect our Accounts. BLG presently services approximately 98% of our Accounts. Our revenues and profitability could be materially affected if:

(i) our agreements with the third-party law firms we use are terminated and we are not able to secure replacement law firms or direct payments from account debtors to our replacement law firms;

(ii) our relationships with our law firms adversely change;

(iii) our law firms fail to adequately perform their obligations; or

(iv) internal changes at such law firms occur, such as loss of staff who service us.

We are dependent upon AmTrust for insuring some of our purchased Accounts.

When the purchase price of an Account exceeds the amount protected by the Super Lien Amount, or if we purchase an Account in a jurisdiction without a super lien statute, we purchase insurance from AmTrust. This insurance covers all principal assessments owed less the six month past-due assessment deductible for the term of the coverage. AmTrust is the only provider of such coverage, and it is not clear that any other insurance agency would be willing or able to provide such coverage at comparable rates to those offered by AmTrust. Therefore, we are dependent upon AmTrust to provide us with this insurance coverage. Our revenues and profitability could be materially adversely affected if AmTrust were to materially raise the price of this coverage or decline to continue offering this coverage and we were unable to secure replacement coverage at a comparable price.

Our AmTrust insurance policy operates on a claims-made basis with no guarantees of renewability and remains in effect until canceled, with no specified ending coverage date. Premiums are paid on an annual basis. We fully expect the continued renewal or non-cancelation of the policy, as AmTrust continues to express desire to expand into specialty markets. Approximately fourteen percent (14%) of our currently active portfolio is insured by this product.

If we are unable to access external sources of financing, we may not be able to fund and grow our operations.

We depend upon on loans from external sources from time to time to fund and expand our operations. Our ability to grow our business is dependent on our access to additional financing and capital resources. The failure to obtain financing and capital as needed would limit our ability to purchase Accounts and achieve our growth plans.

In addition, some of our financing sources impose certain restrictive covenants, including financial covenants. Failure to satisfy any of these covenants could:

(i) cause our indebtedness to become immediately payable;

(ii) preclude us from further borrowings from these existing sources; and

(iii) prevent us from securing alternative sources of financing on favorable terms, if at all, necessary to purchase Accounts and operate our business.

We may not be successful at acquiring and collecting Accounts in other states profitably.

Our business strategy is dependent upon expanding our operations into other states and we have purchased and intend continue to purchase Accounts in states in which we have little or no operating history. We may not be successful in acquiring any Accounts in these new markets and our limited experience in these markets may impair our ability to profitably or successfully collect the Accounts. This may cause us to overpay for these Accounts and consequently, fail to generate a profit from these Accounts. Our inability to acquire or profitably collect on Accounts in these states could have a material adverse effect on our financial condition and results of operations as we expand our business operations.

The Rodgers family will effectively control our company, substantially reducing the influence of our other stockholders.

Immediately following the consummation of this offering, Bruce M. Rodgers, our Chairman and Chief Executive Officer and his family, including trusts or custodial accounts of minor children of each of Mr. Rodgers and his wife Carollinn Gould, will beneficially own in the aggregate more than 51% of our outstanding shares of common stock. As a result, the Rodgers family will be able to significantly influence the actions that require stockholder approval, including the election of a majority of our directors and the approval of mergers, sales of assets or other corporate transactions or matters submitted for stockholder approval. As a result, our other stockholders may have little or no influence over matters submitted for stockholder approval. In addition, the Rodgers family's influence could deter or preclude any unsolicited acquisition of us and consequently materially adversely affect the price of our common stock.

We have experienced and expect to continue to experience significant growth and we may encounter difficulties managing our growth, which could disrupt our operations.

We have experienced significant growth since our inception, which has placed additional demands on our resources, and we expect to continue to experience significant growth. There can be no assurance that we will be able to manage our expanding operations effectively or that we will be able to maintain or accelerate our growth, and any failure to do so could adversely affect our ability to generate revenues and control expenses. Future growth will depend upon a number of factors, including:

(i) the effective and timely initiation and development of relationships with law firms, management companies, accounting firms and other trusted advisors of Associations willing to sell Accounts;

(ii) our ability to continue to develop our proprietary software for use in other markets and with different products;

(iii) our ability to maintain the collection of Accounts efficiently;

(iv) the recruitment, motivation and retention of qualified personnel both in our principal office and in new markets;

(v) our ability to successfully implement our business strategy in states outside of the state of Florida; and

(vi) our successful implementation of enhancements to our operational and financial systems.

Due to our limited financial resources and the limited experience of our management team, we may not be able to effectively manage the growth of our business. Our expected growth may lead to significant costs and may divert our management and business development resources. Any inability to manage growth could delay the execution of our business strategy or disrupt our operations.

Government regulations may limit our ability to recover and enforce the collection of our Accounts.

Federal, state and municipal laws, rules, rules, regulations and ordinances may limit our ability to recover and enforce our rights with respect to the Accounts acquired by us. These laws include, but are not limited to, the following federal statutes and regulations promulgated thereunder and comparable statutes in states where account debtors reside and/or located:

(i) the Fair Debt Collection Practices Act;

(ii) the Federal Trade Commission Act;

(iii) the Truth-In-Lending Act;

(iv) the Fair Credit Billing Act;

(v) the Dodd-Frank Act;

(vi) the Equal Credit Opportunity Act; and

(vii) the Fair Credit Reporting Act.

We may be precluded from collecting Accounts we purchase where the Association or its prior legal counsel, management company, or collection agency failed to comply with applicable laws in charging the account debtor or prosecuting the collection of the Account. Laws relating to the collection of consumer debt also directly apply to our business. Our failure to comply with any laws applicable to us, including state licensing laws, could limit our ability to recover our Accounts and could subject us to fines and penalties, which could reduce our revenues. Presently, we are being audited by the Florida Office of Financial Regulation for compliance with its registration requirements. We do not know what, if any, consequences this audit will produce. In addition, our third-party law firms may be subject to these and other laws and their failure to comply with such laws could also materially adversely affect our revenues and earnings.

We may become regulated under the Bureau of Consumer Financial Protection, or CFPB, and have not developed compliance standards for such oversight.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (2010), or Dodd-Frank Act, represents a comprehensive overhaul of the financial services industry within the U.S. The Dodd-Frank Act allows consumers free access to their credit score if their score negatively affects them in a financial transaction or a hiring decision, and also gives consumers access to credit score disclosures as part of an adverse action and risk-based pricing notice. Title X of the Dodd-Frank Act establishes the Bureau of Consumer Financial Protection, or CFPB, within the Federal Reserve Board, and requires the CFPB and other federal agencies to implement many new and significant rules and regulations. Significant portions of the Dodd-Frank Act related to the CFPB became effective on July 21, 2011. The CFPB has broad powers to promulgate, administer and enforce consumer financial regulations, including those applicable to us and possibly our funded Associations. Under the Dodd-Frank Act, the CFPB is the principal supervisor and enforcer of federal consumer financial protection laws with respect to nondepository institutions, or “nonbanks”, including, without limitation, any “covered person” who is a “larger participant” in a market for other consumer financial products or services. We do not know if our unique business model makes us a covered person.

The CFPB has started to exercise authority to define unfair, deceptive or abusive acts and practices and to require reports and conduct examinations of these entities for purposes of (i) assessing compliance with federal consumer financial protections laws; (ii) obtaining information about the activities and compliance systems or

procedures of such entities; and (iii) detecting and assessing risks to consumers and to markets for consumer financial products and services. The exercise of this supervisory authority must be risk-based, meaning that the CFPB will identify nonbanks for examination based on the risk they pose to consumers, including consideration of the entity's asset size, transaction volume, risk to consumers, existing oversight by state authorities and any other factors that the CFPB determines to be relevant. When a nonbank is in violation of federal consumer financial protection laws, including the CFPB's own rules, the CFPB may pursue administrative proceedings or litigation to enforce those laws and rules. In these proceedings, the CFPB can obtain cease and desist orders, which can include orders for restitution or rescission of contracts, as well as other kinds of affirmative relief, and monetary penalties ranging from $5,000 per day for ordinary violations of federal consumer financial protection laws to $25,000 per day for reckless violations and $1 million per day for knowing violations. Also, where a company has violated Title X of the Dodd-Frank Act or CFPB regulations under Title X, the Dodd-Frank Act empowers state attorneys general and state regulators to bring civil actions for the kind of cease and desist orders available to the CFPB (but not for civil penalties). If the CFPB or one or more state officials believe that we have committed a violation of the foregoing laws, they could exercise their enforcement powers in a manner that could have a material adverse effect on us.

At this time, we cannot predict the extent to which the Dodd-Frank Act or the resulting rules and regulations, including those of the CFPB, will impact the U.S. economy and our products and services. Compliance with these new laws and regulations may require changes in the way we conduct our business and could result in additional compliance costs, which could be significant and could adversely impact our results of operations, financial condition or liquidity.

Current and new laws may adversely affect our ability to collect our Accounts, which could adversely affect our revenues and earnings.

Because our Accounts are generally originated and collected pursuant to a variety of federal and state laws by a variety of third parties and may involve consumers in all 50 states, the District of Columbia and Puerto Rico, there can be no assurance that all Associations and their management companies, legal counsel, collections agencies and others have at all times been in compliance with all applicable laws relating to the collection of Accounts. Additionally, there can be no assurance that we or our law firms have been or will continue to be at all times in compliance with all applicable laws. Failure to comply with applicable laws could materially adversely affect our ability to collect our Accounts and could subject us to increased costs, fines, and penalties. Furthermore, changes in state law regarding the lien priority status of delinquent Association assessments could materially and adversely affect our business.

We may incur substantial debt from time to time in connection with the purchase of Accounts which may increase our vulnerability to economic or business downturns.

We may incur substantial indebtedness from time to time in connection with the purchase of Accounts and could be subject to risks associated with incurring such indebtedness, including:

(i) we could be required to dedicate a portion of our cash flows from operations to pay debt service costs and, as a result, we would have less funds available for operations, future acquisitions of Accounts, and other purposes;

(ii) it may be more difficult and expensive to obtain additional funds through financings, if such funds are available at all;

(iii) we could be more vulnerable to economic downturns and fluctuations in interest rates, less able to withstand competitive pressures and less flexible in reacting to changes in our industry and general economic conditions; and

(iv) if we default under any of our existing credit facilities or if our creditors demand payment of a portion or all of our indebtedness, we may not have sufficient funds to make such payments.

We have pledged substantially all of our assets to secure our borrowings.

Our existing indebtedness is, and any future indebtedness we incur may be, secured by substantially all of our assets. If we default under the indebtedness secured by our assets, the secured creditor could declare all of the indebtedness then outstanding to be immediately due and payable. If we were unable to pay such amounts, our assets would be available to the secured creditor to satisfy our obligations to the secured creditor.

We are subject to loan covenants that may restrict our ability to operate our business.

Our credit facilities impose certain restrictive covenants, including financial covenants, that restrict our ability to operate our business. Our credit facilities restrict us from undertaking additional indebtedness, a sale of substantially all of our assets, a merger, or other type of business consolidation. Failure to satisfy any of these covenants could result in all or any of the following:

(i) acceleration of the payment of our outstanding indebtedness;

(ii) cross defaults to and acceleration of the payment under other financing arrangements;

(iii) our inability to borrow additional amounts under our existing financing arrangements; and

(iv) our inability to secure financing on favorable terms or at all from alternative sources.

Class action suits and other litigation in our industry could divert our management's attention from operating our business and increase our expenses.

Certain originators and servicers involved in consumer credit collection have been subject to class actions and other litigation. Claims include failure to comply with applicable laws and regulations such as usury and improper or deceptive origination and collection practices. If we become a party to such class action suits or other litigation, our management's attention may be diverted from our everyday business activities and implementing our business strategy, and our results of operations and financial condition could be materially adversely affected.

Any future acquisitions that we make may prove unsuccessful or strain or divert our resources.

We may seek to grow through acquisitions of related businesses. Such acquisitions present risks that could materially adversely affect our business and financial performance, including:

(i) the diversion of our management's attention from our everyday business activities;

(ii) the assimilation of the operations and personnel of the acquired business;

(iii) the contingent and latent risks associated with the past operations of, and other unanticipated problems arising in, the acquired business; and

(iv) the need to expand our management, administration and operational systems to accommodate such acquired business.

If we make such acquisitions we cannot predict whether:

(i) we will be able to successfully integrate the operations of any new businesses into our business;

(ii) we will realize any anticipated benefits of completed acquisitions; or

(iii) there will be substantial unanticipated costs associated with such acquisitions.

In addition, future acquisitions by us may result in potentially dilutive issuances of our equity securities, the incurrence of additional debt, and the recognition of significant charges for depreciation and amortization related to goodwill and other intangible assets.

Although we have no present plans or intentions to make acquisitions of related businesses, we continuously evaluate such potential acquisitions. However, we have not reached any agreement or arrangement with respect to any particular acquisition and we may not be able to complete any acquisitions on favorable terms or at all.

Our investments in other businesses and entry into new business ventures may adversely affect our operations.

We have made and may continue to make investments in companies or commence operations in businesses and industries that are not identical to those with which we have historically been successful. If these investments or arrangements are not successful, our earnings could be materially adversely affected by increased expenses and decreased revenues.

If our technology and software systems are not operational, our operations could be disrupted and our ability to successfully acquire and collect Accounts could be adversely affected.

Our success depends in part on our proprietary software. We must record and process significant amounts of data quickly and accurately to properly track, monitor and collect our Accounts. Any failure of our information systems and their backup systems would interrupt our operations. We may not have adequate backup arrangements for all of our operations and we may incur significant losses if an outage occurs. In addition, we rely on third-party law firms who also may be adversely affected in the event of an outage in which the third-party servicer does not have adequate backup arrangements. Any interruption in our operations or our third-party law firms' operations could have an adverse effect on our results of operations and financial condition.

Our organizational documents and Delaware law may make it harder for us to be acquired without the consent and cooperation of our Board of Directors and management.

Certain provisions of our organizational documents and Delaware law may deter or prevent a takeover attempt, including a takeover attempt in which the potential purchaser offers to pay a per share price greater than the current market price of our common stock. Under the terms of our certificate of incorporation, our Board of Directors has the authority, without further action by our stockholders, to issue shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof. In addition, our directors serve staggered terms of one to three years each and, as such, at any given annual meeting of our stockholders, only a portion of our Board of Directors may be considered for election, which may prevent our stockholders from replacing a majority of our Board of Directors at certain annual meetings and may entrench our management and discourage unsolicited stockholder proposals. The ability to issue shares of preferred stock could tend to discourage takeover or acquisition proposals not supported by our current Board of Directors.

Future sales of our common stock may depress our stock price.

Sales of a substantial number of shares of our common stock in the public market could cause a decrease in the market price of our common stock. Immediately prior to the completion of this offering, we will have approximately 3,500,000 shares of common stock issued and outstanding, all of which will be held by our affiliates. We may also issue additional shares in connection with our business and may grant stock options to our employees, officers, directors and consultants under our stock option plans or warrants to third parties. If a significant portion of these shares were sold in the public market, the market value of our common stock could be adversely affected.

We have limited experience with the performance of our New Neighbor Guaranty program and actual results may differ from our models and projections.

Our business strategy is dependent upon expanded use of our *New Neighbor Guaranty* program. Although our original product continues to generate revenue, we have experienced issues with turnover on the boards of directors of Associations we service because the new board members fail to recognize the benefit of our original product. We have limited operating history with the *New Neighbor Guaranty* program and we will not have sufficient actual performance data regarding the *New Neighbor Guaranty* program for at least several more years, if ever. If our models and projections for the *New Neighbor Guaranty* program are overstated, use of the *New Neighbor Guaranty* program may impair our ability to operate profitably. Our inability to profit from our *New Neighbor Guaranty* Accounts could have a material adverse effect on our financial condition and results of operations as we attempt to expand our business operations.

Risks Relating to the Accounts

Insolvency of BLG could have a material adverse effect on our financial condition, results of operations and cash flows.

Our primary Account servicer, BLG, deposits collections on the Accounts in its Interest on Lawyers Trust Account ("IOLTA Trust Account") and then distributes the proceeds to itself, us and the Associations pursuant to the terms of the purchase agreements with the Associations and applicable law. We do not have a perfected security interest in the amounts BLG collects on the Accounts while such amounts are held in the IOLTA Trust Account. BLG has agreed to promptly remit to us all amounts collected on the Accounts that are owed to us. If, however, BLG were to become subject to any insolvency law and a creditor or trustee-in-bankruptcy of BLG were to take the position that proceeds of the Accounts held in BLG's IOLTA Trust Account should be treated as assets of BLG, an Association or another third party, delays in payments from collections on the Accounts held by BLG could occur or reductions in the amounts of payments to be remitted by BLG to us could result, which could adversely affect our financial condition, results of operations and cash flows.

Associations do not make any guarantee with respect to the validity, enforceability or collectability of the Accounts acquired by us.

Associations do not make any representations, warranties or covenants with respect to the validity, enforceability or collectability of Accounts in their assignments of Accounts to us. If an Account proves to be invalid, unenforceable or otherwise generally uncollectible, we will not have any recourse against the respective Association. If a significant number of our Accounts are later held to be invalid, unenforceable or are otherwise uncollectible, our financial condition, results of operations and cash flows could be adversely affected.

The vast majority of our Accounts are located in Florida, and any adverse conditions affecting Florida could have a material adverse effect on our financial condition and results of operations.

Our primary business relates to revenues from Accounts purchased by us, which are almost all based in Florida, and our primary source of revenue consists of payments made by condominium and home owners to satisfy the liens against their condominiums and homes. As of December 31, 2014 and March 31, 2015, Florida represented 99% and 99%, respectively, of our Accounts. A continued economic recession, adverse market conditions in Florida, and/or significant property damage caused by hurricanes, tornadoes or other inclement weather could adversely affect the ability of these condominium and home owners to satisfy the liens against their condominiums and homes, which could, in turn, have a material adverse effect on our financial condition and results of operations.

Foreclosure on an Association's lien may not result in the Company recouping the amount that we invested in the related Account.

All of the Accounts purchased by us are in default. The Accounts are secured by liens held by Associations, which we have an option to foreclose upon on behalf of the Associations. Should we foreclose upon such a lien on behalf of an Association, we are entitled pursuant to our contractual arrangements with the Association to have the Association quitclaim its interests in the condominium unit or home to us. In the event that any Association quitclaims its interests in a condominium unit or home to us, we will be relying on the short-term rental prospects, to the extent permitted under bylaws and rules applicable to the Association, and value of its interest in the underlying property, which value may be affected by numerous risks, including:

(i) changes in general or local economic conditions;

(ii) neighborhood values;

(iii) interest rates;

(iv) real estate tax rates and other operating expenses;

(v) the possibility of overbuilding of similar properties and of the inability to obtain or maintain full occupancy of the properties;

(vi) governmental rules and fiscal policies;

(vii) acts of God; and

(viii) other factors which are beyond our control.

It is possible that as a result of a decrease in the value of the property or any of the other factors referred to in this paragraph, the amount realized from the sale of such property after taking title through a lien foreclosure may be less than our total investment in the Account. If this occurs with regard to a substantial number of Accounts, the amount expected to be realized from the Accounts will decrease and our financial condition and results of operations could be harmed.

If Account debtors or their agents make payments on the Accounts to or negotiate reductions in the Accounts with an Association, it could adversely affect our financial condition, results of operations and cash flows.

From time to time account debtors and/or their agents may make payments on the Accounts directly to the Association or its management company. Our sole recourse in this instance is to recover these misapplied payments through set-offs of payments later collected for that Association by our third-party law firms. A significant number of misapplied or reduced payments could hinder our cash flows and adversely affect our financial condition and results of operations.

Account debtors are subject to a variety of factors that may adversely affect their payment ability.

Collections on the Accounts have varied and may in the future vary greatly in both timing and amount from the payments actually due on the Accounts due to a variety of economic, social and other factors. Failures by account debtors to timely pay off their Accounts could adversely affect our financial condition, results of operations and cash flows.

Defaults on the Accounts could harm our financial condition, results of operations and cash flows.

We take assignments of the lien foreclosure rights of Associations against delinquent units owned by account debtors who are responsible for payment of the Accounts. The payoff of the Accounts is dependent upon the ability and willingness of the condominium and home owners to pay such obligations. If an owner fails to pay off the Account relating to his, her or its unit or home, only net amounts, if any, recovered will be available with respect to that Account. Foreclosures by holders of first mortgages generally result in our receipt of reduced recoveries from Accounts. In addition, foreclosure actions by any holder of a tax lien may result in us receiving no recovery from an Account to the extent excess proceeds from such tax lien foreclosure are insufficient to provide for payment to us. If, at any time, (i) we experience an increase in mortgage foreclosures or tax lien foreclosures or (ii) we experience a decrease in owner payments, our financial condition, results of operations and cash flows could be adversely affected.

We depend on the skill and diligence of third parties to collect the Accounts.

Because the collection of Accounts requires special skill and diligence, any failure of BLG, or any other law firm utilized by us, to diligently collect the Accounts could adversely affect our financial condition, results of operations and cash flows.

The payoff amounts received by us from Accounts may be adversely affected due to a variety of factors beyond our control.

Several factors may reduce the amount that can be collected on any individual Account. The delinquent assessments that are the subject of the Accounts and related charges are included within an Association's claim of lien under the applicable statute. In Florida, Association liens are recorded in the official county records and hold first priority status with respect to a first mortgage holder for an amount equal to the Super Lien Amount. Associations have assigned to us the right to direct law firms to collect on the liens and foreclose, subject to the terms and conditions of the purchase agreements between each Association and us.

Each Account presents a separate risk as to the creditworthiness of the debtor obligated to pay the Account, which, in general, is the owner of the unit or home when the Account was incurred and subsequent owners. For instance, if the debtor has incurred a property tax lien, a sale related to such lien could result in our complete loss of the Account. Also, a holder of a first mortgage taking title through a foreclosure proceeding in which the Association is named as a defendant must only pay the Super Lien Amount in a state with a super lien statute. Although we purchase Accounts at a discount to the outstanding balance and the owner remains personally liable for any deficiency, we may decide that it is not cost-effective to pursue such a deficiency. As a result, the purchase or ownership of a significant number of Accounts which result in payment of only the Super Lien Amount or less where no statute specifying a Super Lien Amount applies, could adversely affect our financial condition and results of operations.

The liens securing the Accounts we own may not be superior to all liens on the related units and homes.

Although the liens of the Associations securing the Accounts may be superior in right of payment to some of the other liens on a condominium unit or home, they may not be superior to all liens on that condominium unit or home. For instance, a lien relating to delinquent property taxes would be superior in right of payment to the liens securing the Accounts. In addition, if an Association fails to assert the priority of its lien in a foreclosure action, the Association may inadvertently waive the priority of its lien. In the event that there is a lien of superior priority on a unit or home relating to one of the Accounts, the Association's lien might be extinguished in the event that such superior liens are foreclosed. In most instances, the unit or home owner will be liable for the payment of such Account and the ultimate payment would depend on the creditworthiness of such owner. In the case of a tax lien foreclosure, an owner taking title through foreclosure would not be liable for the payment of obligations that existed prior to the foreclosure sale. The purchase or ownership of a significant number of Accounts that are the subject of foreclosure by a superior lien could adversely affect our financial condition, results of operations and cash flows.

We may not choose to pursue a foreclosure action against condominium and home owners who are delinquent in paying off the Accounts relating to their units or homes.

Although we have the right to pursue a foreclosure action against a unit or home owner who is delinquent in paying off the Account relating to his or her unit or home, we may not choose to do so as the cost of such litigation may be prohibitive, especially when pursuing an individual claim against a single unit or home owner. Our choice not to foreclose on a unit or home may delay our ability to collect on the Account. If we decide not to pursue foreclosure against a significant number of Accounts, it could adversely affect our financial condition, results of operations and cash flows.

The holding period for our Accounts from purchase to payoff is indeterminate.

It can take our third-party law firms anywhere from three months to four years or longer to collect on an Account. Approximately 75% of our Accounts were purchased prior to 2013, with some being purchased as early as 2008. Due to various factors, including those discussed above, we cannot project the payoff date for any Account. This indeterminate holding period reduces our liquidity and ability to fund our operations. If our ability to collect on a material number of Accounts was significantly delayed, it could adversely affect our cash flows and ability to fund our operations.

Our business model and related accounting treatment may result in acceleration of expense recognition before the corresponding revenues can be recognized.

As we expand our business, we may incur significant upfront costs relating to the acquisition of Accounts. Under United States generally accepted accounting principles ("GAAP") such amounts may be required to be recognized in the period that they are expended. However, the corresponding revenue stream relating to the acquisition of such Accounts will not be recognized until future dates. Therefore, we may experience reduced earnings in earlier periods until such time as the revenue stream relating to the acquisition of such Accounts may be recognized.

Risks Relating to Taxation

AN INVESTMENT IN THE UNITS INVOLVES COMPLEX TAX ISSUES FOR NON-U.S. RESIDENTS. SEE THE HEADING OF THIS PROSPECTUS ENTITLED "MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS OF SECURITIES." THE COMPANY AND ITS LEGAL OR FINANCIAL ADVISORS WILL NOT PROVIDE TAX ADVICE TO PROSPECTIVE INVESTORS, AND PROSPECTIVE INVESTORS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS REGARDING AN INVESTMENT IN THE UNITS.

Risks Relating to our Securities and this Offering

There is no prior public market for our securities (including the units and the shares of common stock and warrants underlying the units) and we cannot assure you that an active trading market or a specific price will be established or maintained. The market price and trading volume of our units, shares of common stock and warrants may be volatile, and you may not be able to resell your units, shares of common stock or warrants (as the case may be) at or above the initial public offering price.

Prior to this offering, there has been no public market for our securities. There can be no assurance that an active, public trading market will ever develop even if we are successful with this offering. In addition, there can be no assurance that our securities will be accepted for listing or trading on any exchange or The NASDAQ Capital Market.

We intend to file an application to list our units, shares of common stock, and warrants on The NASDAQ Capital Market under the symbols "LMFAU," "LMFA" and "LMFAW," respectively. Assuming that our application is approved, we expect that the shares of common stock and warrants comprising the units will begin separate trading, and that the units will cease trading, on or about the 45th day following the effective date of this prospectus. If an active trading market does not develop and continue upon the closing of this offering, your investment may become less liquid and the market price of our securities may decline below the initial public offering price. The initial public offering price per unit will be determined by negotiation among us and our Placement Agent and may not be indicative of the market price of units, our common stock or warrants after completion of this offering. The price of our securities after the closing of this offering may fluctuate widely, depending upon many factors, including:

- differences between our actual financial and operating results and those expected by investors;
- changes in the share price of public companies with which we compete;
- news about our industry and our competitors;
- changes in general economic or market conditions including broad market fluctuations and fluctuations in the real estate market;
- adverse regulatory actions and changes in the laws and regulations affecting our business; and
- other factors listed in this section or otherwise.

Our securities may trade at prices significantly below the initial public offering price in which case, holders of our securities may experience difficulty in reselling, or an inability to sell, our securities. In addition, when the

market price of a company's equity drops significantly, equity holders often institute securities class action lawsuits against the company. A lawsuit against us could cause us to incur substantial costs and could divert the time and attention of our management and other resources away from the day-to-day operations of our business.

We are a "controlled company" within the meaning of the rules of The NASDAQ Capital Market and, as a result, expect to qualify for, and may to rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.

Following the consummation of this offering, entities controlled by Bruce M. Rodgers, our Chairman and Chief Executive Officer, and Carollinn Gould, our Vice President-General Manager and director nominee, will control a majority of the voting power of our common stock. As a result, we expect to be a "controlled company" within the meaning of the corporate governance standards of The NASDAQ Capital Market. Under NASDAQ Capital Market rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of the board of directors consist of independent directors;
- the requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement for an annual performance evaluation of the nominating and corporate governance and compensation committees.

Following our initial public offering, we may elect to utilize some of these exemptions, namely the exemption relating to the requirement to have all independent directors on the nominating and corporate governance committee. We may also elect to utilize other exemptions in the future so long as we continue to qualify as a "controlled company." If we utilize these exemptions we may not have a majority of independent directors and our nominating and corporate governance and compensation committees will not consist entirely of independent directors and such committees will not be subject to annual performance evaluations. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of The NASDAQ Capital Market. See "Management—Controlled Company" for additional information.

We will incur increased costs as a result of being a public company.

As a public company, we will incur increased legal, accounting and other costs not incurred as a private company. The Sarbanes-Oxley Act and related rules and regulations of the SEC and the various trading markets (including The NASDAQ Capital Market) regulate the corporate governance practices of public companies. We expect that compliance with these requirements will increase our expenses and make some activities more time consuming than they have been in the past when we were a private company. Such additional costs going forward could negatively impact our financial condition and results of operations.

Securities analysts may not initiate coverage of our securities or may issue negative reports, which may adversely affect the trading price of our securities.

We cannot assure you that securities analysts will cover our company after completion of this offering. If securities analysts do not cover our company, this lack of coverage may adversely affect the trading price of our securities. The trading market for our securities will rely in part on the research and reports that securities analysts

publish about us and our business. If one or more of the analysts who cover our company downgrades our securities, the trading price of our securities may decline. If one or more of these analysts ceases to cover our company, we could lose visibility in the market, which, in turn, could also cause the trading price of our securities to decline. Further, because of our small market capitalization, it may be difficult for us to attract securities analysts to cover our company, which could significantly and adversely affect the trading price of our securities.

You will suffer immediate and substantial dilution as a result of investing in the units.

The initial public offering price per unit is higher than our net tangible book value per unit. Accordingly, if you purchase units in this offering, you will suffer immediate and substantial dilution of your investment. Based upon the issuance and sale of units, you will incur immediate dilution of approximately $ in the net tangible book value per unit. See the heading entitled "Dilution" in this prospectus for more information.

If we do not maintain an effective registration statement, you may not be able to exercise the warrants in a cash exercise.

For you to be able to exercise the warrants, the resale of the shares of common stock to be issued to you upon exercise of the warrants must be covered by an effective and current registration statement. We cannot guarantee that we will continue to maintain a current registration statement relating to the resale of the shares of common stock underlying the warrants. In such circumstances, you would be unable to exercise the warrants in a cash exercise and will be required to engage in a cashless exercise in which a number of warrant shares equal to the fair market value of the exercised shares will be withheld. In those circumstances, we may, but are not required to, redeem the warrants by payment in cash. Consequently, there is a possibility that you will never be able to exercise the warrants and receive the underlying shares of common stock. This potential inability to exercise the warrants in a cash exercise, our right to cancel the warrants under certain circumstances, and the possibility that we may redeem the warrants for nominal value, may have an adverse effect on demand for the warrants and the prices that can be obtained from reselling them.

We are an "emerging growth company" and the reduced disclosure requirements applicable to emerging growth companies may make our securities less attractive to investors.

We are an "emerging growth company," or EGC, as defined in the JOBS Act. We will remain an EGC until the earlier of: (i) the last day of the fiscal year in which we have total annual gross revenues of $1 billion or more; (ii) the last day of the fiscal year following the fifth anniversary of the date of the completion of this offering; (iii) the date on which we have issued more than $1 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC, which means the first day of the year following the first year in which the market value of our common stock that is held by non-affiliates exceeds $700 million as of June 30. For so long as we remain an EGC, we are permitted to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include:

- being permitted to provide only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure;
- not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting;
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- reduced disclosure obligations regarding executive compensation;

- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved; and
- the ability to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies.

We may choose to take advantage of some or all of the available exemptions. We have taken advantage of reduced reporting burdens in this prospectus. Accordingly, the information contained herein may be different than the information you receive from other public companies in which you hold stock. We cannot predict whether investors will find our units, warrants or common stock less attractive if we rely on certain or all of these exemptions. If some investors find our units, warrants or common stock less attractive as a result, there may be a less active trading market for our units, warrants or common stock and the price of our units, warrants or common stock may be more volatile.

This offering is being conducted on a "best efforts" basis and we may not be able to execute our growth strategy if a sufficient number of units are not sold in the offering.

If you invest in the units and more than units are sold, but less than all of the offered units are sold, you may have acquired an interest in a company with limited financial capability and the risk of losing your entire investment will be increased. Our Placement Agent is offering our units on a minimum/maximum "best efforts" basis, and we can give no assurance that all units offered by this prospectus will be sold. Our officers, directors and affiliates may, but are not obligated to, purchase units in the offering for the explicit purpose of satisfying the minimum offering amount. Any such purchases will be made for investment purposes only, and not with a view toward redistribution. If we are unable to sell at least of the units offered hereby, we will terminate this offering and all monies collected from subscribers and held in escrow will be returned to such subscribers without interest or deduction. Furthermore, if at least of the units offered by this prospectus are not sold, we may be unable to fund all the intended uses described in this prospectus from the net proceeds anticipated from this offering without obtaining funds from alternative sources or using working capital that we generate. Alternative sources of funding may not be available to us at what we consider to be a reasonable cost, and the working capital generated by us may not be sufficient to fund any uses not financed by offering proceeds.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements.

The terms "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential," "foresees" or "continue" or the negative of these terms or other similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

The forward-looking statements in this prospectus include, among other things, statements about:

- our strategies, results of operations or liquidity;
- projections, predictions, expectations, estimates or forecasts as to our business, financial and operational results and future economic performance;
- statements of management's goals and objectives, including the development of new products;
- projections of revenue, earnings, capital structure and other financial items;
- assumptions underlying statements regarding us or our business;
- the scalability of our business model and our anticipated expansion;
- our competitive position;
- our expectations related to the use of proceeds from this offering; and
- the impact of government laws and regulations.

Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to, factors discussed under the headings "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Business."

Forward-looking statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from any future results, performances, or achievements expressed or implied by the forward-looking statements. These risks include, but are not limited to, those listed below and those discussed in greater detail under the heading "Risk Factors" above:

- we may not be able to continue to purchase Association Accounts at favorable prices, or on sufficiently favorable terms, or at all;
- we may not be able to recover sufficient amounts on our Accounts to cover our costs;
- we face intense competition from lawyers, collection agencies, and other direct and indirect competitors;
- we are dependent upon third-party law firms to service our Accounts;
- we may not be successful at acquiring and collecting Accounts in other states profitably;

- the Rodgers family will effectively control our company by beneficially owning more than 50% of our outstanding common stock;
- government regulation, current laws, and new laws may limit our ability to recover and enforce the collection of our Accounts; and
- the lack of a public trading market for our securities.

Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or results of operations.

The forward-looking statements speak only as of the date on which they are made, and, except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Consequently, you should not place undue reliance on forward-looking statements.

Table of Contents

USE OF PROCEEDS

The gross proceeds from this offering will be approximately $20,000,000 if the maximum number of units offered is sold, and $10,000,000 if the minimum number of units offered is sold, before deducting expenses. We estimate offering expenses to be approximately $, excluding placement agent fees. We estimate the net proceeds of the offering to be approximately $ if the maximum offering is obtained and approximately $ if the minimum offering is obtained. The following table sets forth our estimated net offering proceeds from the sale of the maximum and the minimum amount of units offered.

Estimated Offering Proceeds

	Maximum Offering	Minimum Offering
Offering Proceeds	$ 20,000,000	$ 10,000,000
Less Placement Agent Fees and Offering Expenses(1)	$	$
Net Proceeds from Offering	$	$

(1) Our Placement Agent, International Assets Advisory, LLC, will be paid an 8% fee and an expense reimbursement capped at 1% of the offering price for all units sold in the offering. Our estimated offering expenses, including the maximum 1% expense reimbursement, are $.

We intend to use the net proceeds of the offering for retiring long-term debt, operating and general corporate purposes and growth capital, including working capital and capital for acquisitions of other Account Servicing businesses to allow LMF to grow in Florida and nationally.

We intend to use the net proceeds of this offering as follows, and we have described the specific uses of proceeds in order of priority below:

Description of Use	Maximum Offering	%	Minimum Offering	%
Repayment of Debt	$		$	
Officers' Salaries	$		$	
Acquisition of Accounts	$		$	
Marketing	$		$	
Software Development	$		$	
General Corporate Purposes	$		$	
Total Uses of Proceeds	$		$	

We plan to use the proceeds of this offering to retire approximately $1.8 million of indebtedness owed by our wholly-owned subsidiary, LMF October 2010 Fund, LLC. On January 26, 2015, LMF October 2010 Fund, LLC borrowed $2 million on a three-year term. This note bears interest at 14% per annum and is collateralized by all of the accounts receivable, contract rights and lien rights arising from or relating to collection of Association payments made by the Company relating to 1,067 Accounts as well as all deposit accounts and cash of LMF October 2010 Fund, LLC. LMF-LLC and its members guaranteed this loan. This loan amortizes in 36 equal installments of principal and interest commencing February 26, 2015. The proceeds of this loan were used to redeem the membership interests of LMF-LLC beneficially owned by Frank C. Silcox. There is no prepayment penalty for prepaying this debt.

Except as described above, we have no immediate need for the proceeds we will receive from this offering. The principal purposes of this offering are to repay debt and provide capital to acquire Accounts. We expect to use the net proceeds from this offering to provide additional long-term working capital, in the form of unrestricted cash, to support the growth of our business by providing us with financial flexibility. We may use a portion of the net proceeds from this offering to pursue acquisitions of other Account Servicing businesses and expansions of the products that we offer in existing and new markets. We have no commitments with respect to

any such acquisition, investment or product expansion, and we are not currently involved in any negotiations with respect to any of the foregoing. In the event that we sell only the minimum number of units offered, and therefore, receive only the minimum amount of offering proceeds, we would have less working capital with which to pursue the foregoing. Pending the use by us of such proceeds, we will invest such proceeds in interest-bearing securities consistent with our current investment policies.

DIVIDEND POLICY

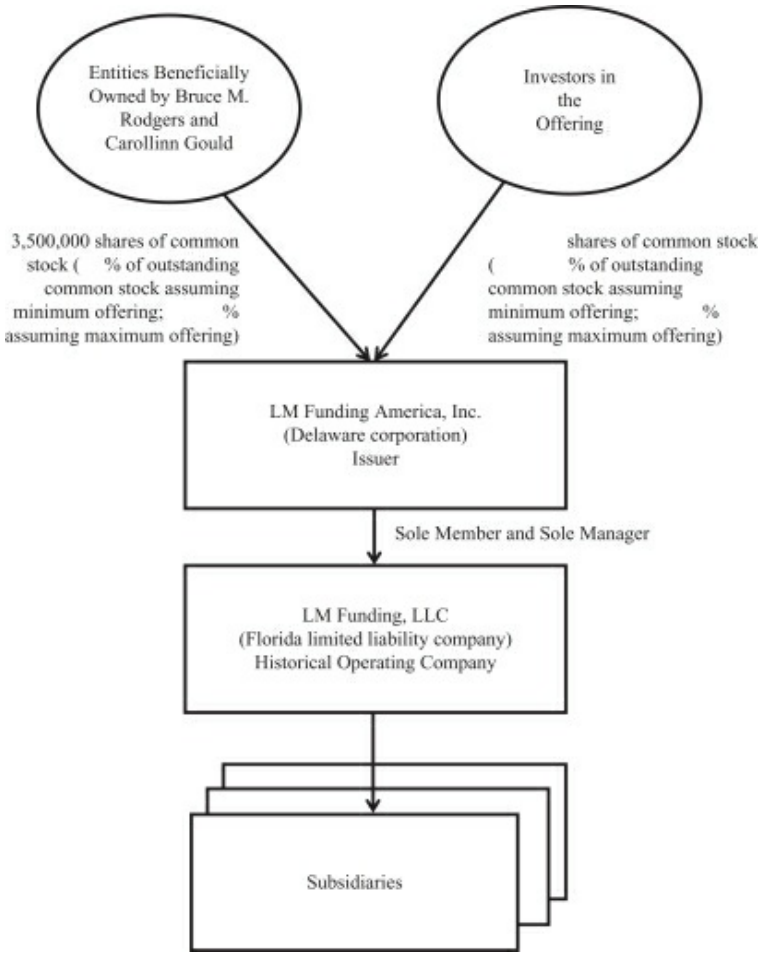
Following our initial public offering we do not anticipate paying any cash dividends on our common stock in the foreseeable future, if ever. Any future determination to pay cash dividends will be at the discretion of our Board of Directors and will depend upon our financial condition, results of operations, capital requirements, as well as Delaware law and other factors that our Board of Directors deems relevant.

LMF-LLC made distributions to its members in the aggregate amounts equal to $1,421,446 and $1,133,713 in 2013 and 2014, respectively, payable from the net cash flow of LMF-LLC. Such payments were made in lieu of a salary to Carollinn Gould, the beneficial owner of CGR63, LLC and BRR Holding, LLC, and Frank C. Silcox, the beneficial owner of LM Funding Management, LLC until January 26, 2015. An aggregate of $673,459 in distributions were made in 2015 to Carollinn Gould through BRR Holding, LLC and CGR63, LLC in lieu of a salary (excluding the redemption of a member's interest in 2015 in the aggregate amount of approximately $2 million) through May 31, 2015. In addition, all of the cash of the Company on the day prior to the consummation of this offering will be distributed to CGR63, LLC and BRR Holding, LLC in proportion to their membership interests in LMF-LLC.

CORPORATE REORGANIZATION

We were originally organized in January 2008 as a Florida limited liability company under the name LM Funding, LLC ("LMF-LLC"). To date, all of our business has been conducted through LMF-LLC and its subsidiaries. Upon the effectiveness of the registration statement of which this prospectus forms a part, the members of LMF-LLC will contribute all of their membership interests in LMF-LLC to LM Funding America, Inc., a Delaware corporation incorporated on April 20, 2015 ("LMFA"), in exchange for an aggregate of 3,500,000 shares of the common stock of LMFA (the "Corporate Reorganization"). Immediately after such contribution and exchange, the former members of LMF-LLC will hold 100% of the issued and outstanding common stock of LMFA, thereby making LMF-LLC a wholly-owned subsidiary of LMFA. Following the contribution and exchange, we expect that substantially all of our business and operations will continue to be conducted by LMF-LLC and its wholly-owned subsidiaries, LMF October 2010 Fund, LLC, REO Management Holdings, LLC, LM Funding of Colorado, LLC, LM Funding of Washington, LLC and its 95%-owned subsidiary, LMF SPE#2, LLC. Except as the context otherwise requires, all information in this prospectus is presented after giving effect to the Corporate Reorganization.

The diagram below shows our organizational structure immediately after the completion of the Corporate Reorganization and this offering:



DETERMINATION OF OFFERING PRICE

The public offering price will be determined through negotiations between the Placement Agent and us. In addition to prevailing market conditions, the factors to be considered in determining the public offering price are:

- prevailing market and general economic conditions;
- our financial information;
- the history of, and the prospects for, our company and the industry in which we compete;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues;
- the present state of our development; and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for our units, shares of common stock and warrants may not develop. It is possible that after this offering our units, shares of common stock and warrants will not trade in the public market at or above the public offering price. We and the Placement Agent have agreed that the exercise price of the warrants included in the units will be equal to 125% of the per-unit public offering price, taking into consideration the factors discussed above.

CAPITALIZATION

The following table sets forth the cash and capitalization as of March 31, 2015 of:

- LMF-LLC on an actual basis;
- LMFA on a pro forma as adjusted basis to give effect to the Corporate Reorganization described under "Corporate Reorganization", the other Transactions described in "Unaudited Pro Forma Financial Statements," and the issuance of units (the minimum that may be sold by us in the offering) at an assumed public offering price of $ per unit (the midpoint of the expected price range) and the anticipated application of the net proceeds from this offering; and
- LMFA on a pro forma as adjusted basis to give effect to the Corporate Reorganization described under "Corporate Reorganization" and the issuance of units (the maximum that may be sold by us in the offering) at an assumed public offering price of $ per unit (the midpoint of the expected price range) and the anticipated application of the net proceeds from this offering.

You should read this table in conjunction with "Management's Discussion and Analysis of Financial Conditions and Results of Operations", "Corporate Reorganization," "Unaudited Pro Forma Financial Statements" and our consolidated financial statements and related notes appearing elsewhere in this prospectus.

	As of March 31, 2015 (in thousands, except share data)		
		Pro Forma As Adjusted	
	Actual	Assuming Minimum(1)	Assuming Maximum(2)
Cash and cash equivalents	$ 2,066,609		
Total Debt	9,798,293		
Equity (deficit)	(3,410,092)		
Common stock, $0.001 par value, 80,000,000 authorized shares, zero shares issued and outstanding actual; shares issued and outstanding pro forma assuming we raise the minimum offering; and shares issued and outstanding pro forma assuming we raise the maximum offering(3)	—		
Additional paid in capital	—		
Retained earnings	—		
Non-Controlling Interest	12,146		
Total equity (deficit)	(3,397,946)		
Total capitalization	$ 8,466,956		

(1) Assumes that none of the warrants issued to investors in this offering and issued to the Placement Agent to purchase shares of our common stock, have been exercised.

(2) Assumes that none of the warrants issued to investors in this offering and issued to the Placement Agent to purchase shares of our common stock, have been exercised.

(3) Based upon shares of our common stock outstanding as of March 31, 2015, excluding (i) shares of our common stock issuable upon exercise of the warrants sold to investors in this offering and issued to the Placement Agent assuming we raise the minimum offering and (ii) shares of our common stock issuable upon exercise of the warrants sold to investors in this offering and issued to the Placement Agent assuming we raise the maximum offering.

DILUTION

If you invest in our securities, your interest will be diluted to the extent of the difference between the public offering price per share of our common stock and the pro forma as adjusted net tangible book value per share of our common stock after this offering. We calculate net tangible book value per share by calculating the total assets less intangible assets and total liabilities, and dividing this total by the number of outstanding shares of common stock.

After giving pro forma effect to the Corporate Reorganization described under "Corporate Reorganization" and after giving effect to the sale of the minimum number units offered at an assumed initial public offering price of $ per unit (the midpoint of the expected price range) less estimated Placement Agent fees and estimated expenses, our pro forma, as adjusted net tangible book value as of March 31, 2015 would have been $, or $ per share. This represents an immediate increase in the pro forma as adjusted net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to you. After giving pro forma effect to the Corporate Reorganization described under "Corporate Reorganization" and assuming the sale of the maximum number of units offered at an initial public offering price of $ per unit (the midpoint of the expected price range) less estimated Placement Agent fees and estimated expenses, our pro forma, as adjusted net tangible book value as of March 31, 2015 would have been $, or $ per share. This represents an immediate increase in the pro forma as adjusted net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to you. This dilution is illustrated in the following table:

	Assuming Minimum	Assuming Maximum
Assumed initial public offering price per share of our common stock		
Pro forma net tangible book value per share as of March 31, 2015(1)		
Increase per share attributable to this offering(2)		
Pro forma net book value per share after this offering(2)		
Dilution per share to new investors in this offering(2)		

(1) Based upon shares of our common stock outstanding as of March 31, 2015, excluding (i) shares of our common stock issuable upon exercise of the warrants sold to investors in this offering and issued to the Placement Agent assuming we raise the minimum offering and (ii) shares of our common stock issuable upon exercise of the warrants sold to investors in this offering and issued to the Placement Agent assuming we raise the maximum offering.

(2) Assumes no exercise of the (i) warrants to purchase shares of our common stock issued to purchasers in this offering and issued to the Placement Agent assuming we raise the minimum offering and (ii) warrants to purchase shares of our common stock issued to purchasers in this offering and issued to the Placement Agent assuming we raise the maximum offering.

The following table shows on a pro forma, as adjusted basis at March 31, 2015, the total number of shares of common stock purchased, the total consideration paid to us and the average price per share paid by existing stockholders assuming the sale of the minimum number of units that may be sold by us in the offering:

	Shares Purchased		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
Existing stockholders					
New investors					
Totals					

The following table shows on a pro forma, as adjusted basis at March 31, 2015, the total number of shares of common stock purchased, the total consideration paid to us and the average price per share paid by existing stockholders assuming the sale of the maximum number of units that may be sold by us in the offering:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders					
New investors					
Totals					

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

Description of transactions

The following unaudited pro forma condensed consolidated financial statements give effect to the following transactions incurred since March 31, 2015 or expected to incur in connection with the consummation of our initial public offering (referred to as the "Transactions"):

- the Corporate Reorganization described under "Corporate Reorganization;"
- the sale of an assumed $15.0 million of shares in this offering (the midpoint of the minimum offering amount of $10.0 million and maximum offering amount of $20.0 million);
- the new executive salaries to be implemented upon the completion of this offering as described under "Executive Compensation —Employment Agreements;"
- the execution by us and BLG of a new Services Agreement, as described in "Business—Relationship with BLG and other Law Firms;"
- distributions by LMF-LLC to its members prior to the offering, as described in "Dividend Policy" ("Pre-Offering Distributions");
- the application from the proceeds of this offering toward the payment of approximately $1.8 million of our outstanding debt, as described in "Use of Proceeds;"
- the payment of all outstanding related-party receivables from BLG to us prior to the completion of this offering (the "Receivable Payment");
- with regard to the unaudited pro forma condensed consolidated statements of income, a provision for corporate income taxes on the income attributable to LMC-LLC at an estimated effective statutory rate of 40%.

The unaudited pro forma condensed consolidated balance sheets and the unaudited pro forma condensed consolidated statements of income are based on the condensed consolidated balance sheets and condensed consolidated statements of income as of and for the period ended March 31, 2015 appearing elsewhere in this prospectus. These unaudited pro forma financial statements should be read in conjunction with the historical audited consolidated financial statements and notes thereto appearing elsewhere in this prospectus.

The unaudited pro forma condensed consolidated financial information is presented for informational purposes only. It has been prepared in accordance with the regulations of the SEC and is not necessarily indicative of what our financial position or results of operations actually would have been had we completed the Transactions at the dates indicated, nor does it purport to project the future financial position or operating results of the Company after the Transactions. The unaudited pro forma condensed consolidated financial information does not reflect any revenue or cost savings from synergies that may be achieved with respect to the Transactions.

LM FUNDING, LLC AND SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEETS

March 31, 2015

	LM Funding, LLC and Subsidiaries					LM Funding America, Inc.	
	Historical Balances	Pro Forma Adjustments	Pro Forma Results	Reorganization Adjustments	Pro Forma Results	Offering Adjustments	Pro Forma Results
ASSETS							
Cash	$ 2,066,609	$ (2,066,609)(a)	$ —	—	$ —	$11,111,111(d)	$11,111,111
Finance receivables	3,199,711	—	3,199,711	—	3,199,711	—	3,199,711
Due from related party	507,365	(507,365)(b)	—	—	—	—	—
Other assets	626,662	—	626,662	—	626,662	—	626,662
	$ 6,400,347	$ (2,573,974)	$ 3,826,373	—	$ 3,826,373	$11,111,111	$14,937,484
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)							
Liabilities	$ 477,467	$ —	$ 477,467	—	$ 477,467	—	$ 477,467
Bank indebtedness	7,431,937	—	7,431,937	—	7,431,937	—	7,431,937
Other indebtedness	1,888,889	—	1,888,889	—	1,888,889	(1,888,889)(d)	—
	9,798,293	—	9,798,293	—	9,798,293	(1,888,889)	7,909,404
Equity (deficit)	(3,410,092)	(2,573,974)(c)	(5,984,066)	—	(5,984,066)	$13,000,000(d)	7,015,934
Non-controlling interest	12,146	—	12,146	—	12,146	—	12,146
Total members' equity (deficit)	(3,397,946)	(2,573,974)	(5,971,920)	—	(5,971,920)	13,000,000	7,028,080
Total liabilities and members' equity (deficit)	$ 6,400,347	$ (2,573,974)	$ 3,826,373	—	$ 3,826,373	$11,111,111	$14,937,484

NOTES—The unaudited pro forma condensed consolidated balance sheets have been prepared to reflect the following pro forma adjustments for transactions incurred or contemplated since March 31, 2015 assuming each transaction was consummated on March 31, 2015:

(a) Represents a net amount equal to the anticipated Pre-Offering Distributions ($2,573,974) minus the Receivable Payment ($507,365).

(b) Represents the Receivable Payment.

(c) Represents change in equity accounts as a result of the anticipated Pre-Offering Distributions in the amount of $2,573,974, as further described in "Dividend Policy". This amount consists of cash balance at March 31, 2015 plus proceeds from Receivable Payment.

(d) Represents proceeds from this offering based on an assumed offering of $15.0 million net of transaction expenses and net of the repayment of $1.8 million in outstanding debt with the proceeds of this offering.

LM FUNDING, LLC AND SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Three Months Ended March 31, 2015

	LM Funding, LLC and Subsidiaries					LM Funding America, Inc.	
	Historical Balances	Pro Forma Adjustments	Pro Forma Results	Reorganization Adjustments	Pro Forma Results	Offering Adjustments	Pro Forma Results
Revenues	$1,587,633	$ —	$1,587,633	—	$1,587,633	—	$ 1,587,633
Staff costs and payroll	304,516	126,250(a)	430,766	—	430,766	—	430,766
Collection Costs	20,856	—	20,856	—	20,856	—	20,856
Professional fees	253,553	50,000(b)	303,553	—	303,553	—	303,553
Settlement costs with associations	117,263	—	117,263	—	117,263	—	117,263
Other expenses	292,849	—	292,849	—	292,849	—	292,849
Interest expense	193,881	(68,000)(c)	125,881	—	125,881	—	125,881
Income before taxes	404,715	(108,250)	296,465	—	296,465	—	296,465
Provision for income taxes	—	—	—	(119,000)(d)	(119,000)	—	(119,000)
Net income(1)	$ 404,715	$ (108,250)	$ 296,465	—	$ 177,465	—	$ 177,465
Weighted average shares of common stock outstanding							
Basic							
Diluted							
Net income available to common stock per share							
Basic							
Diluted							

(1) includes income attributable to non-controlling interest

NOTES—The pro forma condensed consolidated statements of income have been prepared to reflect the following pro forma adjustments retroactive to January 1, 2015 for transactions incurred or contemplated since March 31, 2015 and through the effective date of the registration statement of which this prospectus forms a part:

(a) Represents new base salary amounts under executive employment agreements that will become effective at the closing of the offering. Consists of new salary of Mr. Rogers in the amount of $96,250 per quarter and new salary of Ms. Gould in the amount of $30,000 per quarter. No other salaries are included. Mr. Galaris' salary after execution of his new employment agreement will not differ from current salary.

(b) Represents incremental expenses that would have been payable by us to BLG if the new Services Agreement with BLG would have been in effect during the three months ended March 31, 2015.

(c) Represents interest expense under outstanding debt of $1.8 million that will be paid with the proceeds from this offering.

(d) Represents a provision for corporate income taxes on the income attributable to LMC-LLC at an estimated effective statutory rate of 40%.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

When you read this section of this prospectus, it is important that you also read our consolidated financial statements and related notes as well as the unaudited pro forma financial statements and related notes included elsewhere in this prospectus. This section of this prospectus contains forward-looking statements that involve risks and uncertainties, such as statements of our plans, objectives, expectations and intentions. Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons set forth herein, including the factors described below and under the heading "Risk Factors."

Overview

We are a specialty finance company that provides funding to nonprofit community associations primarily located in the state of Florida and, to a lesser extent, nonprofit community associations in the states of Washington and Colorado. We offer incorporated nonprofit community associations, which we refer to as "Associations," a variety of financial products customized to each Association's financial needs. Our original product offering consists of providing funding to Associations by purchasing their rights under delinquent accounts that are selected by the Associations arising from unpaid Association assessments. We provide funding against such delinquent accounts, which we refer to as "Accounts," in exchange for a portion of the proceeds collected by the Associations from the account debtors on the Accounts. More recently, we have started to engage in the business of purchasing Accounts on varying terms tailored to suit each Association's financial needs, including under our *New Neighbor Guaranty* program. We believe that revenues from the *New Neighbor Guaranty* program, as well as other similar products we may develop in the future, including products developed in response to the laws and regulations governing Association Accounts in various states in which we intend to expand, will comprise an increasingly larger piece of our business during the next few years, and we intend to seek to leverage the *New Neighbor Guaranty* program and other products to expand our business activities and growth both within and outside of Florida.

Under our original business, we purchase Associations' right to receive a portion of the Association's collected proceeds from owners that are not paying their assessments. After taking assignment of an Association's right to collect delinquent assessments, we engage law firms to perform collection work on a deferred billing basis wherein the law firms receive payment upon collection from the account debtors or at a predetermined contracted amount if payment from account debtors is less than legal fees and costs owed. Under this business model, we typically fund an amount equal to or less than the Super Lien Amount an Association can recover on a delinquent account for each Account. Upon collection of an Account, the law firm working on the Account, on behalf of the Association, generally distributes to us the funded amount, interest, and administrative late fees to us, with the law firm retaining legal fees and costs collected, and the Association retaining the balance of the collection.

Under the *New Neighbor Guaranty* program, an Association will generally assign almost all of its outstanding indebtedness and accruals on its delinquent units to us in exchange for payment by us of monthly dues on each delinquent unit. This simultaneously eliminates a substantial portion of the Association's balance sheet bad debts and assists the Association to meet its budget by receiving guaranteed monthly payments on its delinquent units and relieving the Association from paying legal fees and costs to collect its bad debts.

Because we acquire and collect on the delinquent receivables of Associations, the Account debtors are third parties that we have little or no information about. Therefore, we cannot predict when any given Account will be paid off or how much it will yield. In assessing the risk of purchasing Accounts, we review the property values of the underlying units, the governing documents of the relevant Association, and the total number of delinquent receivables held by the Association.

We believe that our original product is becoming less popular with Associations whose budgets are strained to the point where a lengthy wait for a full collection on an Account is less desirable than receiving any money

on the Account sooner. Our *New Neighbor Guaranty* product alleviates this problem and pays Associations on a current on-going basis for delinquent Accounts. We see the *New Neighbor Guaranty* as a product that will play an increasingly large role in our future growth, although we are uncertain whether Associations will continue to desire short-term liquidity rather than potentially larger long-term payouts on Accounts as real estate markets improve, or, alternatively, if we are likely to see a sharp decline again in real estate markets, as experienced in 2008, which could further strain Association budgets.

We believe that the capital required for both of our products is substantially the same provided that foreclosure courts function in a timely manner and *New Neighbor Guaranty* Accounts can be brought to foreclosure sale within 12 months. Although our current *New Neighbor Guaranty* Accounts have required a higher investment per Account due to our previous reluctance to foreclose on Accounts prior to a change in Florida law that reversed the *Spiaggia* case, we believe that under current Florida law we can keep capital requirements for both of our products consistent provided that we can timely foreclose on *New Neighbor Guaranty* Accounts. We have seen the speed of foreclosure courts in Florida fluctuate depending on funding from the state to pay for additional judges. If the time to foreclose on Accounts increases on our *New Neighbor Guaranty* Accounts, our capital commitments on these Accounts will increase because we will be required to pay additional assessments and annual insurance premiums. We believe that the liquidity that will be provided by the proceeds of this offering should greatly help us guard against the risk of extended foreclosure times and allow us to scale our *New Neighbor Guaranty* product successfully.

The tables below show purchases, investments and recoveries relating to our original product and our *New Neighbor Guaranty* product for the three months ended March 31, 2015 and 2014, and the years ended December 31, 2014 and 2013:

Original Product		
	March 31, 2015	March 31, 2014
Beginning Balance	$2,430,456	$3,757,963
Purchases	52,694	97,606
Recoveries	(347,135)	(438,312)
Ending Balance	$2,136,015	$3,417,257

Original Product		
	December 31, 2014	December 31, 2013
Beginning Balance	$ 3,757,963	$ 4,501,916
Purchases	359,200	940,097
Recoveries	(1,686,707)	(1,684,050)
Ending Balance	$ 2,430,456	$ 3,757,963

New Neighbor Guaranty		
	March 31, 2015	March 31, 2014
Beginning Balance	$1,042,805	$ 969,369
Purchases	5,180	—
Investments	115,782	140,762
Recoveries	(100,071)	(48,672)
Ending Balance	$1,063,696	$1,061,459

New Neighbor Guaranty		
	December 31, 2014	December 31, 2013
Beginning Balance	$ 969,369	$ 496,303
Purchases	18,937	16,154
Investments	509,900	520,937
Recoveries	(455,401)	(64,025)
Ending Balance	$ 1,042,805	$ 969,369

In addition, below is a table detailing cash receipts collected by us for our original product and our *New Neighbor Guaranty* product for the three months ended March 31, 2015 and 2014, and the years ended December 31, 2014 and 2013:

Original Product	March 31, 2015	March 31, 2014
Interest on delinquent association fees	$1,271,431	$1,390,680
Administrative and late fees	125,476	173,534
Underwriting and origination fees	64,539	34,500
Recovery of investment	347,135	438,312
Cash Receipts of Original Product(1)	$1,808,581	$2,037,026

Original Product	December 31, 2014	December 31, 2013
Interest on delinquent association fees	$ 6,432,878	$ 5,430,259
Administrative and late fees	709,846	886,340
Underwriting and origination fees	243,366	213,457
Recovery of investment	1,686,707	1,684,050
Cash Receipts of Original Product(1)	$ 9,072,797	$ 8,214,106

New Neighbor Guaranty	March 31, 2015	March 31, 2014
Recoveries in excess of cost - *New Neighbor Guaranty*	$ 78,214	$ 54,088
Recovery of investment	100,071	48,672
Cash Receipts of *New Neighbor Guaranty*(1)	$ 178,285	$ 102,760

New Neighbor Guaranty	December 31, 2014	December 31, 2013
Recoveries in excess of cost - *New Neighbor Guaranty*	$ 136,655	$ 313,737
Recovery of investment	455,401	64,025
Cash Receipts of *New Neighbor Guaranty*(1)	$ 592,056	$ 377,762

(1) These amounts represent only our cash receipts. All legal fees and disbursements to Associations are not represented above as they are not made by us. These disbursements are made by legal counsel from their independent trust accounts based on state statutes and contract terms.

Effects of the Corporate Reorganization

LMFA was formed for the purpose of this offering and has engaged to date only in activities in contemplation of this offering. Upon completion of the offering, we expect that substantially all of our business will be conducted through LMF-LLC, and the financial results of LMF-LLC and its consolidated subsidiaries will be consolidated in our financial statements. LMF-LLC is currently taxed as a partnership for federal income tax purposes and, as a result, the members of LMF-LLC pay taxes with respect to their allocable shares of its net taxable income. Following the Corporate Reorganization and this offering, all of the earnings of LMFA will be subject to federal income taxation.

If we were a C corporation responsible for paying entity-level income tax, we would have been required to pay approximately $147,000 in taxes for the three months ended March 31, 2015 and approximately $953,000 in taxes for the year ended December 31, 2014, which would have reduced our earnings. Further, in connection with our initial public offering, we will incur increased compensation expenses for two of our executive officers, which will result in additional payroll costs of $505,000 annually. Our compensation of these executives would also have reduced our earnings for the three months ended March 31, 2015 and year ended December 31, 2014. Please see “Unaudited Pro Forma Financial Statements” for additional information.

Financial Overview

Historically our results of operations have consisted of revenues from proceeds collected from account debtors on the funded Accounts, operating expenses related to our normal course of business, and interest expense on credit collateralized by the accounts receivable, contract rights and lien rights arising from or relating to collection of Association payments made by the Company.

Results of Operations

The Three Months Ended March 31, 2015 compared to the Three Months Ended March 31, 2014

Revenues

During the three months ended March 31, 2015, total revenues decreased $153,425, or 8.81%, to $1.588 million from $1.741 million for the three months ended March 31, 2014. This was primarily driven by a decrease in payoff occurrences of 12.6% over the prior year. We recorded approximately 333 payoffs in the three months ended March 31, 2015, compared to 381 in the three months ended March 31, 2014. “Payoffs” consist of recovery of all of the legally collectible portion of our principal investment, accrued interest, and late fees owed to us from the proceeds of the Accounts collected by the Associations in accordance with our contracts with Associations. The average dollar amount of revenue from interest and late fees also increased by 8.77% to $4,954 per payout, in the three months ended March 31, 2015, from $4,554 per payout for the three months ended March 31, 2014. The overall decrease in revenues for the quarter was offset by an increase of $24,126 related to recoveries in excess of cost on payoffs related to our *New Neighbor Guaranty* program. Amounts funded under this product vary at the time of purchase in amount due, age, previous collection efforts, and value of the underlying real estate securing the Account. We also saw a decrease in rental revenue in the three months ended March 31, 2015 of $40,319 to $47,937 from $88,256 for the three months ended March 31, 2014. This was due to the sale of a home in our portfolio in 2014.

Operating Expenses

During the three months ended March 31, 2015, operating expenses decreased $180,674, or 13.25%, to $1.183 million from $1.364 million for the three months ended March 31, 2014. The primary factors driving the decrease were a decrease in staff costs, collection costs, real estate management and disposal, and travel and entertainment expense. These decreases were partially offset by increases in settlement costs with Associations, professional fees and depreciation and amortization.

The decrease in staff and payroll cost of $28,994, or 8.69%, to $304,516 for the three months ended March 31, 2015 from $333,510 for the three months ended March 31, 2014 due to headcount reductions and a decrease in commissions paid to purchasing representatives. The decrease in collection costs of $131,240, or 86.29%, to $20,856 for the three months ended March 31, 2015 from $152,096 for the three months ended March 31, 2014 was primarily driven by a new agreement between us and BLG where we recuperate our expense for collection costs. In 2014, the cash that was received on settlement related to these costs was awarded solely to BLG. The decrease in real estate management and disposal of $46,252, or 41.91%, to $64,098 for the three months ended March 31, 2015 from $110,350 for the three months ended March 31, 2014 was driven by the sale of a property that was held by the Company. The decrease in travel and entertainment expense of $22,114, or 52.43%, to $20,064 for the three months ended March 31, 2015 from $42,178 for the three months ended March 31, 2014 was due to timing of trade shows from one year to the other.

All of the preceding decreases in operating expenses for the three months ended March 31, 2015 were partially offset by the following expense increases: settlement costs with Associations increased $24,597 or 26.54% to $117,263 for the three months ended March 31, 2015, from $92,666 due to increased opposition to our traditional procedures. Professional fees increased $78,662, or 44.98%, to $253,553 for the three months ended March 31, 2015 from $174,891 for the three months ended March 31, 2014. This was due to increased recruitment fees related to the hiring of a new CFO and the use of independent contractors for IT support.

Depreciation and amortization expense increased $19,682, or 76.22%, to $45,503 for the three months ended March 31, 2015, from $25,821 for the three months ended March 31, 2014, due to additional debt service amortization as well as amortization of the development cost related to our proprietary software.

Interest Expense

During the three months ended March 31, 2015, interest expense decreased $71,925, or 27.06%, to $193,881, from $265,806 for the three months ended March 31, 2014. This decrease is attributable to our refinancing of $7.432 million of indebtedness in December of 2014 at 8% interest. For the three months ended March 31, 2014 we had loans outstanding of $4.786 million at 16% interest and $3.467 million at 10% interest.

Net Income

During the three months ended March 31, 2015, net income increased $25,139, or 7.34%, to $367,589 from $342,450 for the three months ended March 31, 2014. Our decrease in sales for the three months ended March 31, 2015 was offset by management of operating expenses and interest expense leading to a growing net income trend.

Liquidity and Capital Resources

General

As of March 31, 2015, we had cash and cash equivalents of $2.067 million compared to $884,076 at March 31, 2014. The increase in cash is primarily due to net cash from operations during the three months ended March 31, 2015 of $693,569 as well as $271,956 from investing activities during the three months ended March 31, 2015. This was offset by net cash used in financing activities during the three months ended March 31, 2015 of ($926,610).

Cash from Operations

Net cash from operations was $693,569 during the three months ended March 31, 2015, compared to $295,556 during the three months ended March 31, 2014. This was primarily driven by increased cash from earnings of $46,931 to $450,218 the three months ended March 31, 2015, from $403,287 the three months ended March 31, 2014. Also, cash from operations was further affected by a drop in our prepaid balance of $239,453 the three months ended March 31, 2015, compared to minimal movement in our prepaid balance for the three months ended March 31, 2014.

Cash from Investing Activities

For the three months ended March 31, 2015, our finance receivables decreased by $52,694 compared to the three months ended March 31, 2014. This was due to us collecting more Accounts than were invested in for the year. Our primary business relies on our ability to invest in Accounts, and during the three months ended March 31, 2015, this balance decreased from the three months ended March 31, 2014. This balance is very susceptible to housing market fluctuations, but as our current market penetration is less than 1% in Florida, we feel there is still a large untapped market for our product offerings to grow in Florida and elsewhere. Related to our original product, for the three months ended March 31, 2015, we acquired 61 Accounts for $52,694 compared to 312 Accounts for $97,606 for the three months ended March 31, 2014. Related to our *New Neighbor Guaranty* product, for the three months ended March 31, 2015, we acquired 21 Accounts for $5,180 compared to 8 Accounts with no investment in the three months ended March 31, 2014.

Cash from Financing Activities

As of the three months ended March 31, 2015, indebtedness of LMF-LLC was $9.321 million compared to $7.887 million for the three months ended March 31, 2014. On December 30, 2014, we entered into a Credit Agreement with a financial institution through our 95%-owned subsidiary LMF SPE#2, LLC, as "borrower" and LMF-LLC and its members as "guarantors". Under the terms of the agreement, LMF SPE#2, LLC issued a promissory note totaling $7,431,938. Proceeds from this note were used to pay off all outstanding indebtedness of LMF-LLC at that time.

On January 26, 2015, our wholly-owned subsidiary LMF October 2010 Fund, LLC borrowed $2 million on a three-year term. This note bears interest at 14% per annum and is collateralized by all of the accounts receivable, contract rights and lien rights arising from or relating to collection of Association payments made by the Company relating to 1,067 Accounts as well as all deposit accounts and cash of LMF October 2010 Fund, LLC. LMF-LLC and its members guaranteed this loan. This loan amortizes in 36 equal installments of principal and interest commencing February 26, 2015. The proceeds of this loan were used to redeem the membership interests of LMF-LLC beneficially owned by Frank C. Silcox.

Debt of the Company consists of the following at March 31, 2015 and 2014:

	March, 31, 2015	March 31, 2014
Promissory notes issued to accredited investors, secured by certain liens, bearing interest at 16% per annum, principal of $71,430 per month plus interest due through maturity on July 1, 2015.	$ —	$ 4,571,400
Promissory notes issued to a finance company, secured by certain liens, bearing interest at 10% per annum, principal of $50,000 per month plus interest due through maturity on December 29, 2015.	—	3,295,399
Promissory note issued to a financial institution, bearing interest at 8% per annum, interest payable monthly and principal payments due quarterly. Secured by all of the Company's rights, title, interest, claims and demands associated with 2,190 condominium units held in LMF SPE #2, LLC and all cash held in LMF SPE# 2, LLC. Accrued but unpaid interest is due monthly beginning January 29, 2015. Installments of principal and interest are due quarterly commencing on April 5, 2015. The note matures on December 30, 2017 and can be prepaid at any time without penalty.	7,431,938	—
Promissory note issued to a private lender, bearing interest at 14% per annum, principal of $55,555 per month plus interest due through maturity on February 1, 2018. This loan is collateralized by all of the accounts receivable, contract rights and lien rights arising from or relating to collection of Association payments made by the Company relating to 1,067 Accounts as well as all deposit accounts and cash of LMF October 2010 Fund, LLC. LMF-LLC and its members guaranteed this loan.	1,888,889	—
	9,320,827	7,866,799
Less: portion due in 2015	(1,634,837)	(4,152,559)
	$ 7,686,000	$ 3,714,240

As of March 31, 2015 minimum required principal payments on notes payable are $1,634,837 in 2015, $1,701,281 in 2016 and $4,540,274 in 2017.

Results of Operations

Year Ended December 31, 2014 compared to Year Ended December 31, 2013

Revenues

During the year ended December 31, 2014, total revenues increased $753,902, or 10.93%, to $7.649 million from $6.895 million for the year ended December 31, 2013. This was primarily driven by an increase in payoff occurrences of 11.7% over the prior year. We recorded approximately 1,710 payoffs in the 2014 fiscal year compared to 1,530 in 2013. "Payoffs" consist of recovery of all of the legally collectible portion of our principal investment, accrued interest, and late fees owed to us from the proceeds of the Accounts collected by the

Associations in accordance with our contracts with Associations. The average dollar amount of revenue from interest and late fees also increased by 1.1% to $4,177 per payout in 2014 from $4,128 per payout in 2013. These increases were offset by a decrease of $177,082 related to recoveries in excess of cost on payoffs related to our *New Neighbor Guaranty* program. Amounts funded under the *New Neighbor Guaranty* program vary at the time of purchase in amount due, age, previous collection efforts, and value of the underlying real estate associated with the Account. We also saw an increase in rental revenue in 2014 of $74,950 to $126,644 from $51,694 for the year ended December 31, 2013. This is due to an increased number of Association lien foreclosures resulting in us taking title and renting the unit.

Operating Expenses

During the year ended December 31, 2014, Operating Expenses increased $292,148, or 7.6%, to $4.118 million from $3.826 million for the year ended December 31, 2013. The primary factors driving the increase were an increase in collection cost, an increase in professional fees, an increase in rent, and an increase in depreciation and amortization. These increases were offset by decreases in staff cost, underwriting, and assessment insurance.

The increase in collection cost of $150,729, or 26.7%, to $715,547 in 2014 from $564,818 for the year ended December 31, 2013 was primarily attributable to an initiative to aggressively begin foreclosing on properties in an effort to increase our collection events. This strategy appears to have been successful as collection events were up 11.7% in fiscal 2014 over 2013. Professional fees expense increased by $297,983, or 111.4%, to $565,537 from $267,554 for the year ended December 31, 2013 due to an increase in the use of information technology related consultants, as well as an increase in outside attorney fees to settle bankruptcy litigation with Grand Reserve Condominium Association and to a lesser degree to pursue breach of contract claims against Associations failing to remit proceeds to us per our contracts with them. Rent expense in 2014 increased by $50,988, or 50%, to $152,988 from $102,000 for the year ended December 31, 2013. This increase was due to us entering into a new lease agreement in 2014 whereas in 2013 we were under a sub-lease agreement at rates below market. Depreciation and amortization expense increased $62,367, or 69.1%, to $152,668 in 2014 from $90,301 for the year ended December 31, 2013 due to us writing off debt issue cost at the end of 2014 when all existing debt was refinanced.

All of the preceding increases in operating expenses in 2014 have been offset by the following expense reductions: staff and payroll cost decreased by $160,294, or 11%, to $1.301 million in 2014 from $1.461 million for the year ended December 31, 2013 due to headcount reductions and a decrease in commissions paid to purchasing representatives. Underwriting expense decreased by $74,130, or 42%, to $102,476 in 2014 from $176,606 for the year ended December 31, 2013. This was due to a decrease in payout and the termination of payout to participants of our employee bonus program, referred to internally as DIS, at the end of the third quarter of the year ended December 31, 2014. Assessment insurance expense decreased by $48,000, or 30.8%, to $109,119 in 2014 from $157,704 for the year ended December 31, 2013. This was due to us renegotiating our insurance premiums in November 2013 for a reduced rate.

Interest Expense

During the year ended December 31, 2014, interest expense decreased $228,399, or 18.8%, to $985,023 from $1.213 million for the year ended December 31, 2013. This decrease reflects our efforts to pay down the principal balance due on our on outstanding indebtedness throughout 2014. As of the years ended December 31, 2014 and 2013 the outstanding principal balance was $7.432 million and $8.253 million, respectively.

Net Income

During the year ended December 31, 2014, net income increased approximately $651,000 or 37.6%, to $2.382 million from $1.731 million for the year ended December 31, 2013. Our increase in operating expenses for the year ended December 31, 2014 was completely offset by the decrease in interest expense, and, therefore, all sales in excess of the prior year equated to increased net income. Management expects that the increased capital provided by the offering will help the Company to continue increasing its net income.

Liquidity and Capital Resources

General

As of December 31, 2014, we had cash and cash equivalents of $2.027 million compared to $764,850 at December 31, 2013. The increase in cash is primarily due to net cash from operations of $2.423 million as well as $1.085 million from investing activities. These increases were partially offset by net cash used in financing activities of ($2.245 million).

Cash from Operations

Net cash from operations was $2.423 million during the year ended December 31, 2014 compared to $1.907 million during the year ended December 31, 2013.

Cash from Investing Activities

In 2014, our finance receivables for our original product fell by $1.328 million. This was due to us collecting more Accounts than were invested in for the year. Our primary business relies on our ability to invest in Accounts, and during 2014 this balance decreased from 2013. This balance is very susceptible to housing market fluctuations, but as our current market penetration is less than 1% in Florida, where we predominately operate, we feel there is still a large untapped market for our product offerings to grow in Florida and elsewhere. Related to our original product, for the year ended December 31, 2014 we acquired 496 Accounts for $359,200 compared to 1,097 Accounts for $940,097 for the year ended December 31, 2013. Related to our *New Neighbor Guaranty* product, for the year ended December 31, 2014 we acquired 67 Accounts for $18,937 compared to 25 Accounts for $16,154 for the year ended December 31, 2013. We believe the overall decline in purchased Accounts was a result of a decline in our available capital in 2014.

Finance receivables outstanding as of December 31 related to the Company's original product, based on the year of funding, were as follows:

	2014	2013
Funded during the current year	$ 221,000	$ 634,000
1-2 years outstanding	348,000	1,131,000
2-3 years outstanding	667,000	1,146,000
3-4 years outstanding	733,000	605,000
Greater than 4 years outstanding	462,000	242,000
	$2,431,000	$3,758,000

Cash from Financing Activities

At December 31, 2014, indebtedness of LMF-LLC was $7.43 million compared to $8.25 million and $9.89 million at December 31, 2013 and 2012 respectfully. On December 30, 2014, we entered into a Credit Agreement with a financial institution through our 95%-owned subsidiary, LMF SPE#2, LLC, as "borrower" and LMF-LLC and its members as "guarantors". Under the terms of this agreement, LMF SPE#2, LLC issued a promissory note totaling $7,431,938. Proceeds from this note were used to pay off all outstanding indebtedness of LMF-LLC at that time.

Debt of LMF-LLC consisted of the following at December 31:

	2014	2013
Promissory notes issued to accredited investors, secured by certain liens, bearing interest at 16% per annum, principal of $71,430 per month plus interest due through maturity on July 1, 2015.	$ —	$ 4,785,690
Promissory notes issued to a finance company, secured by certain liens, bearing interest at 10% per annum, principal of $50,000 per month plus interest due through maturity on December 29, 2015.	—	3,467,159
Promissory note issued to a financial institution, bearing interest at 8% per annum, interest payable monthly and principal payments due quarterly. Secured by all of the Company's rights, title, interest, claims and demands associated with 2,190 condominium units held in LMF SPE#2, LLC and all cash held in LMF SPE#2, LLC. Accrued but unpaid interest is due monthly beginning January 29, 2015. Installments of principal and interest are due quarterly commencing on April 5, 2015. Note matures on December 30, 2017 and can be prepaid at any time without penalty.	7,431,938	—
	7,431,938	8,252,849
Less: portion due in 2015	(1,190,383)	(4,324,319)
	$ 6,241,555	$ 3,928,530

As of December 31, 2014, minimum required principal payments on notes payable are $1,190,383 in 2015, $1,701,281 in 2016 and $4,540,274 in 2017.

On January 26, 2015, LMF October 2010 Fund, LLC borrowed $2 million on a three-year term. This note bears interest at 14% per annum and is collateralized by all of the accounts receivable, contract rights and lien rights arising from or relating to collection of Association payments made by the Company relating to 1,067 Accounts as well as all deposit accounts and cash of LMF October 2010 Fund, LLC. LMF-LLC and its members guaranteed this loan. This loan amortizes in 36 equal installments of principal and interest commencing February 26, 2015. The proceeds of this loan were used to redeem the membership interests of LMF-LLC beneficially owned by Frank C. Silcox.

Sources and Uses of Funds

We intend to use the net proceeds of the offering for retiring long term debt, operating and general corporate purposes and growth capital, including working capital and capital for acquisitions to allow us to grow in Florida and nationally. Although we have no present plans or intentions, we may use a portion of the net proceeds to acquire or invest in complementary businesses. We also plan to use the proceeds from this offering to retire approximately $1.8 million of long-term debt secured by the assets of LMF October 2010 Fund, LLC.

Pending such uses, we plan to invest the net proceeds of this offering in short-term, investment grade, interest bearing securities.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Critical Accounting Policies and Significant Judgments and Estimates

Revenue Recognition

Accounting Standards Codification, or ASC, 605-10-25-1 of the Financial Accounting Standards Board, or FASB, states revenues are realized or realizable when related assets received or held are readily convertible into known amounts of cash. In those cases where there is no reasonable basis for estimating the "known amount" of cash to be collected, the cash basis or cost recovery method of recognizing revenues may be used. Collections on our Accounts may vary greatly in both the timing and amount ultimately recovered compared to the total revenue earned on the Accounts because of a variety of economic and social factors affecting the real estate environment in general. The Company has determined that the known amount of cash to be realized or realizable on its revenue generating activities cannot be reasonably estimated and as such, classifies its finance receivables as nonaccrual and recognizes revenues in the accompanying statements of income on the cash basis or cost recovery method in accordance with ASC 310-10, Receivables. The Company applies the cash basis method to its original product and the cost recovery method to its *New Neighbor Guaranty* product as follows:

Finance Receivables—Original Product: Under the Company's original product, delinquent assessments are funded only up to the Super Lien Amount as discussed above. Payments by unit owners on the Company's original product are recorded to income when received in accordance with the provisions of the Florida statute (§ 718.116(3)) or other applicable statute and the provisions of the purchase agreements entered into between the Company and Associations. Those provisions require that all payments be applied in the following order: first to interest, then to late fees, then to costs of collection, then to legal fees expended by the Company and then to assessments owed. In accordance with the cash basis method of recognizing revenue and the provisions of the statute, the Company records revenues for interest and late fees when cash is received. In the event the Company determines the ultimate collectability of amounts funded under its original product are in doubt, payments are applied to first reduce the funded or principal amount.

Finance Receivables—Special Product (New Neighbor Guaranty program): During 2012, the Company began offering Associations an alternative product called the *New Neighbor Guaranty* program where the Company will fund amounts in excess of the Super Lien Amount. Under this product, the Company purchases substantially all of the delinquent assessments owed to an Association, in addition to all accrued interest and late fees, in exchange for payment by the Company of (i) a negotiated amount or (ii) on a going-forward basis, all monthly assessments due for a period up to 48 months. Under these arrangements, the Company considers the collection of amounts funded is not assured and under the cost recovery method, cash collected is applied to first reduce the carrying value of the funded or principal amount with any remaining proceeds applied next to interest, late fees, legal fees, collection costs and any amounts due to the Association. Any excess proceeds still remaining are recognized as revenues. If the future proceeds collected are lower than the Company's funded or principal amount, then a loss is recognized.

Debt Issue Costs

We capitalize all debt issue costs and amortize them on a method that approximates the interest method over the remaining term of the note payable. Debt issue costs of $290,688 and $205,000 are presented in the accompanying consolidated balance sheets net of accumulated amortization of $0 and $99,185 for December 31, 2014 and 2013, respectively.

Finance Receivables

Finance receivables are recorded at the amount funded or cost (by unit). The Company evaluates its Finance Receivables at each period end for losses that are considered probable and can be reasonably estimated in accordance with ASC 450-20. As discussed above, recoverability of funded amounts under the Company's original product is generally assured because of the protection of the Super Lien Amount. Under the *New*

Neighbor Guaranty program (special product), the Company funds amounts in excess of the Super Lien Amount. In these instances, the Company purchases insurance covering all funded amounts in excess of a deductible amount, which is equal to six months' of delinquent assessments. When evaluating the carrying value of its finance receivables, the Company looks at the likelihood of future cash flows based on historical payoffs, the fair value of the underlying real estate, the general condition of the community association in which the unit exists, and the general economic real estate environment in the local area.

The Company did not have any significant receivable balances at December 31, 2014 and 2013 that met the criteria of ASC 450-20 and as such, did not have an allowance for credit losses at those dates. Under the Company's revenue recognition policies, all finance receivables (original product and special product) are classified as nonaccrual.

JOBS Act Accounting Election

On April 5, 2012, the Jumpstart Our Business Startups Act of 2012, or JOBS Act, was enacted. Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. This means that an emerging growth company can make an election to delay the adoption of certain accounting standards until those standards would apply to private companies. We have elected to delay such adoption of new or revised accounting standards and, as a result, we may not comply with new or revised accounting standards at the same time as other public reporting companies that are not emerging growth companies. This exemption will apply for a period of five years following our first sale of common equity securities under an effective registration statement or until we no longer qualify as an emerging growth company as defined under the JOBS Act, whichever is earlier.

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued Account Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) (ASU 2014-09), which stipulates that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principle, ASU 2014-09 provides that an entity should apply the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as) the entity satisfies a performance obligation. This new guidance must be adopted using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach. This update will be effective for us retrospectively beginning in the first quarter of fiscal 2018 with early adoption not permitted. We are currently evaluating the methods of adoption and assessing the impact of this standard on our operations.

BUSINESS

Company Overview

We are a specialty finance company that provides funding to nonprofit community associations primarily located in the state of Florida and, to a lesser extent, nonprofit community associations in the states of Washington and Colorado. We offer incorporated nonprofit community associations, which we refer to as "Associations," a variety of financial products customized to each Association's financial needs.

According to the CAI as of January 2014, 65 million residents residing in community associations in the United States. Those residents are living in 26 million housing units located in 328,500 community associations. As a percentage, homeowners associations account for between 51-55% of the total, and condominium associations make up between 42-45% of the total, with cooperatives comprising the balance. Florida has nearly eight million residents living in more than 47,000 community associations. Assuming the national distribution of property types exist in Florida, Florida has approximately 24,000 homeowners associations and 20,000 condominium associations. As of December 31, 2014, the state of Washington had more than 10,000 community associations and Colorado had more than 9,000.

Our original product offering consists of providing funding to Associations by purchasing their rights under delinquent accounts that are selected by the Associations arising from unpaid Association assessments. We provide funding against such delinquent accounts, which we refer to as "Accounts," in exchange for a portion of the proceeds collected by the Associations from the account debtors on the Accounts. More recently, we have begun engaging in the business of purchasing Accounts on varying terms tailored to suit each Association's financial needs, including under our *New Neighbor Guaranty* program. We believe that revenues from the *New Neighbor Guaranty* program, as well as other similar products we may develop in the future, will comprise an increasingly larger piece of our business during the next few years, and we intend to seek to leverage these products to expand our business activities and growth both within and outside of Florida. With respect to our original product, for the year ended December 31, 2014, we acquired 496 Accounts for $359,200 compared to 1,097 Accounts for $940,097 for the year ended December 31, 2013. With respect to our *New Neighbor Guaranty* product, for the year ended December 31, 2014, we acquired 67 Accounts for $19,000 compared to 25 Accounts for $16,000 for the year ended December 31, 2013. We believe the overall decline in purchased Accounts in 2014 compared to 2013 was a result of a decline in our available capital in 2014.

Under our original business, we purchase an Association's right to receive a portion of the Association's collected proceeds from owners that are not paying their assessments. After taking assignment of an Association's right to receive a portion of the Association's proceeds from the collection of delinquent assessments, we engage law firms to perform collection work on a deferred billing basis on behalf of the Association wherein the law firms receive payment upon collection from the account debtors or a predetermined contracted amount if payment from account debtors is less than legal fees and costs owed. Under this business model, we typically fund an amount equal to or less than the Super Lien Amount an Association could recover on a delinquent account for each Account. Upon collection of an Account, the law firm working on the Account, on behalf of the Association, generally distributes to us the funded amount, interest, and administrative late fees, with the law firm retaining legal fees and costs collected, and the Association retaining the balance of the collection. We believe that our proprietary software enables law firms to service Accounts efficiently and profitably.

The following is an illustrative example of how our original product works assuming an Account is 24 months delinquent with monthly assessments of $200, an applicable interest penalty of 18% per annum, monthly late fee of $25, and an applicable Super Lien Amount of 6 months' assessments. Under our original product, we would offer to pay the Association the Super Lien Amount of $1,200 in exchange for the assignment of all collected interest and late fees. The Association would receive all assessments in excess of $1,200 if collected. We have no way of predicting when an Account will collect or how much of the delinquency will be collected.

For instance, if the entire balance were collected in month 1, we would split the collection with the Association as follows:

Total Owed:	$6,775
Total Collected:	$6,775
Interest to LMF:	$900
Late Fees to LMF:	$625
Purchase Price Recovery to LMF:	$1,200
Legal Fees to Law Firm:	Assume $250
Due to Association:	$3,800
Total to Association (including initial funding amount):	$5,000
Gross Profit to LMF:	$1,525

Using the same facts, if half the entire balance were collected in month 24, we would split the collection with the Association as follows:

Total Owed:	$15,028
Total Collected:	$7,514
Interest to LMF:	$1,728
Late Fees to LMF:	$1,200
Purchase Price Recovery to LMF:	$1,200
Legal Fees to Law Firm:	Approximately $2,500
Due to Association:	$886
Total to Association (including initial funding amount):	$2,086
Gross Profit to LMF:	$2,928

The following is an illustrative example of how our *New Neighbor Guaranty* product works assuming an Account is 24 months delinquent with monthly assessments of $200, an applicable interest penalty of 18%, monthly late fee of $25, and an applicable Super Lien Amount of 6 months' assessments. Under our *New Neighbor Guaranty* product, we would offer to pay the Association the $200 per month for up to 48 months in exchange for the assignment of all interest, late fees, and assessments owed. We have no way of predicting when an Account will collect or how much of the delinquency will be collected.

For instance, if the entire balance were collected in month 1, we would split the collection with the Association as follows:

Total Owed:	$6,775
Total Collected:	$6,775
Interest to LMF:	$900
Late Fees to LMF:	$625
Purchase Price Recovery to LMF:	$200
Recoveries in excess of cost to LMF:	$4,800
Legal Fees to Law Firm:	Assume $250
Due to Association:	$0
Total to Association (including initial funding amount):	$200
Gross Profit to LMF:	$6,325

Using the same facts, if half the entire balance were collected in month 24, we would split the collection with the Association as follows:

Total Owed:	$15,028
Total Collected:	$7,514
Interest to LMF:	$1,728
Late Fees to LMF:	$986
Recoveries in excess of cost to LMF:	$0
Legal Fees to Law Firm:	$0
Due to Association:	$0
Total to Association (including initial funding amount):	$4,800
Gross Profit to LMF:	$2,714

Under the *New Neighbor Guaranty* program, an Association will generally assign almost all of its outstanding indebtedness and accruals on its delinquent units to us in exchange for payment by us of monthly dues on each delinquent unit. This simultaneously eliminates a substantial portion of the Association's balance sheet bad debts and assists the Association to meet its budget by receiving guaranteed monthly payments on its delinquent units and relieving the Association from paying legal fees and costs to collect its bad debts. We believe that the combined features of the program enhance the value of the underlying real estate in an Association and the value of an Association's delinquent receivables. We intend to leverage our proprietary software platform, as well as our significant industry experience and knowledge gained from our original business, to expand the *New Neighbor Guaranty* program and to potentially develop other new products in the future.

Because we acquire and collect on the delinquent receivables of Associations, the Account debtors are third parties that we have little or no information about. Therefore, we cannot predict when any given Account will be paid off or how much it will yield. In assessing the risk of purchasing Accounts, we review the property values of the underlying units, the governing documents of the relevant Association, and the total number of delinquent receivables held by the Association.

We cannot forecast the time it will take for an Account to pay off or the payoff amount. We have Accounts that have paid off in one month and have had some Accounts over 7 years old. We believe there are many factors that determine the timing of payoffs with the payoff source being the most important. We believe owner payoffs typically are full payoffs that happen when an owner has equity in the unit and occur early in the collection cycle or not at all. We believe payoffs from short sales and refinancings also bring close to full payoffs and typically occur early in the mortgage foreclosure cycle. We believe the amount of payoffs arising from mortgage foreclosures hinges on the purchaser at the foreclosure sale. We believe the time to complete a mortgage foreclosure in Florida where we have most of our experience depends upon a variety of factors and can occur in as quickly as 12 months or in excess of 5 years.

Industry Background

According to the Community Association Institute, as of January 2014, 65 million people lived in 328,500 Associations in the United States. As a percentage, homeowners associations account for between 51-55% of the total, and condominium associations make up between 42-45% of the total, with cooperatives comprising the balance. Florida has nearly eight million residents living in more than 47,000 community associations. Assuming the national distribution of property types exists in Florida, Florida has approximately 24,000 homeowners associations and 20,000 condominium associations. We believe opportunity remains abundant in our other geographic markets. As of December 31, 2014, the state of Washington had more than 10,000 community associations and Colorado had more than 9,000.

Associations typically address delinquencies by paying lawyers or collection agencies to recover amounts owed. While Associations seek recovery of delinquent amounts, budgets go underfunded causing the need to cut services or raise assessments further. The real estate downturn in 2008 made delinquency issues an acute problem for a large number of Associations. We were organized in 2008 to immediately address the financial problems faced by Associations as a result of delinquent unit owners while also recovering amounts owed.

According to CAI, in Florida, where we have primarily operated, Associations annually assess their residents $9 billion and nationwide, annual assessments by Associations are $65 billion. Based on our experience, we believe that we are the largest purchaser of delinquent Accounts in Florida, with total purchases of approximately $250 million over a seven-year period. The balance of delinquent Accounts are serviced by lawyers, collection companies, or a handful of small competitors of us, or not serviced at all. We believe we offer Associations a better financial solution to Account delinquencies since Associations receive cash up front and are not responsible for paying legal fees under our contracts and that Associations will increasingly turn to us and our products as a solution to handle Account delinquencies.

Our original product relies upon Florida statutory provisions that effectively protect the principal amount invested by us in each Account. In particular, Section 718.116(1), *Florida Statutes*, makes purchasers and sellers of a unit in an Association jointly and severally liable for all past due assessments, interest, late fees, legal fees, and costs payable to the Association. In addition, the statute grants to Associations a so-called "super lien", which is a category of lien that is given a statutorily higher priority than all other types of liens other than property tax liens. In the case of a first mortgage holder who takes title to a property through foreclosure (or deed in lieu), the amount of the Association's priority over such first mortgage holder, referred to as the Super Lien Amount, is limited to twelve months' past due assessments or, if less, one percent (1.0%) of the original mortgage amount. Under our contracts with Associations for our original product, we pay Associations an amount up to the Super Lien Amount for the right to keep all collected interest and late fees on Accounts purchased from the Associations. To protect our invested amount in excess of the Super Lien Amount, we purchase insurance from AmTrust covering all assessments lost during the term of coverage due to a first mortgage foreclosure resulting in a Super Lien Amount payoff less a deductible equal to six months of assessments.

In addition, a new Florida Statute took effect July 1, 2014 which we anticipate will increase the demand for our new product offerings in Florida. The new statute is in response to a 2012 appellate decision, *Aventura Management v. Spiaggia*, which held that if an Association acquired title to a condominium unit through lien foreclosure or deed in lieu of foreclosure that the Association's actions thereby extinguish the debt due and owing to the Association. We previously rarely foreclosed and took title to units subject to a first mortgage because of uncertainty over whether operating real estate owned ("REO") property would recover more than the amounts owed on the extinguished liens.

In 2014, the Florida legislature responded to the *Spiaggia* case by amending Section 718.116, *Florida Statutes*, to exempt an Association lien foreclosure from extinguishing the debt due and owing to the Association. We believe the practical effect of this amendment is that the risks associated with filing a lien foreclosure are decreased. Under the new statute, an Association that takes title to a unit through lien foreclosure or deed in lieu of foreclosure retains the right to collect the debt that was incurred prior to the Association taking title. This allows us to file lien foreclosures, take title to property and monetize it more quickly, while still retaining the right to pursue the total balance of bad debt just as we had historically done. Therefore, we plan to fund capital in excess of the amount protected by Section 718.116(1), *Florida Statutes*, on purchased liens, and in addition to profits from lien payoffs, we believe we will realize increased profits from monetizing our REO properties.

We expect the new statute and our new products to change how Florida Associations handle what we estimate to be $1 billion per year of delinquent assessments. Essentially, we are now able to offer to Associations the opportunity to have all of our delinquent accounts paid in full from the date they are assigned to us through final disposition of the property without the Association incurring any legal fees or costs of managing REO

property. We expect the new statute to allow us to make the same returns per Account on collections as we have historically except on a significantly larger number of Accounts. Further, the successful disposition of REO properties on a larger scale than we have realized to date should make us more profitable on a per Account basis.

Our Competitive Strengths

We entered the Association funding business just as the real estate bubble burst and the country found itself in the "Great Recession." We believe that our original product is unique and has been a great help to Associations crippled by non-paying unit owners, and we believe that our growth has been a result of being the first to market with this sort of product. Based on our experience and rapid growth, we believe we have developed sound underwriting policies and data analytics that serve us well today as we continuously create new products to provide financing to Associations by modeling new ideas against our historical collection data. We believe our insurance arrangement with AmTrust enables us to create better Association financial products with limited additional risk to us. We have also developed a proprietary software platform which tracks our Accounts accurately and enables involved law firms to collect on Accounts more efficiently than otherwise possible, which we have leveraged by using our software to develop relationships with law firms that service Accounts we desire to purchase. We also invest in maintaining relationships with Associations, management companies, and law firms and believe we have the access and knowledge to understand the Association financing market's ever changing needs. We believe that our branded position that "We Buy Problems" and "You Are Always Better off with LM Funding" is known and respected as a force for positive change in the tightly interconnected community association world. In addition, we believe that our position as one of the largest purchasers of Accounts in Florida gives us a competitive advantage due to the vast amount of information we have collected regarding pricing of Accounts, forecasting when Accounts will be collected, assessing risks associated with Accounts and designing products that are desirable to Associations.

Our Strategy

Our primary objective is to utilize our competitive strengths, including our proprietary technology and our management's experience and expertise in buying and collecting Association Accounts, to grow our business in Florida and in other states by identifying, evaluating, pricing, and acquiring Association Accounts and maximizing collections of such Accounts in a cost efficient manner. The principal elements of our strategy are comprised of the following:

- ***Capitalizing on our brand and existing strategic relationships to identify and acquire Association Accounts***. We market our "We Buy Problems" and "You Are Always Better off with LM Funding" brands primarily through trade shows throughout Florida and, to a lesser extent, at national events. Participation in these shows and events has enabled us to form strategic relationships throughout the Association services industry and has served to provide a positive reputation in the industry. We leverage our brand and strategic relationships with law firms and Associations to identify and purchase Accounts.
- ***Partnering with Associations' advisors such as law firms, management companies, accountants, Association lenders, and others to efficiently identify and acquire Accounts on a national basis***. The point of purchase for Accounts is at the individual Association board of directors level; therefore, establishing and maintaining relationships with the advisors of those boards is important to our business strategy. Our strategic relationships with Association boards' advisors provide us with opportunities to meet with Association boards on favorable terms and help us to gain their trust and confidence.
- ***Providing our proprietary software to our partner law firms in order to cost effectively track, control, and collect purchased Accounts and maintain low fixed overhead***. Our proprietary software enables law firms' lawyers to efficiently handle approximately 1,000 accounts at a time with a high degree of uniformity and accuracy based upon BLG's historical caseload per lawyer. This enables our law firms to operate more efficiently and profitably, while simultaneously enabling us to cost effectively track and control our Accounts on a real-time basis.

- ***Leveraging our insurance arrangement with AmTrust to develop new products and markets.*** We build our products with a low risk-high reward outlook. Initially, we did this by funding the always recoverable Super Lien Amount. Now, our insurance arrangement with AmTrust allows us to develop new products such as the *New Neighbor Guaranty* and operate in states without a statute giving Association assessments super lien status with low risk to our principal investment while pursuing the high rewards of full lien payoffs.
- ***Utilizing increased capital and lines of credit to expand our product offerings nationally***. As a specialty finance company, capital is our inventory. Access to capital has always determined the speed of our growth and the amount of upfront funding we can provide with our products. We believe that increased access to capital will enable us to pursue more opportunities to buy Accounts and to develop a wider array of specialty finance products.
- ***Extending secured commercial loans as a means of acquiring large blocks of Accounts.*** We intend to pursue the extension of secured loans to commercial partners who, as a condition of such loans, would be required to drive large blocks of accounts to us. Banks, management companies, law firms, and large Associations control large blocks of Accounts that we may be able to acquire if we help meet their capital needs.
- ***Pursuing acquisitions of legacy providers in the Association Account servicing industry.*** A number of smaller collection companies continue to operate in the community association market. Some have funded Accounts that we could acquire. Others have customer relationships which could serve as a valuable platform for selling our products. Although we have not pursued any acquisitions to date and have not had acquisition discussions with any potential targets, in part due to insufficient capital, we believe the opportunity to make acquisitions could be an important part of our growth strategy going forward.

Recent Transactions

In January 2015, we redeemed the membership interests in LMF-LLC beneficially owned by our co-founder, Frank C. Silcox, for an aggregate redemption price of just under $2 million. The redemption of Mr. Silcox's membership interests resulted from Mr. Silcox's desire to retire from LMF-LLC and the desire of our management and the members of LMF-LLC to have more flexibility to execute our business strategy. We believe that the consolidation of ownership and redeployment of equity to recapitalize LMF-LLC will enable us to more efficiently and effectively pursue our business strategy.

The redemption of Mr. Silcox's membership interest closed on January 26, 2015 (but was effective as of January 1, 2015) when we entered into a loan agreement with a third party to finance the purchase. The loan bears interest at 14% per annum and requires monthly interest payments in addition to payments for principal reductions of $55,555. The loan matures in three years and is secured by all of the rights, title, interest and privileges of LMF-LLC relating to collections on approximately 1,000 individual properties. We intend to utilize proceeds from this offering to repay the loan. The unpaid principal balance of the loan as of March 31, 2015 was approximately $1.8 million.

Prior to the Corporate Reorganization described in "Corporate Reorganization," our Chairman and Chief Executive Officer, Bruce M. Rodgers, will transfer his interest in BLG to other attorneys at the firm through a redemption of his interest in the firm, and BLG will be under control of those lawyers. This will enable Mr. Rodgers to work full-time for the Company and to focus his efforts exclusively on implementing our business strategy.

Products

Original Product

Our original product relies upon Florida statutory provisions that effectively protect the principal amount invested by us in each Account. In particular, Section 718.116(1), *Florida Statutes*, makes purchasers and sellers of a unit in an Association jointly and severally liable for all past-due assessments, interest, late fees, legal fees,

and costs payable to the Association. In addition, the statute grants to Associations a so-called "super lien", which is a category of lien that is given a statutorily higher priority than all other types of liens other than tax liens. Under the Florida statute, a Florida Association's super lien has higher priority than all other lien holders other than tax liens, and in the case of a first mortgage holder who takes title to a property through foreclosure (or deed in lieu), the amount of the Association's priority over such first mortgage holder, referred to as the Super Lien Amount, is limited to twelve months past due assessments or, if less, one percent (1.0%) of the original mortgage amount. Under our contracts with Associations for our original product, we pay Associations an amount up to the Super Lien Amount for the right to receive all collected interest and late fees on Accounts purchased from Associations. To protect our invested amount in excess of the Super Lien Amount, we purchase insurance from AmTrust covering all assessments lost during the term of coverage due to a first mortgage foreclosure resulting in a Super Lien Amount payoff less a deductible equal to six months of assessments.

Our Association clients benefit from our contracts by receiving the minimum amount provided by statute at the time of contracting without incurring any legal fees or costs, which often equal or exceed the Super Lien Amount. Our standard purchase contract follows the relevant Florida statutes and applies all collected amounts in order to interest, late fees, legal fees, costs, and then past due assessments, which places us in a priority position over the Associations on all amounts collected. The first dollars collected are applied to amounts due to us. Since our original product only pays Associations the Super Lien Amount, we receive our investment back in almost all cases. Since the next dollars are applied to interest and late fees, even with partial payments factored in we have been able to recover 76% of accrued interest and late fees owing to us under our original product. Associations have received over 50% of all accrued assessments without incurring any legal fees. This represents over a 500% better rate of recovery for Associations without factoring in the benefit of legal fees than they would have recovered by accepting Super Lien Amounts on most Accounts.

One shortcoming of our original product is that, after the initial purchase, the Association does not receive any additional cash until final payoff, which can take anywhere from one month to four years or longer. Cash-starved Associations commonly will waive some or all of past due amounts owing on Accounts in order to get a new current paying owner for an Account rather than engage in a protracted legal fight which we often undertake in order to maximize the amount of cash received for a paid-off Account.

New Neighbor Guaranty

In 2012, an Association approached us with its need for current paying owners in its units. The Association was willing to assign substantially all of its outstanding indebtedness and accruals on its delinquent units to us in exchange for payment of monthly dues on each delinquent unit every month on a going-forward basis. This arrangement served as the prototype for our new product, the *New Neighbor Guaranty*.

Today, we have successfully collected over $150,000 in excess of the amounts paid to that Association while continuously paying all monthly assessments. About 60% of the delinquent units in the Association have been brought current. Because of the stability provided by the *New Neighbor Guaranty*, this Association was able to acquire Federal Housing Administration (FHA) loan approval on September 12, 2013.

As of June 1, 2015, about sixteen Associations have now executed a *New Neighbor Guaranty* agreement with us, and we believe that the program has proven beneficial to both us and the Associations. The *New Neighbor Guaranty* program simultaneously eliminates an Association's balance sheet bad debts and assists the Association to meet its budget by guaranteeing monthly payments on its delinquent units. We believe that the combination of these two financial statement improvements enhances the value of the underlying real estate in an Association.

Due to this increased stability, we have found that Associations with the *New Neighbor Guaranty* in place are able to obtain financing from federally-backed mortgage lenders, such as the FHA, Federal National Mortgage Association and Veterans Benefits Administration, to underwrite loans in their communities. Home buyers with the ability to secure federally-backed mortgages can pay more than cash buyers, thereby increasing

the value of the Association's underlying property. As property values increase, equity is created and owners begin to pay their delinquent assessments in order to protect their home investment. We expect that the effect of implementing the *New Neighbor Guaranty* program with any given Association will be that collection of the Accounts purchased by us at the respective Association will become easier to collect and more profitable.

As collections occur, the monthly payment from us to the Associations decreases both as a natural product of the collection cycle and the effect of the *New Neighbor Guaranty* on an Association's budget. With the new Florida statute encouraging lien foreclosures, we believe we will be able to limit our monthly outlays by foreclosing, taking title, and renting units rather than waiting for a mortgage foreclosure to occur before monetizing our lien position.

When an Association has high bad debt and delinquencies to budget, mortgage lenders will not loan to purchasers in the Association. Home buyers have a limited amount of money they can pay for their mortgage amortization, property taxes, and Association dues. High delinquencies increase Association dues, which in turn reduces the amount a home buyer can pay for a property. Mortgage lenders (such as Fannie Mae according to its selling guide published May 26, 2015) will not loan to home buyers trying to purchase a home in an Association with more than 15% delinquent units. This depresses all home values in an affected Association.

Associations often need to borrow for large-scale capital improvements or maintenance of common elements by pledging their receivables as collateral. In our experience, we have noticed that Association lenders often will not loan to an Association with uncollected assessments on its balance sheet or a delinquency rate in excess of 5-10%. With a *New Neighbor Guaranty* contract in place, Associations have been able to secure institutional loans for common element improvements. These improvements in turn help stabilize or improve property values. We believe the collectability and profitability of the bad debt purchased by us with our *New Neighbor Guaranty* program both increase when property values stabilize and begin to rise.

Unlike our original product, which relies upon Florida's statute for protection of our investment and therefore is limited to Associations in states with a similar statute, we believe we can offer the *New Neighbor Guaranty* program in most states without risking any principal investment other than to property tax lien foreclosures and the insurance deductible of six months of past-due assessments in states without a super lien statute because of insurance we can purchase from AmTrust. The AmTrust insurance covers all assessments during the coverage term that go unpaid as a result of a first mortgage foreclosure less a deductible of six months' assessments. Therefore, in a state with a Super Lien Amount similar to Florida's, for each month we fund a delinquent Account under the *New Neighbor Guaranty*, we are generally assured that we will recover the funded amount, but not any profits or our costs, except in the case of a property tax lien foreclosure. Put differently, other than property tax lien foreclosures and claim events where we recover only our principal investment, all other *New Neighbor Guaranty* payoffs result in gross profits to us. In our experience, we believe that less than 10% of Accounts result in a claim event.

Our AmTrust insurance policy operates on a claims-made basis with no guarantees of renewability and remains in effect until canceled, with no specified ending coverage date. Premiums are paid on an annual basis. We expect the continued renewal or non-cancelation of the policy, as AmTrust continues to express desire to expand into specialty markets. Approximately fourteen percent (14%) of our currently active portfolio is insured by this product. With our original product, our acquisition costs were fixed and averaged $1,100 per account paid at closing. However, the *New Neighbor Guaranty* requires significantly more acquisition capital than our original product. With the *New Neighbor Guaranty*, our acquisition costs are indeterminate, but contractually capped, and payable on average at $200 per month per Account. We can also limit acquisition costs by quickly foreclosing on and renting units after purchasing the related Accounts. Additional costs include the legal cost to file foreclosures and any renovation costs necessary to render units rentable. Newly-closed Associations will begin receiving payment of their assessments immediately, but will not start generating revenue from collections until several months later.

Future Products

We are also developing other variations on our contracts in various states that we may introduce to the market in the future. We believe Association lending by banks has been virtually at a standstill since 2008 due to Association delinquency issues. In our experience, lenders will not loan to Associations whose collections of assessments fall more than 10% short of budget. Lenders worry that the additional assessments required to amortize their loans will in turn cause more delinquencies which will lead to defaults. We have adapted the *New Neighbor Guaranty* to address this lending concern and leading Association lending institutions such as Mutual of Omaha Bank, Texas Bank, and Alliance Association Bank have noted its benefits and have expressed interest in employing it on a nationwide basis.

We are also developing what we believe to be the industry's first product in which we will guarantee that an Association has revenues equal to or greater than 90% of budget, or whatever other percentage as is requested by the lender. This revenue guaranty product, which will be analogous to purchase mortgage insurance (PMI) in the residential lending sector, is being developed at the request of an Association's third-party lender. Under the product, if an Association is at 80% of budget and a lender requires it to get to and maintain revenues of 90% of budget, we can provide upfront capital to bring the Association to the 90% threshold and then make continuing payments to keep it there through the term of the loan. This essentially eliminates the lender's risk of delinquencies adversely affecting the loan's repayment. More importantly, this enables lenders to do business with more Associations than their previous underwriting guidelines would allow if they incorporate our products in conjunction with their loan packages.

We foresee that our revenue guaranty product will work just like the *New Neighbor Guaranty*; the difference between the products lies in the marketing employed to sell the products to Associations rather than in the substance of the transactions. For the revenue guaranty product, we project that we will receive an assignment of substantially all of an Association's delinquencies at the time of contracting and going forward. Essentially, this will give us several years' worth of past due Accounts as well as up to 10% of the Association's annual budget going forward if delinquencies persist. We plan to also leverage our ability to purchase insurance from AmTrust to protect our principal payments. In many first mortgage foreclosure cases, we believe we will not only recover our principal payments but some of our profits since we are not likely funding each Account covered by insurance at par because we are only guaranteeing the Association revenues will equal 90% of budget.

In addition, in connection with our expansion into other states, we are developing various new products in order to comply with the various laws and regulations relating to Association Accounts in the states in which we desire to expand. We foresee that as we expand our operations, we will develop other products influenced by the unique laws and regulations relating to Association Accounts in each state we expand our operations into.

Marketing and Distribution

Since our inception and through March 31, 2015, we have acquired just over 11,000 Accounts. Several other groups have attempted similar models in Florida and none have ever successfully approached our size. While we still face competition from the traditional attorney collection or collection agency model, no other similar purely funding based competitors, as opposed to collection-based competitors, remain.

For the most part, Account acquisition has required a representative of our company to prospect, sell, and close each Association one at a time. Account acquisition is, and has always been, our challenge to growth. More recently, our original product has proved an impediment to sales as Association boards experience turnover and new members fail to understand their Association's transaction with us or its benefits. With the *New Neighbor Guaranty* program, Associations realize the benefits of our product on a monthly basis. So, although we intend to continue to offer our original product and some variations of it, we believe the *New Neighbor Guaranty* will provide us with greater growth opportunities on a national basis through the following distribution channels.

Software Channels

We have developed a proprietary software platform for servicing the collection of Association accounts receivable. In addition to accounting for each delinquent Account on an individual basis and rolling the Accounts to produce Association financials as well as our own financials, our software provides attorneys with a comprehensive solution to document management and generation for the collection of Association accounts receivable. Our software uses a Microsoft SQL server back-end coupled with a web-based front-end. We developed our software out of necessity since no other software solution provides the combined accounting and legal document management and generation necessary to service a large volume of Association accounts receivable in a legally compliant manner. We require all law firms working on the collection of our Accounts to use our software. This allows us to track all of our Accounts on a real time basis down to every aspect of correspondence and payment.

We have not yet pursued opportunities to generate revenues licensing or selling our proprietary software. Instead, we have begun leveraging our software to build relationships with law firms that service Associations and thereby attract more Associations to sell their delinquent accounts receivable to us. For instance, in Seattle, an Association lender provided us an introduction to a law firm that handles collections for over 1,200 Associations. Some of this law firm's Associations had already planned on contracting with us and the law firm wanted to retain the collection work once we owned the Association's accounts receivable. After a demonstration of our software, the law firm offered to service all of its accounts using our software, thereby giving us a "warm lead" and the data necessary to make offers directly to Associations to purchase their delinquent accounts via their interaction with our software. The potential of this one law firm relationship is roughly double the amount of business we have done in Florida to date and we believe it will require a fraction of the manpower to close the purchase of Association receivables. As of March 31, 2015, we have contracted with four law firms in this manner representing a total opportunity to acquire accounts receivable related to approximately 30,000 delinquent units representing roughly $240,000,000 in additional accounts receivable.

A small number of law firms in each state control a large volume of Association Accounts. We have the ability to reach these law firms through their pre-existing relationships with our contacts in the Association industry. In addition to leveraging our software to purchase Association accounts receivable, we may at some point begin charging servicing fees to law firms for the use of our proprietary software and back-end support.

Property Management Channels

The property management business is highly competitive and fragmented. Property managers typically compete for business on a "per door" basis that is artificially low and then make their profits on ancillary sources of income. Association delinquent accounts receivable pose a difficult challenge for property management companies. Delinquencies create work for property management companies in terms of accounting and board hand holding. Property management companies have a difficult time getting compensated for the additional work and often face encroachment by state bar associations protecting against the unlicensed practice of law. We have begun to leverage the *New Neighbor Guaranty* program to work with property management companies to turn delinquent accounts receivable into a profit center for them.

We have begun tailoring the *New Neighbor Guaranty* program to be a private label product that is part of a property management company's contract with its Associations. For instance, with our support, a property management company's contract can provide that the property management company purchases all of the Association's delinquent Accounts annually in exchange for funding some or all of the monthly deficiency of all delinquent Accounts of the Association. Although we are servicing all of the purchased Accounts using our software, to the Association it appears this service is being performed by the property management company. Depending on the circumstances, we will either acquire or enter into a joint venture arrangement with the property management company.

To date, we have contracted with one property management company to fund, service, and support its Associations' delinquent accounts. Selecting the right property management companies in terms of quality, size, and geographic scope will determine the success of this distribution channel. Properly executed, we believe that this channel could produce thousands of new Accounts very rapidly with little working capital cost.

Residual Purchase Channel

In Florida, we have purchased delinquent assessments from approximately 450 Associations primarily with our original product. While some of the boards of directors of these Associations may not fully appreciate the benefits of the contract they have with us, they still provide a source for a considerable amount of renewable business either with the original product or the *New Neighbor Guaranty*. Just obtaining an average of a little over 2 new Accounts annually from each of our current Association clients could generate 1,000 new Accounts per year and $10,000,000 of net present value future cash flows. We currently have sufficient capital to pursue this opportunity with minimal additional costs.

Market Trends and Opportunities

REO

Our purchase contracts with Associations provide that we may cause an Association to exercise its lien foreclosure rights and upon taking title, quitclaim the property to us. We then become responsible for the property and all future assessments, but are free to monetize the property through sale or rental. Proceeds from sale or rental of properties owned by us are distributed according to the purchase agreement with each Association.

Most delinquent Accounts owned by us have a lien against the property that is encumbered by a superior first mortgage exceeding the value of the property. On those properties without a first mortgage, or that have substantial equity, we pursue Association lien foreclosures. These actions either result in a full payoff of the delinquent Account or ownership of the property. We have taken free and clear title to over 60 properties since our inception. All of the properties we currently own are subject to first mortgages which may foreclose out our ownership. We believe we may ultimately realize approximately $500,000 in revenues from the real estate we owned as of June 1, 2015 based upon our estimates of the equity in those properties. We also pursue lien foreclosures on most *New Neighbor Guaranty* Accounts in order to eliminate our obligation to the Association and monetize the Account through rents.

In some instances, we will foreclose and take title to a property that is subject to a superior mortgage. As an owner, we have the right to rent these properties with no obligation to pay the mortgage. If a mortgage foreclosure has stalled or appears to be running up against the statute of limitations for enforcement and a property is easily rented, we will foreclose and take title to the property. Once owned, we will rent the property and then fight the mortgage foreclosure or negotiate to buy the mortgage at a discount. We select properties based upon our analysis of the time it will take the mortgage foreclosure to be completed, the general rental market for the property, and the amount of rent we can project to collect. We assume rehabilitation costs will be about $4,000 on average and in some instances more. We endeavor to evaluate each property for these variables prior to completing a foreclosure sale and look to double our capital investment in each property. Amounts recovered in rents are in addition to amounts recovered from the account debtors.

While we have not had much volume of REO property, it has been a source of large profits per property on an average basis. We believe that more profits from REO property will occur as a natural byproduct of purchasing large numbers of Accounts on a nationwide basis. However, growing revenue from REO property will require significantly more capital to rehabilitate properties and purchase mortgages. We believe REO property offers the opportunity to spend additional capital to buy a mortgage, rehabilitate a property, and sell the property with clean title for substantially more revenue. With adequate capital in place, we intend to more aggressively pursue these opportunities to make higher gross revenues from both our current portfolio of over 3,000 Accounts and all future acquired Accounts.

LMF Software

Accounting software designed for Association management is a billion dollar industry. We believe a handful of software companies control the entire business such as CoreLogic, Inc. (which produces Jenark Property Management Software) and TOPS Software, LLC. They compete based upon features that improve the bottom line of their property management company customers. Features that enable management companies to collect delinquent assessments, and charge Associations for this service, are a competitive advantage. But the collection of delinquent assessments ultimately passes from the property management companies to the law firms they typically select. Once transferred, the accounting software loses its ability to track and report delinquencies since the law firms do not own property management accounting software because it provides no utility to them.

We developed our proprietary software to manage our business of engaging law firms to collect Association delinquent accounts receivable. In addition to accounting functionality, our software generates and manages documents for law firms throughout the collections process. Our software generates liens and pleadings that typically take law firms hours to prepare and our software does so with a near perfect degree of accuracy. Based on the experience of BLG, we believe that lawyers using our software typically can work on 1,000 Accounts at a time rather than a few dozen Accounts that would be handled by a lawyer working in a standard legal collections practice.

Unlike accounting software which follows accounting principles universal to all 50 states, legal forms and pleadings are entirely state, and sometimes county, specific. This makes the development of legal software much more difficult and may be why no legal software exists for the collection of community association delinquencies. Although our software is currently only functional for use by Florida attorneys, we developed our software with architecture in place to create functionality in all jurisdictions where we intend to expand, many of which have laws similar to Florida's for Association collections.

We believe our software, especially the legal document generation and management features, would be valuable to any of the leading Association accounting software companies. With our software's legal features, property management companies can require the law firms they select to purchase the same software that the property management companies use for their accounting. This in turn enables property management companies to supervise and charge for the oversight of the collection process without crossing the line into the area of unlicensed practice of law. We believe our software is attractive to property management companies since its features enable them to streamline their operations and increase their revenues.

We have recently begun exploring ways to monetize our software through talks with leading Association accounting software companies. We estimate that we can finish developing our software for use in different jurisdictions for about $10,000 per state whether or not this development is done for our private use or as part of a commercially sold product. Although we do not intend to enter into the software sales business alone, we would consider monetizing our software through license to, joint venture with, or acquisition of, an existing Association accounting software company.

Intellectual Property

Our intellectual property, including our software, is an integral part of our business and we believe we have taken the precautions necessary to ensure the protection of our intellectual property. Our software has a front-end build in PHP: Hypertext preprocessor, or PHP, on the CodeIgniter Model-View-Controller, or MVC, Framework. It also relies on HTML5, CSS3, and Javascript/JQuery on the client site. The front-end utilizes several open-source PHP and Javascript libraries, all of which are licensed to us under a free software license originating at the Massachusetts Institute of Technology. In addition, the back-end is a Microsoft SQL Server 2008 (SP3) database with a multi-tenant configuration. We plan to upgrade to Microsoft SQL Server 2012 (SP3) in the near term.

Our software's source code control is handled using Git, a service provided by GitHub, Inc., or GitHub, on a private repository, which serves to ensure the privacy of our software. This also means that all source code is backed up remotely on GitHub's servers and most development machines in case of loss. All of our development

work takes place in a physically separate development environment using an isolated copy of the production database which is refreshed periodically. All code contributions are subject to testing and source code review by GitHub before addition to the production environment.

Hosting is handled via hardware owned by us and located in a Tier 3 data center in downtown Tampa, Florida. All of our hosting hardware is configured to prevent data loss in the case of hard drive failure. In addition, all SQL Server data is backed up locally and remotely on a nightly basis.

All of our software was developed by our employees or as a work for hire granting us all ownership rights and other confidentiality and non-disclosure protections. We currently have use license agreements relating to our software with four law firms servicing our Accounts.

Relationship with Business Law Group and Other Law Firms

Since our inception, we have relied on Business Law Group, P.A., or BLG, to provide necessary legal services to our Associations and the Company relating to the servicing and collection of Accounts and to distribute the proceeds from the collection of Accounts in accordance with applicable law and our contracts with Associations. BLG is a Florida law firm that is owned by Bruce M. Rodgers, our Chairman and Chief Executive Officer, and BLG had approximately 8 attorneys as of June 1, 2015. Prior to the completion of our initial public offering, Mr. Rodgers will cease to be an owner of BLG as a result of the planned redemption of Mr. Rodgers' ownership interest in the firm.

Our contracts with Associations allow us to engage and utilize the services of BLG and other law firms of our choosing to collect, on behalf of the Associations, amounts that are due on Accounts. Any amounts collected by unit owners are paid to the law firms and deposited into their trust accounts, after which collected amounts are paid to our company and the applicable Associations in accordance with our contracts with the Associations, with the law firm retaining its legal fees.

Under our original product, BLG has been the primary law firm historically used by us and our Association clients for collections and other legal services, and although we believe that we will increasingly rely on other law firms, we anticipate that we will predominately rely on BLG for the foreseeable future. BLG's legal fees have historically been charged at flat rates for various activities in the collection process, with such fees (exclusive of reimbursed costs) typically ranging from $250 to $2,500 per Account. On April 15, 2015, we entered into a formal Services Agreement with BLG whereby we agreed to advance collection costs and guaranteed that BLG will receive a minimum legal fee of $700 for each delinquent unit owner from whom a collection event has occurred and from whom BLG otherwise recovers no legal fees. Although BLG's fees are paid by Associations from the collection proceeds paid by delinquent owners, we will be responsible for paying the $700 minimum fee when applicable. We currently expect that our relationship and each of our Association's relationship with other law firms will be upon similar terms. Under our *New Neighbor Guaranty* program and our other future products, we anticipate that legal fees will generally be calculated in the same manner. The law firms engaged by us are also entitled to also receive reimbursement for collection costs expended by them.

Carollinn Gould, Mr. Rodgers' wife and a director nominee and executive officer of our company, will continue to serve as general manager of BLG upon the completion of this offering and receive a salary from BLG. Ms. Gould is an at-will employee receiving $150,000 in annual compensation from BLG, and she is anticipated to receive the same salary from BLG for the forseeable future. Mr. Rodgers will receive no direct compensation from BLG following this offering. Our company and BLG's offices occupy a single office suite in Tampa, Florida, and are co-tenants under the lease for such offices, with rent being split between BLG and our company based on the relative square feet used by them.

We believe that, following our initial public offering, our business will continue to depend on, and require the services of, BLG and other law firms. Although we utilize our proprietary software and in-house staff to track, monitor, and direct the collection of our Accounts, we depend upon third-party law firms to perform the

actual collection work, and these law firms are required to use our software platform for such purpose. As our business expands, we will likely need to rely on law firms other than BLG, particularly in other states, in order to conduct our business. There is no assurance that BLG or such other law firms will continue to provide services to our company or will continue to provide services on the terms we currently have with BLG, and BLG has the right to terminate its Services Agreement with us at any time. In addition, we do not have a perfected security interest in the amounts that BLG or other law firms collect on behalf of Associations and that will become payable to us under the applicable Association contract, which means that if BLG or any other law firm we utilize became insolvent or subject to a bankruptcy action, we would not have a priority claim to such assets. See "Risk Factors—*Insolvency of BLG could have a material adverse effect on our financial condition, results of operations and cash flows*."

Competition

We believe that no single competitor competes against us in all aspects of our operations. Competition is based on many factors, including price, industry knowledge, relationships with Associations and third parties that service Associations, quality of service, speed and efficiency of collection on Accounts, the effectiveness of our sales force, technology platforms and processes, office locations and brand recognition and reputation. We compete for Accounts mostly against law firms and collection companies that offer what we believe to be a financially inferior approach to servicing delinquent Accounts. Despite what we believe are our advantages, we expect that some Associations will choose to remain with the law firm or collection company model rather than change to our model.

We believe that a handful of other companies have tried to replicate our business model in Florida since our inception. However, we believe that none of these companies have become as large as us and that most have gone out of business. We expect that the advantages of our model will induce other potential competitors to enter our markets, and some of these future competitors may be larger and better capitalized than us.

Government Regulations

Federal, state and municipal laws, rules, rules, regulations and ordinances govern LMF's business. These laws include, but are not limited to, the following federal statutes and regulations promulgated thereunder and comparable statutes in states where account debtors reside and/or located:

(i) the Fair Debt Collection Practices Act;

(ii) the Federal Trade Commission Act;

(iii) the Fair Credit Billing Act;

(iv) the Dodd-Frank Act;

(v) the Fair Credit Reporting Act; and

(vi) the U.S. Bankruptcy Code.

Fair Debt Collection Practices Act. This act imposes certain obligations and restrictions on the practices of debt collectors, including specific restrictions regarding communications with customers, including the time, place and manner of the communications. This act also gives consumers certain rights, including the right to dispute the validity of their obligations and a right to sue debt collectors who fail to comply with its provisions, including the right to recover their attorneys' fees. Dependent on jurisdiction, we will have subsidiaries that operate as debt collectors as defined by this act.

Federal Trade Commission Act. This act regulates methods of unfair competition, and unfair or deceptive trade practices affecting commerce. Penalties for violations of this act include fines and the potential for lawsuits. The Federal Trade Commission has administrative rule-making authority along with investigative and enforcement powers.

The Fair Credit Billing Act. This act requires certain remedial steps to be taken prior to negative credit reporting, if the obligor has notified the creditor of a mistake or error. The obligor has a 60-day response window to notify the creditor of any error, after where the creditor has a 30-day reply window. We currently do not offer credit reporting services in any of our products or markets, but should we decide to include credit reporting as a service for one or many of our subsidiary entities in the future, we will be subject to the provisions of this act.

Dodd-Frank Wall Street Reform and Consumer Protection Act. On July 21, 2010 the Dodd-Frank Act became law, and along with it, the Unfair, Deceptive, or Abusive Acts or Practices provisions included therein. The Dodd-Frank Act restructured the regulation and supervision of the financial services industry and created the CFPB, with rulemaking, supervisory, and enforcement authority over larger consumer debt collectors. The Dodd-Frank Act also provides for the CFPB to have the authority to adopt rules describing specified acts and practices as being "unfair," "deceptive," or "abusive," and hence unlawful. The CFPB has the authority to conduct periodic examinations of "larger participants" in each market, and we believe it is likely that we will be subject to an examination. The consumer debt collection market covered by the rule includes three main types of debt collectors: first, firms that may buy defaulted debt and collect the proceeds for themselves; second, firms that may collect defaulted debt owned by another company in return for a fee; and third, debt collection attorneys that collect through litigation. A single company may be involved in any or all of these activities.

The CFPB's supervisory authority over these entities began when the rule took effect on January 2, 2013. Any firm that has more than $10 million in annual receipts from consumer debt collection activities will be subject to the CFPB's supervisory authority. This authority will extend to about 175 debt collectors, which, according to the CFPB, account for over 60 percent of the industry's annual receipts in the consumer debt collection market. We expect to cross the $10 million annual threshold after the date of our initial public offering and thus become subject to the purview of the CFPB in the future.

The Fair Credit Reporting Act. This act regulates consumer credit reporting which may impose liability on us to the extent that the adverse credit information reported on a consumer to a credit bureau is false or inaccurate. We currently do not offer credit reporting services in any of our products or markets, but should we decide to include credit reporting as a service for one or many of our subsidiary entities in the future, we will be subject to the provisions of this act.

U.S. Bankruptcy Code. In order to prevent any collection activity with bankrupt debtors by creditors and collection agencies, the U.S. Bankruptcy Code provides for an automatic stay, which prohibits certain contacts with consumers after the filing of bankruptcy petitions. The U.S. Bankruptcy Code also dictates what types of claims will or will not be allowed in a bankruptcy proceeding and how such claims may be discharged.

In general, these laws and similar state laws seek to protect consumers from unfair lending and collection practices. We use law firms for all collection matters and have no direct contact with consumers. Our law firms do have contact with consumers and are also subject to these laws as are their Association clients. Our agreements with Associations obligate us to indemnify them and hold them harmless from our law firms' actions on their behalf to collect Accounts. Therefore, to the extent our law firms do not comply with these laws, we could face financial risk from their actions; however, we believe the hold harmless and indemnification provisions in our contracts with Associations are a key selling point and are worth the financial risk they impose on our company.

Our business also depends upon the statutes governing Associations in each state. Typically these statutes have very detailed provisions relating to charging assessments and an Association's right to charge interest, late fees, legal fees, collection costs and the exercise of lien and foreclosure rights. State laws also vary in requirements of companies engaged in consumer collection. While LMF regards itself as a specialty finance

company, in the state of Washington LMF was required to register as a collection company. The Florida Office of Financial Regulation is considering a similar requirement. For this reason, LMF forms separate subsidiaries in each state in which it operates and engages compliance counsel to assist it in navigating the local requirements for operating its unique business model.

Research and Development

Each state in which we operate or plan to expand or commence operations requires development of new products in order to comply with state laws. We use our historical collection database to model new products based upon the differences in the new state's laws to Florida's. Once products are designed and sales begin, our team of in-house and independent contractor programmers work to systematize and develop our proprietary software to meet the requirements of the new products. Scale and efficiency are the drivers of all our programming efforts.

Employees

As of June 1, 2015, we have approximately thirteen full-time employees. We believe that our relations with our employees are generally good. None of our employees is subject to collective bargaining agreements, and we are not aware of any current efforts to implement such agreements. Immediately after the completion of the offering, we intend to hire approximately two additional employees, Bruce M. Rodgers and Carollinn Gould. See "Executive Compensation—Employment Agreements."

Properties

We currently lease office space located at 302 Knights Run Avenue, Suite 1000, Tampa, Florida 33602. We believe that our properties are generally in good condition, are well maintained and are generally suitable and adequate to carry out our business at expected capacity for the foreseeable future. Our office space consists of approximately 11,000 square feet under which we and BLG are co-tenants, with our company occupying approximately 5,500 square feet of the space. Rental expense for the office is allocated between us and BLG based on relative square-feet occupied. The lease expires in 2019. Should additional capacity become necessary in the future, we believe that suitable additional or alternative space will be available on commercially reasonable terms to accommodate our future expansion.

Legal Proceedings

Other than the lawsuits described below, we are not currently a party to any material litigation proceedings. However, we frequently become party to litigation with condominium or home owners to collect on Accounts and may become party to litigation and subject to claims incident to the ordinary course of business, including our claims for breach of contract by Associations. Regardless of the outcome, litigation can have an adverse impact on us because of prosecution, defense and settlement costs, diversion of management resources and other factors.

Solaris at Brickell Bay Condominium Association, Inc. v. LM Funding, LLC, Case No: 2014-20043-C, brought before the Circuit Court of the Eleventh Judicial Circuit, Miami-Dade Civil Division on July 31, 2014. On May 4, 2011, we entered into a Delinquent Assessments Proceeds Purchase Agreement with the plaintiff (the "Solaris Agreement"). On February 13, 2014, the plaintiff notified us of its intent to rescind the Solaris Agreement, claiming that we had failed to foreclose on Accounts assigned to us under the Solaris Agreement. In response, we requested that the plaintiff pay amounts we believe to be owed to us under the Solaris Agreement. In its complaint, the plaintiff alleges claims such as an usurious loan transaction, state and federal civil Racketeer Influenced and Corrupt Organization Act claims, Florida Deceptive and Unfair Trade Practices Act ("FDUTPA") violations and other related claims. The plaintiff has requested recission of the Solaris Agreement, forfeiture of all amounts lent by us to the plaintiff, a declaratory judgment that we have violated FDUTPA, other damages for breach of contract and violations of FDUTPA and attorneys' fees. We believe these claims are without merit and

we have counterclaimed for breach of contract, unjust enrichment, and other claims in the alternative. We intend to amend our complaint to further pursue all remedies available. This case is in the early stages and outcome is indeterminate.

Rafael and Yomary Polanco v. Business Law Group, LM Funding, LLC, and Bruce Rodgers, Case No. 15-CV-01020-CEH-EAJ, brought before the District Court for Middle District of Florida, Tampa Civil Division on April 28, 2015. In this case, Account debtors brought suit against a law firm collecting debt on behalf of our Association client, along with the owner of the law firm and us, related to the law firm's debt collection efforts. The action alleges various Fair Debt Collection Practices Act ("FDCPA") and Florida statutory violations. The plaintiffs have requested a declaration that the debt collection letter sent by the law firm violates the FDCPA and Florida law, actual damages, attorneys' fees and injunctive relief in favor of the plaintiffs. The complaint alleges that we are a debt collector and includes us as a defendant despite the fact that we have never had any contact with the plaintiffs. We currently expect a dismissal of this action with no more than minimal out-of-pocket costs for our legal fees, although the ultimate outcome of this case is yet indeterminate.

MANAGEMENT

Executive Officers and Directors

The following table provides information with respect to our directors, director nominees and current and prospective executive officers as of June 1, 2015:

Name	Age	Position
Bruce M. Rodgers	51	Chairman of the Board of Directors and Chief Executive Officer (principal executive officer)
Stephen Weclew	35	Chief Financial Officer (principal financial and accounting officer)
Sean Galaris	47	President
Carollinn Gould	51	Vice President—General Manager and Director Nominee
Aaron Gordon	30	General Counsel and Secretary
Douglas I. McCree	50	Director Nominee
Andrew Graham	57	Director Nominee
Joel E. Rodgers, Sr.	77	Director Nominee
C. Birge Sigety	62	Director Nominee
Martin A. Traber	69	Director Nominee

Executive Officers

Bruce M. Rodgers. Mr. Rodgers, age 51, will serve as the Chairman of the Board of Directors and Chief Executive Officer of LMF upon the completion of this offering and has been serving as outside general counsel to LMF since its inception. Since 2003 Mr. Rodgers has owned Business Law Group, P.A. At BLG, Mr. Rodgers served as counsel to the founders of LMF in developing its business model prior to inception of LMF. BLG serves as LMF's primary collection counsel. Prior to the consummation of this offering Mr. Rodgers will transfer his interest in BLG to other attorneys in the firm by means of a redemption of such interest in BLG so that Mr. Rodgers can dedicate his full time and efforts as Chairman and Chief Executive Officer of LMF. Mr. Rodgers is a former business transactions attorney and was a shareholder of Macfarlane, Ferguson, & McMullen, P.A. from 1991 to 1998 and an equity partner of Foley & Lardner LLP from 1998 to 2003. Originally from Bowling Green, Kentucky, Mr. Rodgers holds an engineering degree from Vanderbilt University (1985) and a Juris Doctor, with high honors, from the University of Florida (1991). Mr. Rodgers also served as an officer in the United States Navy from 1985-1989 rising to the rank of Lieutenant. Mr. Rodgers is a member of the Florida Bar and holds an AV-Preeminent rating from Martindale Hubbell. Carollinn Gould, who will serve as General Manager upon the completion of this offering, is the wife of Mr. Rodgers. Mr. Rodgers brings an intimate knowledge of all of LMF's history of operations. He has been the driving force behind LMF's business strategy and growth since inception. This combined with his legal background in business transactions and finance makes him uniquely suited to lead LMF as a public company and to serve as a member of our Board of Directors.

Stephen Weclew. Mr. Weclew, age 35, has served as Chief Financial Officer of LMF since November 2014, in charge of all financial reporting for LMF. From 2012 to 2014, Mr. Weclew served as Director of Finance and Accounting for Smith and Nephew. From 2010 to 2012, Mr. Weclew was the Assistant Controller for Airgas Solutions, Inc. Mr. Weclew was a Senior Business Consultant with BST Global, Inc. from 2007 to 2010 and a Senior/In Charge accountant for Deloitte & Touche from 2004 to 2007. Mr. Weclew earned a B.S. in Business, Major Accounting and a Masters of Accountancy from University of Central Florida. He is a licensed C.P.A.

Sean Galaris. Mr. Galaris, age 47, joined LMF in May 2011 and serves as President of LMF. Prior to joining LMF, Mr. Galaris served as Senior Vice President of The Continental Group, a FirstService Corporation held company (NASDAQ: FSRV), and President of its subsidiary Sterling Management for 13 years. Operating in the largest geographic region in Florida, Mr. Galaris was responsible for managing approximately 350 properties across North Florida. Working with national and local developers to build several of the largest communities in Florida, Mr. Galaris managed the openings of over 100 condominium and homeowner

associations across the state. He has been a licensed Real Estate Broker and Community Association Manager for over 15 years. Originally from the greater Boston area, he holds a B.S. in Business (Management) from Salem State College where he captained the men's basketball team for three years, prior to his career as a professional basketball player in Europe.

Carollinn Gould. Ms. Gould, age 51, founded LMF in January 2008, will serve part-time as Vice President—General Manager of LMF upon completion of the offering and is a director nominee. Prior to joining LMF, Ms. Gould owned and operated a recruiting company specializing in the placement of financial services personnel. Prior to that, Ms. Gould worked at Outback Steakhouse (NYSE: OSI) ("OSI") where she opened the first restaurant in 1989 and finished her career at OSI in 2006 as shared services controller for over 1,000 restaurants. Ms. Gould holds a Bachelor's Degree in Business Management from Nova Southeastern University. Ms. Gould has been married to Bruce M. Rodgers since 2004. As a co-founder of LMF, Ms. Gould brings to our Board of Directors an encyclopedia of knowledge regarding LMF's growth, operations, and procedures. Since inception she has controlled all bank accounts of the Company and managed its internal control systems. She also brings public company audit experience from her duties as controller at OSI as well as a wealth of personnel management and human resources skills.

Aaron Gordon. Mr. Gordon, age 30, has served as General Counsel and Secretary of LMF since 2009, supervising the acquisition of delinquent condominium and home owner's association accounts receivable. Mr. Gordon provides legal counsel for LMF's business operations. Originally from Fort Myers, Florida, Mr. Gordon holds a B.S. in Real Estate from Florida State University, Magna Cum Laude, and a Juris Doctor from the University of Florida with a specialization and practice certificate in Estates and Trust Administration. Mr. Gordon was admitted to the Florida Bar in 2009 and the New York Bar in 2010.

Non-Employee Director Nominees

Douglas I. McCree. Mr. McCree, age 50, is a director nominee. He has been with First Housing Development Corporation of Florida ("First Housing") since 2000 and has served as its Chief Executive Officer since 2004. From 1987 through 2000, Mr. McCree held various positions with Bank of America, N.A. including Senior Vice President—Affordable Housing Lending. Mr. McCree serves on numerous professional and civic boards. He received a B.S. from Vanderbilt University majoring in economics. Mr. McCree brings to the Board of Directors many years of banking experience and a strong perspective on public company operational requirements from his experience as Chief Executive Officer of First Housing.

Joel E. Rodgers, Sr. Mr. Rodgers, age 77, is a director nominee. He has been Vice President of Allied Signal, Inc. (1987-1992) and CEO of Baron Blakeslee, Inc. (1985-1987). Mr. Rodgers currently serves as a Professor at Nova Southeastern University teaching finance, statistics, marketing, operations, and strategy. He has published numerous articles dealing with empowerment and corporate leadership. Mr. Rodgers represented the United States State Department in China, Mexico and Brazil in negotiations regarding the Montreal Protocol which dealt with limiting fluorocarbon discharge. Mr. Rodgers' civic work extends to service on the library, hospital, and municipal utility boards of Bowling Green, Ky. Mr. Rodgers holds a Doctorate of Business Administration from Nova Southeastern University, a Masters of Business Administration from University of Kentucky, a B.S. in Mechanical Engineering from University of New Mexico and was a University of Illinois PhD candidate. Mr. Rodgers is the father of our Chairman and Chief Executive Officer, Bruce M. Rodgers and the father-in-law of our Vice President—General Manager and director nominee, Ms. Gould. He brings to our Board of Directors a lifetime of management, finance and marketing experience as well as an academic career of study in each.

C. Birge Sigety. Mr. Sigety, age 62, is a director nominee. He is currently CEO of Bison Investments, Inc., a private investment fund he started in 1996. Prior to that, Mr. Sigety was CEO of Professional Medical Products, Inc., a privately held company with over $165 million in sales, nine manufacturing plants, and 2200 employees doing business throughout the United States and in 40 other countries. Mr. Sigety has participated in a number of start-up companies in the banking, real estate, and medical device industries. Mr. Sigety holds a B.A. in English

Literature from Bates College. Mr. Sigety brings to our Board of Directors an insight regarding all stages of development of companies and has experience growing companies from the start-up stage to international prominence. Mr. Sigety also brings to our Board of Directors a financial background in public and private capital markets.

Martin A. Traber. Mr. Traber, age 69, is a director nominee. Since 1994, Mr. Traber has been a partner of Foley & Lardner LLP, in Tampa, Florida, representing clients in securities law matters and corporate transactions. Mr. Traber is a founder of NorthStar Bank in Tampa, Florida and from 2007 to 2011 served as a member of the Board of Directors of that institution. Mr. Traber serves on the Board of Directors of JHS Capital Holdings, Tampa, Florida and on the Advisory Board of Platinum Bank, Tampa, Florida. From 2012 to 2013, he served on the Board of Directors of Exeter Trust Company, Portsmouth, New Hampshire. Mr. Traber holds a Bachelor of Arts and a Juris Doctor from Indiana University.

Mr. Traber currently serves as a director of the board of directors of HCI Group, Inc., a New York Stock Exchange listed company headquartered in Tampa, Florida, primarily engaged in the homeowners' insurance business (NYSE: HCI) ("HCI") and as a member of HCI's compensation committee and governance and nominating committee. Mr. Traber has served on the board of directors of HCI since its inception.

Mr. Traber brings considerable legal, financial and business experience to the Board of Directors. He has counseled and observed numerous businesses in a wide range of industries. The knowledge gained from his observations and his knowledge and experience in business transactions and securities law are considered of importance in monitoring the Company's performance and when we consider and pursue business acquisitions and financial transactions. As a corporate and securities lawyer, Mr. Traber has a fundamental understanding of governance principles and business ethics. His knowledge of other businesses and industries is useful in determining management and director compensation.

Andrew L. Graham. Mr. Graham, age 57, is a director nominee. Since June 2008, Mr. Graham has served as Vice President, General Counsel and Secretary of HCI Group, Inc. (NYSE:HCI). From 1999 to 2007, Mr. Graham served in various capacities, including as General Counsel, for Trinsic, Inc. (previously named Z-Tel Technologies, Inc.), a publicly-held provider of communications services headquartered in Tampa, Florida. Trinsic, Inc. and its subsidiaries filed for federal bankruptcy protection on February 7, 2007. Since 2011, Mr. Graham has served on the Internal Audit Committee of Hillsborough County, Florida. From 2007 to 2011, he served on the Board of Trustees of Hillsborough Community College, a state institution serving over 45,000 students annually. Mr. Graham holds a Bachelor of Science, major in Accounting, from Florida State University and a Juris Doctor, as well as a Master of Laws (L.L.M.) in Taxation, from the University of Florida College of Law. Mr. Graham was licensed in Florida as a Certified Public Accountant from 1982 to 2001. As a Certified Public Accountant, he audited, reviewed and compiled financial statements and prepared tax returns. Mr. Graham's experience serving as general counsel to publicly-held companies brings to our Board of Directors a comprehensive understanding of public company operations, financial reporting, disclosure, and corporate governance, as well as perspective regarding potential acquisitions. With his accounting education and experience, he brings also a sophisticated understanding of accounting principles, auditing standards, internal accounting control and financial presentation and analysis.

Controlled Company

For purposes of the rules of The NASDAQ Capital Market, we expect to be a "controlled company" upon completion of this offering. Controlled companies under those rules are companies of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company. We expect that entities controlled by Bruce M. Rodgers and Carollinn Gould will beneficially own more than 50% of the combined voting power of our common stock upon completion of this offering and will continue to have the right to designate a majority of the members of our Board of Directors for nomination for election and the voting power to elect such directors following this offering. Accordingly, we expect to be eligible to, and we intend to,

take advantage of certain exemptions from corporate governance requirements provided in rules of The NASDAQ Capital Market. Specifically, as a controlled company, we would not be required to have (1) a majority of independent directors, (2) a nominating and corporate governance committee composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities, (3) a compensation committee composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities, or (4) an annual performance evaluation of the nominating and corporate governance and compensation committees. Upon the completion of this offering, we will not have a nominating and corporate governance committee comprised solely of independent directors, and we may utilize other exemptions in the future. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the applicable rules of The NASDAQ Capital Market.

Board of Directors

Upon completion of the offering, our Board of Directors will consist of seven members—Messrs. Bruce M. Rodgers, Joel E. Rodgers, Sr., McCree, Graham, Sigety, and Traber and Ms. Gould.

Our Board of Directors has determined that it will have four "independent directors" as defined under the rules of The NASDAQ Capital Market and Rule 10A-3(b)(i) under the Exchange Act. These four independent members are Messrs. McCree, Graham, Sigety and Traber. In the case of Mr. Traber, the Board of Directors considered his role as a partner of Foley & Lardner LLP, which provides legal services to the Company, and determined that the fees received by the law firm from us amount to less than 1% of the firm's total revenue and considered also Mr. Traber's personal financial substance, his other sources of income and his lack of dependence upon legal fees from the Company.

Upon the completion of this offering and in accordance with our certificate of incorporation and our by-laws, our Board of Directors will be divided into three classes (designated as "Class I," "Class II," and "Class III"), each of which will generally serve for a term of three years with only one class of directors being elected in each year. As such, at each annual meeting of our stockholders, only a portion of our Board of Directors may be considered for election. Class I will initially consist of the following directors whose term is scheduled to expire at the 2016 annual meeting of stockholders or the first annual meeting thereafter: Mr. Bruce M. Rodgers and Ms. Gould. Class II will initially consist of the following directors whose term is scheduled to expire at the 2017 annual meeting of stockholders or the first annual meeting thereafter: Messrs. McCree and Joel E. Rodgers. Class III will initially consist of the following directors whose term is scheduled to expire at the 2018 annual meeting of stockholders or the first annual meeting thereafter: Messrs. Graham, Sigety and Traber.

There will be no limit on the number of terms a director may serve on our Board of Directors.

Committees of the Board of Directors

Our Board of Directors will have an audit committee, a compensation committee, and a nominating and corporate governance committee. We expect that all members of each of these committees, other than nominating and corporate governance committe, will be independent directors, as defined in The NASDAQ Capital Market rules.

Audit Committee. Our audit committee will consist of three members, which we expect to be Messrs. Sigety, McCree, and Graham. Each of these individuals meets all independence requirements for audit committee members set forth in applicable SEC rules and regulations and the NASDAQ listing standards. We expect Mr. Graham to serve as chairman of the audit committee and our Board of Directors has determined that Mr. Graham qualifies as an "audit committee financial expert" as that term is defined in the rules and regulations established by the SEC. The audit committee's responsibilities include, but are not limited to, the following:

- assisting our Board of Directors in its oversight of the quality and integrity of our accounting, auditing, and reporting practices;
- overseeing the work of our internal accounting and auditing processes;
- discussing with management our processes to manage business and financial risk,

- making appointment, compensation, and retention decisions regarding, and overseeing the independent auditor engaged to prepare or issue audit reports on our financial statements;
- establishing and reviewing the adequacy of procedures for the receipt, retention and treatment of complaints received by our company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
- reviewing and discussing with management and the independent auditors our annual and quarterly financial statements and related disclosures; and
- conducting an appropriate review and approval of all related party transactions for potential conflict of interest situations on an ongoing basis.

Compensation Committee. Our compensation committee will consist of three members, which we expect to be Messrs. McCree, Traber, and Sigety. We expect Mr. Traber to serve as chairman of the compensation committee. The compensation committee's responsibilities include, but are not limited to, the following:

- reviewing and approving the compensation programs applicable to our executive officers;
- recommending to the board and periodically reviewing policies for the administration of the executive compensation programs;
- reviewing and approving the corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluating the performance of the Chief Executive Officer in light of those goals, objectives and strategies, and, either alone or with the other independent members of the board, setting the Chief Executive Officer's compensation level based on this evaluation;
- reviewing on a periodic basis the operation of our executive compensation programs to determine whether they are properly coordinated and achieving their intended purposes;
- making recommendations to the board with respect to our non-Chief Executive Officer compensation, incentive compensation plans, and equity-based plans; and
- reviewing and approving compensation to outside directors.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee will consist of three members, which we expect to be Messrs. McCree, Bruce M. Rodgers and Joel E. Rodgers, Sr. We expect Bruce M. Rodgers to serve as the chairman of the Nominating and Corporate Governance Committee. The functions of this committee include, among other things:

- establishing criteria for selection of potential directors, taking into account all factors it considers appropriate;
- identifying and selecting individuals believed to be qualified as candidates to serve on the board and recommending to the board candidates to stand for election as directors at the annual meeting of stockholders or, if applicable, at a special meeting of the stockholders;
- recommending members of the board to serve on the committees of the board;
- evaluating and ensuring the independence of each member of each committee of the board required to be composed of independent directors;
- developing and recommending to the board a set of corporate governance principles appropriate for our company and consistent with the applicable laws, regulations, and listing requirements;
- developing and recommending to the board a code of conduct for our company's directors, officers, and employees;

- ensuring that we make all appropriate disclosures regarding the process for nominating candidates for election to the board, including any process for stockholder nominations, the criteria established by the committee for candidates for nomination for election to the board, and any other disclosures required by applicable laws, regulations, or listing standards; and
- reporting regularly to the board (i) regarding meetings of the committee, (ii) with respect to such other matters as are relevant to the committee's discharge of its responsibilities, and (iii) with respect to such recommendations as the committee may deem appropriate.

Code of Ethics

Our Board of Directors will adopt a written code of ethics applicable to our directors, officers and employees in accordance with the rules of The NASDAQ Capital Market and the SEC. Our code of ethics will be designed to deter wrongdoing and to promote ethical conduct. The code of ethics will be published on our corporate website at www.lmfunding.com.

EXECUTIVE COMPENSATION

The following is a discussion and analysis of compensation arrangements of our named executive officers, or NEOs and certain other executive officers. This discussion contains forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt may differ materially from currently planned programs as summarized in this discussion. As an emerging growth company, we are not required to include a Compensation Discussion and Analysis section and have elected to comply with the scaled disclosure requirements applicable to emerging growth companies.

We seek to ensure that the total compensation paid to our executive officers is reasonable and competitive. Compensation of our executive officers is structured around the achievement of individual performance and near-term corporate targets, as well as long-term business objectives.

Our NEOs for our fiscal 2014 were as follows:

- Frank C. Silcox, our former Manager and Chief Executive Officer; and
- Sean Galaris, our President.

Summary Compensation Table

The following table sets forth certain information with respect to compensation earned for service rendered to us in all capacities during the fiscal years ended December 31, 2013 and 2014, respectively, by our NEOs.

Name and Principal Position	Year	Salary	Bonus	Total
Frank C. Silcox[1] Former Manager and Chief Executive Officer (PEO)	2014 2013	— —	— —	— —
Sean Galaris President	2014 2013	$150,000 $150,000	$82,182 $50,372	$232,182 $200,372

(1) Mr. Silcox resigned from his position as LMF's Manager and Chief Executive Officer effective January 1, 2015. He received no compensation from LMF-LLC during his tenure at LMF-LLC from 2008-2014 and received instead only distributions on the membership interests of LMF-LLC he beneficially owned. See "Dividend Policy."

Outstanding Equity Awards at 2014 Year End

None.

Employment Agreements

Bruce M. Rodgers. Mr. Rodgers will enter into an employment agreement with the Company effective the date of this offering. His agreement provides for annual compensation of $385,000 and he may be granted annual bonuses at the discretion of the Board of Directors. The term of Mr. Rodgers' agreement is for three years and is automatically renewed each year unless terminated for "cause", as defined in the employment agreement. He will receive the base salary and benefits due under the employment agreement for the remainder of the term if terminated "without cause", as defined in the employment agreement, or such base salary shall be paid for the remainder of the term to his estate if his employment is terminated due to his death. Mr. Rodgers' employment agreement contains certain non-competition covenants and confidentiality provisions.

Ms. Gould. Ms. Gould will enter into an employment agreement to work part-time with the Company effective the date of this offering. Her agreement provides for annual compensation of $120,000 and she may be granted annual bonuses at the discretion of the Board of Directors. The term of Ms. Gould's agreement is for three years and is automatically renewed each year unless terminated for "cause", as defined in the employment agreement. She will receive the base salary and benefits due under the employment agreement for the remainder of the term if terminated "without cause", as defined in the employment agreement, or such base salary shall be paid for the remainder of the term to her estate if her employment is terminated due to her death. Ms. Gould's employment agreement contains certain non-competition covenants and confidentiality provisions. Ms. Gould's employment agreement with us permits her to also work as General Manager of Business Law Group, P.A. which pays her additional compensation of $150,000 per year.

Mr. Galaris. Mr. Galaris will enter into an employment agreement with the Company effective the date of this offering. His agreement provides for annual compensation of $250,000 and a grant of options equal to 4.5% of the outstanding shares of the Company at conclusion of the offering with an exercise price equal to the offering price and a ten-year term. Such options will vest ratably over a three-year period while Mr. Galaris is still employed by us. He may be granted annual bonuses at the discretion of the Board of Directors. The term of Mr. Galaris' agreement is for two years and is automatically renewed for successive one-year terms unless terminated for "cause", as defined in the employment agreement. He will receive the base salary and benefits due under the employment agreement for the remainder of the term if terminated "without cause", as defined in the employment agreement, or such base salary shall be paid for the remainder of the term to his estate if his employment is terminated due to his death. Mr. Galaris' employment agreement contains certain non-competition covenants and confidentiality provisions.

2015 Omnibus Incentive Plan

Prior to the completion of the offering, our Board of Directors and stockholders will approve the LM Funding America, Inc. 2015 Omnibus Incentive Plan.

A total of shares of our common stock will initially be reserved for issuance under our 2015 Omnibus Incentive Plan.

The 2015 Omnibus Incentive Plan provides for the issuance of stock options, stock appreciation rights, performance shares, performance units, restricted stock, restricted stock units, shares of our common stock, dividend equivalent units, incentive cash awards or other awards based on our common stock. Awards may be granted alone or in addition to, in tandem with, or (subject to the 2015 Omnibus Incentive Plan's prohibitions on repricing) in substitution for any other award (or any other award granted under another plan of ours or of any of our affiliates).

Purpose. The two complementary purposes of the 2015 Omnibus Incentive Plan are to help us attract, retain, focus and motivate our executives and other key employees, directors, consultants and advisors and to increase stockholder value. The 2015 Omnibus Incentive Plan will accomplish these purposes by offering participants the opportunity to acquire shares of our common stock, receive monetary payments based on the value of such common stock or receive other incentive compensation on the potentially favorable terms that the 2015 Omnibus Incentive Plan provides.

Administration. Our 2015 Omnibus Incentive Plan will be administered by the compensation committee, our Board of Directors, or another committee (we refer to the applicable committee or our Board of Directors, as the case may be, as the "administrator"). The administrator may designate any of the following as a participant under the 2015 Omnibus Incentive Plan to the extent consistent with its authority: any officer or other employee of our company or its affiliates; any individual whom we or an affiliate have engaged to become an officer or employee; any consultant or advisor who provides services to our company or its affiliates; or any director, including a non-employee director.

The administrator has full discretionary authority to administer the 2015 Omnibus Incentive Plan, including but not limited to the authority to: (i) interpret the provisions of the 2015 Omnibus Incentive Plan; (ii) prescribe, amend and rescind rules and regulations relating to the 2015 Omnibus Incentive Plan; (iii) correct any defect, supply any omission, or reconcile any inconsistency in the 2015 Omnibus Incentive Plan, any award or any award agreement in the manner and to the extent it deems desirable to carry this plan or such award into effect; and (iv) make all other determinations necessary or advisable for the administration of the 2015 Omnibus Incentive Plan. All administrator determinations will be made in the sole discretion of the administrator and are final and binding on all interested parties.

Our Board of Directors may delegate some or all of its authority under the 2015 Omnibus Incentive Plan to a committee of the Board of Directors, and the compensation committee may delegate some or all of its authority under the 2015 Omnibus Incentive Plan to a sub-committee or one or more of our officers, subject in each case to limitations specified in the 2015 Omnibus Incentive Plan.

Number and sources of shares. An aggregate of shares of common stock have been reserved for issuance under the 2015 Omnibus Incentive Plan, all of which may be issued upon the exercise of incentive stock options. The shares reserved for issuance may be either authorized and unissued shares or shares held as treasury stock. The number of shares reserved for issuance under the 2015 Omnibus Incentive Plan is reduced by the maximum number of shares, if any, that may be payable under an award as determined on the date of the grant of the award.

If (i) an award granted under the 2015 Omnibus Incentive Plan lapses, expires, terminates or is cancelled without the issuance of shares under the award (whether due currently or on a deferred basis); (ii) it is determined during or at the conclusion of the term of an award granted under the 2015 Omnibus Incentive Plan that all or some portion of the shares with respect to which the award was granted will not be issuable, or that other compensation with respect to shares covered by the award will not be payable on the basis that the conditions for such issuance will not be satisfied; (iii) shares are forfeited under an award; (iv) shares are issued under any award and we reacquire them pursuant to rights we reserved upon the issuance of the shares; or (v) shares are tendered to satisfy the exercise price of an award or federal, state or local tax withholding obligations, then such shares will be recredited to the 2015 Omnibus Incentive Plan's reserve and may again be used for new awards under the plan. However, shares recredited to the plan's reserve under clause (iv) or (v) may not be issued pursuant to incentive stock options.

Eligibility. Incentive stock options may only be granted to our and our subsidiaries' employees. All other awards may be granted to our and our subsidiaries' employees, officers, directors and key persons (including consultants and prospective employees).

Amendment or termination of the 2015 Omnibus Incentive Plan. The 2015 Omnibus Incentive Plan's terminates when all shares reserved for issuance under the plan have been issued, subject to our Board of Directors' right to terminate the plan at any time. In addition, our Board of Directors or the administrator may amend plan at any time, except:

(i) our Board of Directors must approve any amendment to the 2015 Omnibus Incentive Plan if we determine such approval is required by prior action of our Board of Directors, applicable corporate law or any other applicable law;

(ii) stockholders must approve any amendment to the 2015 Omnibus Incentive Plan if we determine that such approval is required by Section 16 of the Exchange Act, the listing requirements of any principal securities exchange or market on which our common stock is then traded, or any other applicable law; and

(iii) stockholders must approve any amendment to the 2015 Omnibus Incentive Plan that materially increases the number of shares of common stock reserved under the 2015 Omnibus Incentive Plan, the incentive stock option award limits or the per participant award limitations set forth in the 2015 Omnibus Incentive Plan, that shortens the minimum vesting requirements under the 2015 Omnibus Incentive Plan or that diminishes the provisions prohibiting repricing or backdating stock options and stock appreciation rights.

The administrator generally may modify, amend or cancel any award or waive any restrictions or conditions applicable to any award or the exercise of the award. Any modification or amendment that materially diminishes the rights of the participant or any other person who may have an interest in the award, or that cancels any award, will be effective only if agreed to by that participant or other person. The administrator does not need to obtain participant or other interested party consent, however, for the adjustment or cancellation of an award pursuant to the adjustment provisions of the 2015 Omnibus Incentive Plan or the modification of an award to the extent deemed necessary to comply with any applicable law or the listing requirements of any principal securities exchange or market on which the common stock is then traded, to the extent the administrator deems necessary to preserve favorable accounting or tax treatment of any award for our company, or to the extent the administrator determines that the action does not materially and adversely affect the value of an award or that such action is in the best interest of the affected participant or any other person(s) with an interest in the award.

The authority of the administrator to terminate or modify the 2015 Omnibus Incentive Plan or awards will extend beyond the termination date of the 2015 Omnibus Incentive Plan. In addition, termination of the 2015 Omnibus Incentive Plan will not affect the rights of participants with respect to awards previously granted to them, and all unexpired awards will continue in force after termination of the 2015 Omnibus Incentive Plan except as they may lapse or be terminated by their own terms and conditions.

Options and stock appreciation rights. Under our 2015 Omnibus Incentive Plan, the administrator has the authority to grant stock options and to determine all terms and conditions of each stock option including but not limited to whether the option is an "incentive stock option" which meets the requirements of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), or a "nonqualified stock option" which does not meet the requirements of Code Section 422. A stock option gives the participant the right to purchase shares of our common stock at a fixed price, called the "option price," after the vesting conditions of the option are met and prior to the date the option expires or terminates. The administrator fixes the option price per share of common stock, which may not be less than the fair market value of the common stock on the date of grant. The administrator determines the expiration date of each option, but the expiration date cannot be later than 10 years after the grant date. Options are exercisable at such times and are subject to such restrictions and conditions as the administrator deems necessary or advisable. The stock option exercise price is payable to us in full upon exercise.

Pursuant to the 2015 Omnibus Incentive Plan, the administrator has the authority to grant stock appreciation rights. A stock appreciation right is the right of a participant to receive cash in an amount, and/or common stock with a fair market value, equal to the appreciation of the fair market value of a share of common stock during a specified period of time. The 2015 Omnibus Incentive Plan provides that the administrator determines all terms and conditions of each stock appreciation right, including, among other things: whether the stock appreciation right is granted independently of a stock option or relates to a stock option; a grant price that is not less than the fair market value of the common stock subject to the stock appreciation right on the date of grant; a term that must be no later than 10 years after the date of grant; and whether the stock appreciation right will settle in cash, common stock or a combination of the two.

The specific terms and conditions of a participant's option or stock appreciation right will be set forth in an award agreement delivered to the participant.

Repricing prohibited. Neither the administrator nor any other person may amend the terms of outstanding stock options or stock appreciation rights to reduce the exercise or grant price of such outstanding stock options or stock appreciation rights; cancel outstanding stock options or stock appreciation rights in exchange for stock options or stock appreciation rights with an exercise or grant price that is less than the exercise or grant price of the original options or stock appreciation rights; or cancel outstanding stock options or stock appreciation rights with an exercise or grant price above the current fair market value of a share of common stock in exchange for cash or other securities.

Backdating prohibited. The administrator may not grant a stock option or stock appreciation right with a grant date that is effective prior to the date the administrator takes action to approve such award.

Performance and stock awards. Pursuant to the 2015 Omnibus Incentive Plan, the administrator has the authority to grant awards of restricted stock, restricted stock units, performance shares or performance units. Restricted stock means shares of common stock that are subject to a risk of forfeiture, restrictions on transfer or both a risk of forfeiture and restrictions on transfer. Restricted stock unit means the right to receive a payment equal to the fair market value of one share of common stock. Performance shares means the right to receive shares of common stock to the extent performance goals are achieved. Performance unit means the right to receive a payment valued in relation to a unit that has a designated dollar value or the value of which is equal to the fair market value of one or more shares of common stock, to the extent performance goals are achieved.

The administrator determines all terms and conditions of these types of awards, including, among other things: whether performance goals need to be achieved for the participant to realize any portion of the benefit provided under the award; whether the restrictions imposed on restricted stock or restricted stock units will lapse, and any portion of the performance goals subject to an award will be deemed achieved, upon a participant's death, disability or retirement; the length of the vesting and/or performance period and, if different, the date on which payment of the benefit provided under the award is made; with respect to performance units, whether to measure the value of each unit in relation to a designated dollar value or the fair market value of one or more shares of common stock; and, with respect to restricted stock units and performance units, whether the awards settle in cash, in shares of common stock, or in a combination of the two.

The specific terms and conditions of a participant's award of restricted stock, restricted stock units, performance shares or performance units will be set forth in an award agreement delivered to the participant.

Dividend equivalent rights. Pursuant to the 2015 Omnibus Incentive Plan, the administrator has the authority to grant dividend equivalent units in connection with awards other than options, stock appreciation rights or other stock rights within the meaning of Code Section 409A. A dividend equivalent unit is the right to receive a payment, in cash or shares of common stock, equal to the cash dividends or other distributions that we pay with respect to a share of common stock. No dividend equivalent unit granted in tandem with another award may include vesting provisions more favorable to the participant than the vesting provisions, if any, to which the tandem award is subject.

The specific terms and conditions of a participant's dividend equivalent units will be set forth in an award agreement delivered to the participant.

Incentive awards. The administrator has the authority to grant annual and long-term incentive awards. An incentive award is the right to receive a cash payment to the extent performance goals are achieved. The administrator will determine all of the terms and conditions of each incentive award, including the performance goals, the performance period, the potential amount payable and the timing of payment, provided that the administrator must require that payment of all or any portion of the amount subject to the award is contingent on the achievement of one or more performance goals during the period the administrator specifies, although the administrator may specify that all or a portion of the goals are deemed achieved upon a participant's death, disability or (for awards not intended to qualify as performance-based compensation within the meaning of Code Section 162(m)) retirement, or such other circumstances as the administrator may specify. For long-term incentive awards, the performance period must relate to a period of more than one fiscal year.

The specific terms and conditions of a participant's incentive award will be set forth in an award agreement or another document delivered to the participant.

Other stock-based awards. The administrator has the authority to grant other types of awards, which may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, shares of common stock, either alone or in addition to or in conjunction with other awards, and payable in shares of common stock

or cash. Such awards may include shares of unrestricted common stock, which may be awarded, without limitation (except as provided in the 2015 Omnibus Incentive Plan), as a bonus, in payment of director fees, in lieu of cash compensation, in exchange for cancellation of a compensation right, or upon the attainment of performance goals or otherwise, or rights to acquire shares of our common stock from us. The administrator determines all terms and conditions of the award, including the time or times at which such award is made and the number of shares of common stock to be granted pursuant to such award or to which such award relates. Any award that provides for purchase rights must be priced at 100% of the fair market value of our common stock on the date of the award.

The specific terms and conditions of a participant's award will be set forth in an award agreement or another document delivered to the participant.

Performance goals. Awards may be made contingent on the achievement of performance goals. Performance goals include any goals the administrator establishes that relate to one or more of the following with respect to us or any one or more of our subsidiaries, affiliates or other business units: book value; revenue; cash flow; total stockholder return; dividends; debt; net cash provided by operating activities; net cash provided by operating activities less net cash used in investing activities; ratio of debt to debt plus equity; profit before tax; gross profit; net profit; net operating profit; net operating profit after taxes; net sales; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; fair market value of shares; basic earnings per share; diluted earnings per share; return on stockholder equity; return on average equity; return on average total capital employed; return on net assets employed before interest and taxes; economic value added; return on year-end equity; capital; cost of capital; cost of equity; cost of debt; taxes; market share; operating ratios; customer satisfaction; customer retention; customer loyalty; strategic business criteria based on meeting specified revenue goals; market penetration goals; investment performance goals; business expansion goals or cost targets; accomplishment of mergers, acquisitions, dispositions or similar extraordinary business transactions; profit returns and margins; financial return ratios; market performance and/or capital goals or returns or a combination of the foregoing. In addition, in the case of awards that the administrator determines at the date of grant will not be considered "performance-based compensation" under Code Section 162(m), the administrator may establish other performance goals.

Effect of a change of control. If we experience a "change of control," as defined in the 2015 Omnibus Incentive Plan, then, unless otherwise expressly provided in an award agreement or another contract, or under the terms of a transaction constituting a change of control, the administrator may, in its discretion, provide that:

- Any outstanding award (or portion thereof) will vest or be earned on an accelerated basis in connection with the change of control or a subsequent termination; and/or
- Any of the following will occur: (i) shares or other securities of the surviving corporation or any successor corporation, or a parent or subsidiary thereof, will be substituted for shares subject to any outstanding award, in which event the aggregate purchase or exercise price, if any, of such award, or portion thereof, will remain the same, (ii) any outstanding award, or portion thereof, will be converted into a right to receive cash or other property upon or following the consummation of the change of control in an amount equal to the value of the consideration to be received by holders of shares of our common stock in connection with the transaction for one share, less the per share purchase or exercise price of such award, if any, multiplied by the number of shares subject to such award, or portion thereof, (iii) the vesting (and, as applicable, the exercisability) of any and/or all outstanding awards will be accelerated, (iv) any outstanding and unexercised awards upon or following the consummation of the change of control (without the consent of an award holder or any person with an interest in an award) will be cancelled, (v) all outstanding options or stock appreciation rights will be cancelled in exchange for a cash payment equal to the excess of the change of control price per share over the exercise price of the shares subject to such option or stock appreciation right upon the change of control (or for no cash payment if such excess is zero), and/or (vi) any awards will be cancelled in exchange for a cash payment based on the value of the award as of the date of the change of control (or for no payment if the award has no value).

In general, if any payments or benefits paid by us under the 2015 Omnibus Incentive Plan would cause payments made to or benefits received by a participant in connection with a change of control to be subject to the excise tax imposed by Code Section 4999 on excess parachute payments, then the payments will be delivered either (i) in full or (ii) in an amount such that the value of the aggregate payments is $1.00 less than the maximum amount that the participant may receive without being subject to the excise tax, whichever of (i) or (ii) results in the receipt by the participant of the greatest benefit on an after-tax basis.

Employee Benefit Plans

As of June 1, 2015, we offer each of our employees, including the NEOs, Company-paid health care premiums up to $330 per month in health plans selected by our company from time to time. No other employee benefits are provided as of June 1, 2015.

Director Compensation

Following the offering, our non-employee directors, which we expect to be Messrs. Graham, McCree, Joel Rodgers, Sigety, and Traber, will be compensated for their services on our Board of Directors as follows:

- Each non-employee director will receive an annual retainer of $15,000; and
- Each non-employee director will also receive options with an exercise price equal to the offering price to purchase 5,000 shares of our common stock which will vest in equal portions on the first, second and third anniversaries of the grant date.

Each annual retainer will be payable in arrears in four equal quarterly installments on the last day of each quarter, provided that the amount of each payment will be prorated for any portion of a quarter that a director is not serving on our Board of Directors.

Each non-employee director also will be entitled to be reimbursed for reasonable travel and other expenses incurred in connection with attending meetings of the Board of Directors and any committee of the Board of Directors on which he or she serves.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Transactions with Related Parties

We describe below transactions and series of similar transactions during our last three fiscal years to which we were a party or will be a party, in which (i) the amounts involved exceeded or will exceed $120,000, and (ii) any of our directors, executive officers, or holders of more than 5% of our capital stock, or any member of the immediate family of the foregoing persons, had or will have a direct or indirect material interest. Compensation arrangements for our directors and certain of our executive officers are described elsewhere in this prospectus. We believe that all of these transactions were on terms as favorable as could have been obtained from unrelated third parties.

The Company has engaged BLG on behalf of the Associations to service and collect the Accounts and to distribute the proceeds as required by Florida law and the provisions of the purchase agreements between LMF and the Associations. In 2014, 2013 and 2012, we did not pay any legal fees to BLG. BLG received all of its revenue from account debtors who are responsible for paying legal fees to the creditor Association. If the April 15, 2015 Services Agreement between us and BLG had been in place during 2014, 2013 and 2012, we estimate that we would have paid BLG approximately $150,000, $135,000 and $110,000, respectively, in legal fees. BLG will be owned by Bruce M. Rodgers, our Chairman of our Board of Directors and Chief Executive Officer, until a date prior to the completion of the offering, at which date Mr. Rodgers will transfer his ownership interest in BLG to other attorneys at the firm by means of a redemption of his interest by BLG.

One of our director nominees, Martin A. Traber, is a partner at the law firm of Foley & Lardner LLP, and the firm has provided legal representation to us and continues to provide legal representation. Foley & Lardner LLP billed us approximately $275,000 through June 1, 2015 for services provided in 2015. Such amount represents less than 1.0% of Foley's fee revenue during 2015. These services were provided on an arm's-length basis, and paid for at fair market value. We believe that such services were performed on terms at least as favorable to us as those that would have been realized in transactions with unaffiliated entities or individuals. The firm provided no legal services to us in 2014, 2013, or 2012.

The following are summaries of certain provisions of our related party agreements and are qualified in their entirety by reference to all of the provisions of such agreements. Because these descriptions are only summaries of the applicable agreements, they do not necessarily contain all of the information that you may find useful. We therefore urge you to review the agreements in their entirety. Copies of the agreements (or forms of the agreements) have been filed as exhibits to the registration statement of which this prospectus is a part, and are available electronically on the website of the SEC at *www.sec.gov.*

Limitation of Liability and Indemnification Agreements

Our by-laws provide that we will indemnify our directors and officers to the fullest extent permitted by the General Corporation Law of the State of Delaware (the "DGCL"), subject to certain exceptions contained in our by-laws. In addition, our certificate of incorporation provides that our directors will not be liable for monetary damages for breach of fiduciary duty.

Prior to the closing of this offering, we will enter into indemnification agreements with each of our executive officers and directors. The indemnification agreements will provide the executive officers and directors with contractual rights to indemnification, and expense advancement and reimbursement, to the fullest extent permitted under the DGCL, subject to certain exceptions contained in those agreements.

Policies and Procedures for Related Party Transactions

Following the completion of this offering, our audit committee will have the primary responsibility for reviewing and approving or disapproving "related party transactions," which are transactions between us and related parties in which the aggregate amount involved exceeds or may be expected to exceed $120,000 and in which a related party has or will have a direct or indirect material interest. Upon completion of this offering, our policy regarding transactions between us and related parties will provide that a related party is defined as a director, executive officer, nominee for director or greater than 5% beneficial owner of our common stock, in each case since the beginning of the most recently completed year, and any of their immediate family members. Our audit committee charter that will be in effect upon completion of this offering will provide that our audit committee shall review and approve or disapprove any related party transactions.

PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding the beneficial ownership of our shares of common stock immediately prior to our initial public offering, after giving effect to the Corporate Reorganization described in "Corporate Reorganization," by:

- each person who is known by us to beneficially own more than 5% of our outstanding shares of common stock;
- each of our named executive officers, directors and director nominees; and
- all executive officers and directors as a group.

The number and percentage of shares of common stock beneficially owned before the offering are based on 3,500,000 shares of common stock outstanding immediately prior to our public offering. Information with respect to beneficial ownership has been furnished by each director, officer or beneficial owner of more than 5% of our shares of common stock. Beneficial ownership is determined in accordance with the rules of the SEC and generally requires that such person have voting or investment power with respect to securities. In computing the number of shares of common stock beneficially owned by a person listed below and the percentage ownership of such person, shares of common stock underlying options, warrants or convertible securities held by each such person that are exercisable or convertible within 60 days of the date of the Corporate Reorganization are deemed outstanding, but are not deemed outstanding for computing the percentage ownership of any other person. Except as otherwise indicated in the footnotes to this table, or as required by applicable community property laws, all persons listed have sole voting and investment power for all shares of common stock shown as beneficially owned by them. Unless otherwise indicated in the footnotes, the address for each principal stockholder is in care of LM Funding America, Inc., 302 Knights Run Avenue, Suite 1000, Tampa, Florida 33602.

	Beneficially Owned Before the Offering		Beneficially Owned After the Offering			
			Assuming Minimum		Assuming Maximum	
Name of Beneficial Owner	Number of Shares	Percent	Number of Shares	Percent	Number of Shares	Percent
5% Stockholders:						
CGR63, LLC	3,431,373	98.04%	3,431,373	%	3,431,373	%
Named Executive Officers, Directors and Director Nominees:						
Frank C. Silcox[1]	—	—	—	—	—	—
Sean Galaris	—	—	—	—	—	—
Bruce M. Rodgers	3,500,000[2]	100%	3,500,000[2]	%	3,500,000[2]	%
Carollinn Gould	3,500,000[2]	100%	3,500,000[2]	%	3,500,000[2]	%
Andrew Graham	—	—	—	—	—	—
Douglas I. McCree	—	—	—	—	—	—
Joel E. Rodgers, Sr.	—	—	—	—	—	—
C. Birge Sigety	—	—	—	—	—	—
Martin A. Traber	—	—	—	—	—	—
All Executive Officers and Directors as a Group (5 persons):	3,500,000[2]	100%		%		%

(1) Effective January 1, 2015, LMF-LLC and BRR Holding, LLC purchased the membership interests beneficially owned by Frank C. Silcox. LMF-LLC redeemed 49% of the membership interests owned by LM Funding Management, LLC, which was beneficially owned by Mr. Silcox, for $1,960,000. BRR Holding, LLC, beneficially owned by Bruce M. Rodgers and Ms. Gould, purchased from LM Funding Management, LLC its other 1% membership interest of LMF-LLC for $40,000. After those transfers, Ms. Gould purchased all of the membership interests of LM Funding Management, LLC from Mr. Silcox for $10.

(2) Includes 3,431,373 shares owned by CGR63, LLC and 68,627 shares owned by BRR Holding, LLC. Bruce M. Rodgers, Ms. Gould and their family, including trusts or custodial accounts of minor children of each of Mr. Rodgers and Ms. Gould, own 100% of the outstanding membership interests of CGR63, LLC and 100% of the outstanding membership interests of BRR Holding, LLC, and therefore both Mr. Rodgers and Ms. Gould may be deemed to have shared voting and investment power for all 3,500,000 shares owned by CGR63, LLC and BRR Holding, LLC.

DESCRIPTION OF SECURITIES

The following description of our securities summarizes certain provisions of our certificate of incorporation, by-laws and the Warrant Agreement, each of which will be in effect upon the closing of this offering. This is a summary and does not contain all of the information that may be important to prospective investors, and is qualified in its entirety by our certificate of incorporation, by-laws and the Warrant Agreement.

Units

Each unit consists of one share of common stock and one warrant. Each warrant is exercisable to purchase one share of common stock. The shares of common stock and warrants may trade as units for 45 days following the closing of this offering in the discretion of the Placement Agent, but may be separated at an earlier date by the Placement Agent and traded separately as common stock and warrants. In making any such decision, the Placement Agent will consider various market factors, including the strength of support for the units.

Common Stock

General

We are authorized to issue up to 80,000,000 shares of common stock, par value $0.001 per share. As of the consummation of this offering there were approximately 3,500,000 shares of common stock issued and outstanding held by 2 stockholders of record.

Voting Rights

Holders of our common stock will be entitled to cast one vote per share. Holders of our common stock will not be entitled to cumulate their votes in the election of directors. Generally, all matters to be voted on by stockholders must be approved by a majority (or, in the case of election of directors, by a plurality) of the votes entitled to be cast by all holders of common stock present in person or represented by proxy, voting together as a single class.

Dividend Rights

Holders of common stock will share ratably (based on the number of shares of common stock held) if and when any dividend is declared by the Board of Directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends by us and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock.

Liquidation Rights

In the event of our liquidation, dissolution or winding up, the holders of our common stock are entitled to share ratably in all assets remaining after the payment of liabilities, subject to the prior distribution rights of any preferred stock then outstanding.

Other Matters

No shares of common stock will be subject to redemption or have preemptive rights to purchase additional shares of common stock. Holders of shares of our common stock do not have subscription, redemption or conversion rights. There will be no redemption or sinking fund provisions applicable to the common stock. Upon consummation of this offering, all the outstanding shares of common stock will be validly issued, fully paid and non-assessable.

Preferred Stock

Our certificate of incorporation provides that our Board of Directors has the authority, without action by the stockholders, to designate and issue up to 20,000,000 shares of preferred stock in one or more classes or series and to fix the powers, rights, preferences, and privileges of each class or series of preferred stock, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences and the number of shares constituting any class or series, which may be greater than the rights of the holders of the common stock. There will be no shares of preferred stock outstanding immediately after this offering.

The purpose of authorizing our Board of Directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions, future financings and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or could discourage a third party from seeking to acquire, a majority of our outstanding voting stock. Additionally, the issuance of preferred stock may adversely affect the holders of our common stock by restricting dividends on the common stock, diluting the voting power of the common stock or subordinating the liquidation rights of the common stock. As a result of these or other factors, the issuance of preferred stock could have an adverse impact on the market price of our common stock.

Warrants

Each unit purchased includes one warrant. Each warrant may be exercised to purchase one share of common stock from us at a purchase price of $ per share (125% of the public offering price). The warrants can be exercised at any time until the final calendar day of the month following the fifth anniversary of the effective date of the registration statement covering the offering. There will be warrants outstanding if we achieve the maximum offering and warrants outstanding if we achieve the minimum offering. The warrants are exercised by surrendering to us a warrant certificate evidencing the warrants to be exercised, with the exercise form included therein duly completed and executed, and paying to us the exercise price per share in cash or check payable to us. At any time while there is an effective registration statement available for the issuance of shares issuable pursuant to the warrants, the warrants may be exercised only with a cash payment. If a registration statement is not available for the issuance of the underlying shares, the warrants may be exercised on a cashless net-share basis. We are obligated under the warrants to use our best efforts to maintain an effective registration statement with respect to the issuance of the underlying shares. However, under no circumstances will a holder of warrants be entitled to settle the warrants for cash, even in the absence of an effective registration statement.

As long as any warrants remain outstanding, shares of common stock to be issued upon the exercise of warrants will be adjusted in the event of one or more stock splits, readjustments or reclassifications. In the event of any of the foregoing, the remaining number of shares of common stock still subject to the warrants shall be increased or decreased to reflect proportionately the increase or decrease in the number of shares of common stock outstanding and the exercise price per share shall be decreased or increased, as the case may be, in the same proportion.

We have reserved a sufficient number of shares of common stock for issuance upon exercise of the warrants and such shares, when issued in accordance with the terms of the warrants, will be fully paid and non-assessable. The shares so reserved are included in the registration statement of which this prospectus is a part. We are required to use our best efforts to maintain an effective registration statement and current prospectus relating to these shares of common stock at all times when the market price of the shares of common stock exceeds the exercise price of the warrants until the warrants expire. We intend to use this registration statement and prospectus to cover the warrant exercises. We plan to file all post-effective amendments to the registration statement and supplements to the prospectus required to be filed under the Securities Act. However, we cannot assure you that an effective registration statement or current prospectus will be available at the time you desire to exercise your warrants.

Fractional shares will not be issued upon the exercise of warrants, and no payment will be made with respect to any fractional shares to which any warrant holder might otherwise be entitled upon exercise of warrants. No adjustments as to previously declared or paid cash dividends, if any, will be made upon any exercise of warrants.

The holders of the warrants as such are not entitled to vote, receive dividends or to exercise any of the rights of holders of shares of commons stock for any purpose until such warrants shall have been duly exercised and payment of the purchase price shall have been made. There is currently no market for the warrants and there is no assurance that any such market will ever develop.

For the life of the warrants, the warrant holders shall be given the opportunity to profit from the rise in market value of our shares of common stock, if any, at the expense of the holders of shares of common stock and we might be deprived of favorable opportunities to secure additional equity capital, if it should then be needed, for the purpose of its business. A warrant holder may be expected to exercise the warrants at a time when, we, in all likelihood, would be able to obtain equity capital, if required at that time, by a public sale of a new offering on terms more favorable than those provided in the warrants.

If upon exercise of the warrants the exercise price is less than the book value per share, the exercise will have a dilutive effect upon the warrant holder's investment.

After the six month anniversary of the closing of the offering, if for at least ten trading days within any period of twenty consecutive trading days, including the last trading day of the period, the closing price per share of common stock exceeds 125% of the warrant's exercise price, we may cancel any warrants remaining outstanding and unexercised. The date upon which we may cancel such warrants must be a date which is more than thirty (30) calendar days, but less than sixty (60) calendar days, after a notice is mailed by first class mail to all registered holders of the warrants following the satisfaction of the conditions described above, or such longer time as may be required by regulatory authorities.

The warrants issued to the Placement Agent are described in the section of this prospectus entitled "Plan of Distribution."

Number of Directors; Removal; Vacancies

At all times our Board of Directors shall consist of at least one, but no more than fifteen, directors. Vacancies on the Board of Directors may be filled only by the affirmative vote of a majority of the remaining directors then in office. Our by-laws provide that, subject to the rights of holders of any future series of preferred stock, directors may be removed, with or without cause, at meetings of stockholders by the affirmative vote of the holders of a majority of the outstanding shares entitled to vote generally in the election of directors.

Special Meetings of Stockholders; Limitations on Stockholder Action by Written Consent

Our certificate of incorporation provides that special meetings of our stockholders may be called only by our Chairman of the Board of Directors, our Chief Executive Officer, our Board of Directors or holders of not less than a majority of our issued and outstanding voting stock. Any action required or permitted to be taken by our stockholders must be effected at an annual or special meeting of stockholders and may not be effected by written consent unless the action to be effected and the taking of such action by written consent have been approved in advance by our Board of Directors.

Amendments; Vote Requirements

Certain provisions of our certificate of incorporation and by-laws provide that the affirmative vote of a majority of the shares entitled to vote on any matter is required for stockholders to amend our certificate of incorporation or by-laws, including those provisions relating to action by written consent, the ability of stockholders to call special meetings and indemnification of officers and directors.

Indemnification of Directors and Executive Officers and Limitation of Liability

The indemnification and limitation of liability provisions in our certificate of incorporation and by-laws may discourage stockholders from bringing a lawsuit against directors for breaches of their fiduciary duties. Specifically, our certificate of incorporation provides that a director of our company shall not be personally liable to our company or its stockholders for monetary damages for any breach of fiduciary duty by such director as a director, except for liability: (a) for any breach of the director's duty of loyalty to our company or its stockholders; (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (c) under Section 174 of the DGCL; or (d) for any transaction from which the director derived an improper personal benefit. These provisions may also reduce the likelihood of derivative litigation against directors and executive officers, even though an action, if successful, might benefit us and our stockholders. A stockholder's investment may be harmed to the extent we pay the costs of settlement and damage awards against directors and executive officers pursuant to these indemnification provisions.

Anti-Takeover Provisions

Our certificate of incorporation and our by-laws contain provisions that may delay, defer or discourage another party from acquiring control of us. We expect that these provisions, which are summarized below, will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with the Board of Directors, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they also give the Board of Directors the power to discourage acquisitions that some stockholders may favor.

In our certificate of incorporation, we elected not to be governed by Section 203 of the DGCL, which regulates corporate takeovers. This section prevents certain Delaware corporations, under certain circumstances, from engaging in a "business combination" with an "interested stockholder."

Effective as of the date that shares of our common stock are registered under the Exchange Act, our Board of Directors will be divided into three classes, each of which will generally serve for a term of three years with only one class of directors being elected in each year. As such, at a given annual meeting, only a portion of our Board of Directors may be considered for election. Since our "staggered board" may prevent our stockholders from replacing a majority of our Board of Directors at certain annual meetings, it may entrench our management and discourage unsolicited stockholder proposals. Moreover, our Board of Directors has the ability to designate the terms of and issue a new series of preferred stock.

Advance Notice Requirements for Stockholder Proposals and Nomination of Directors

Our by-laws provide that stockholders seeking to bring business before an annual meeting of stockholders, or to nominate candidates for election as directors at an annual meeting of stockholders, must provide timely notice in writing. To be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders. However, in the event that the annual meeting is called for a date that is more than 30 days before or more than 30 days after such anniversary date, such notice will be timely only if received not later than the close of business on the 120th day prior to the date of such annual meeting and not later than the close of business on the later of the 90th day prior to the date of such annual meeting, or if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the date on which notice of the date of the annual meeting was made public. Our by-laws also specify requirements as to the form and content of a stockholder's notice.

NASDAQ Trading

We have applied to have our units, shares of common stock and warrants stock listed on The NASDAQ Capital Market under the symbols "LMFAU," "LMFA" and "LMFAW," respectively.

Transfer Agent and Registrar

The transfer agent and registrar for our units, shares of common stock and warrants is American Stock Transfer & Trust Company, LLC. The transfer agent's address is 6201 15th Avenue, Brooklyn, New York 11219, and its telephone number is 1-800-937-5449.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there was no market for our securities. We cannot predict the effect, if any, that the sale of our units, shares of common stock or warrants or the availability of our units, shares of common stock or warrants for sale will have on the market price prevailing from time to time. Nevertheless, sales of substantial amounts of our units, shares of common stock or warrants in the public market following the offering could adversely affect the market price of such securities and adversely affect our ability to raise capital at any time and on terms favorable to us.

Sale of Restricted Shares

Upon completion of this offering, assuming we sell the minimum number of units, we will have shares of common stock outstanding. Of these shares, shares of common stock being sold in this offering, plus any shares sold upon exercise of the warrants being sold in this offering, will be freely tradable without restriction under the Securities Act, except for any such shares which may be held or acquired by an "affiliate" of ours, as that term is defined in Rule 144 under the Securities Act, which shares will be subject to the volume limitations and other restrictions of Rule 144 described below. If we sell the maximum number of units, we will have shares of common stock outstanding. Of these shares, shares of common stock being sold in this offering, plus any shares sold upon exercise of the warrants being sold in this offering, will be freely tradable without restriction under the Securities Act, except for any such shares which may be held or acquired by an "affiliate" of ours, as that term is defined in Rule 144 under the Securities Act, which shares will be subject to the volume limitations and other restrictions of Rule 144 described below. The remaining shares of common stock held by our existing stockholders upon completion of the offering will be "restricted securities," as that phrase is defined in Rule 144, and may not be resold in the absence of registration under the Securities Act or pursuant to an exemption from such registration, including, among others, the exemptions provided by Rule 144 or Rule 701 under the Securities Act, which rules are summarized below.

Rule 144

In general, under Rule 144 as currently in effect, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, a person (or persons whose shares are aggregated) who is deemed to be an affiliate of ours at the time of sale, or at any time during the preceding three months, and who has beneficially owned restricted shares for at least six months, would be entitled to sell within any three-month period a number of shares that does not exceed the greater of 1% of the then outstanding shares or the average weekly trading volume of shares during the four calendar weeks preceding such sale. Sales under Rule 144 are subject to certain manner of sale provisions, notice requirements and the availability of current public information about us. A person who has not been our affiliate at any time during the three months preceding a sale, and who has beneficially owned his shares for at least six months, would be entitled under Rule 144 to sell such shares without regard to any manner of sale, notice provisions or volume limitations described above. Any such sales must comply with the public information provision of Rule 144 until our common stock has been held for one year.

Rule 701

In general, under Rule 701, any of an issuer's employees, directors, officers, consultants or advisors who purchases shares from the issuer in connection with a compensatory stock or option plan or other written agreement before the effective date of a registration statement under the Securities Act is entitled to sell such

shares 90 days after such effective date in reliance on Rule 144. An affiliate of the issuer can resell shares in reliance on Rule 144 without having to comply with the holding period requirement, and non-affiliates of the issuer can resell shares in reliance on Rule 144 without having to comply with the current public information and holding period requirements.

The SEC has indicated that Rule 701 will apply to typical stock options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of such options, including exercises after an issuer becomes subject to the reporting requirements of the Exchange Act.

Lock-up Arrangements

Each of our executive officers and directors, as well as those individuals who on the effective date of the registration statement covering the offering are the beneficial owners of more than 5% of our common stock, have agreed not to sell or otherwise dispose of any shares of common stock for a period of 180 days after the date of the closing of the offering. Upon the expiration of these lock-up agreements, additional shares of our common stock will be available for sale in the public market.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS OF SECURITIES

The following is a summary of the material U.S. federal income and estate tax considerations relating to the purchase, ownership and disposition of our securities by Non-U.S. Holders (defined below). This summary does not purport to be a complete analysis of all the potential tax considerations relevant to Non-U.S. Holders related to our securities. This summary is based upon the Internal Revenue Code of 1986, as amended (the "Code"), the Treasury regulations promulgated or proposed thereunder and administrative and judicial interpretations thereof, all as of the date hereof and all of which are subject to change at any time, possibly on a retroactive basis.

This summary assumes that our securities are held as "capital assets" within the meaning of Section 1221 of the Code (generally, property held for investment). This summary does not purport to deal with all aspects of U.S. federal income and estate taxation that might be relevant to particular Non-U.S. Holders in light of their particular investment circumstances or status, nor does it address specific tax considerations that may be relevant to particular persons (including, for example, financial institutions, broker-dealers, insurance companies, partnerships or other pass-through entities, certain U.S. expatriates, tax-exempt organizations, pension plans, "controlled foreign corporations", "passive foreign investment companies," corporations that accumulate earnings to avoid U.S. federal income tax, persons in special situations, such as those who have elected to mark securities to market or those who hold our securities as part of a straddle, hedge, conversion transaction, synthetic security or other integrated investment, persons that have a "functional currency" other than the U.S. dollar, or holders subject to the alternative minimum or the unearned income Medicare contribution tax). In addition, except as explicitly addressed herein with respect to estate tax, this summary does not address estate and gift tax considerations or considerations under the tax laws of any state, local or non-U.S. jurisdiction.

For purposes of this summary, a "Non-U.S. Holder" means a beneficial owner of our securities that for U.S. federal income tax purposes is not classified as a partnership and is not:

- an individual who is a citizen or resident of the United States;
- a corporation or any other organization taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is included in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (1) a U.S. court is able to exercise primary supervision over the trust's administration and one or more U.S. persons have the authority to control all of the trust's substantial decisions or (2) the trust has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds our securities, the tax treatment of persons treated as its partners for U.S. federal income tax purposes will generally depend upon the status of the partner and the activities of the partnership. Entities that are classified as partnerships for U.S. federal income tax purposes and persons holding our securities through an entity classified as a partnership for U.S. federal income tax purposes are urged to consult their own tax advisors.

There can be no assurance that the Internal Revenue Service ("IRS") will not challenge one or more of the tax consequences described herein, and we have not obtained, nor do we intend to obtain, a ruling from the IRS with respect to the U.S. federal income or estate tax consequences to a Non-U.S. Holder of the purchase, ownership or disposition of our securities.

THIS SUMMARY IS FOR GENERAL INFORMATION ONLY AND IS NOT INTENDED TO BE TAX ADVICE. NON-U.S. HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS CONCERNING THE U.S. FEDERAL INCOME AND ESTATE TAXATION, STATE, LOCAL AND NON-U.S. TAXATION AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR SECURITIES.

Distributions on Our Common Stock

As discussed under "Dividend Policy" above, we do not currently expect to pay dividends. In the event that we do make a distribution of cash or property with respect to our common stock, any such distributions generally will constitute dividends for U.S. federal income tax purposes to the extent of our current and accumulated earnings and profits, as determined under U.S. federal income tax principles. If a distribution exceeds our current and accumulated earnings and profits, the excess will constitute a return of capital and will first reduce the holder's adjusted tax basis in our common stock, but not below zero. Any remaining excess will be treated as capital gain, subject to the tax treatment described below in "Gain on Sale, Exchange or Other Taxable Disposition of Our Securities." Any such distribution would also be subject to the discussion below under the section titled "Additional Withholding and Reporting Requirements."

Dividends paid to a Non-U.S. Holder generally will be subject to a 30% U.S. federal withholding tax unless such Non-U.S. Holder provides us or other applicable withholding agent, as the case may be, with the appropriate IRS Form W-8, such as:

- IRS Form W-8BEN or W-8BEN-E (or other applicable documentation) certifying, under penalties of perjury, a reduction in withholding under an applicable income tax treaty; or
- IRS Form W-8ECI (or successor form) certifying that a dividend paid on common stock is not subject to withholding tax because it is effectively connected with a trade or business in the United States of the Non-U.S. Holder (in which case such dividend generally will be subject to regular graduated U.S. tax rates as described below).

The certification requirement described above must be provided to us or other applicable withholding agent prior to the payment of dividends and must be updated periodically. The certification also may require a Non-U.S. Holder that provides an IRS form or that claims income tax treaty benefits to provide its U.S. taxpayer identification number. Special certification and other requirements apply in the case of certain Non-U.S. Holders that are intermediaries or pass-through entities for U.S. federal income tax purposes.

Each Non-U.S. Holder is urged to consult its own tax advisor about the specific methods for satisfying these requirements. A claim for exemption will not be valid if the person receiving the applicable form has actual knowledge or reason to know that the statements on the form are false.

If dividends are effectively connected with a trade or business in the United States of a Non-U.S. Holder (and, if required by an applicable income tax treaty, attributable to a U.S. permanent establishment), the Non-U.S. Holder, although exempt from the withholding tax described above (provided that the certifications described above are satisfied), generally will be subject to U.S. federal income tax on such dividends on a net income basis in the same manner as if it were a resident of the United States. In addition, if a Non-U.S. Holder is treated as a corporation for U.S. federal income tax purposes, the Non-U.S. Holder may be subject to an additional "branch profits tax" equal to 30% (unless reduced by an applicable income treaty) of its earnings and profits in respect of such effectively connected dividend income.

Non-U.S. Holders that do not timely provide us or other applicable withholding agent with the required certification but which are eligible for a reduced rate of U.S. federal withholding tax pursuant to an income tax treaty, may obtain a refund or credit of any excess amount withheld by timely filing an appropriate claim for refund with the IRS.

Gain on Sale, Exchange or Other Taxable Disposition of Our Securities

Subject to the discussion below under the section titled "Additional Withholding and Reporting Requirements," in general, a Non-U.S. Holder will not be subject to U.S. federal income tax or withholding tax on gain realized upon such holder's sale, exchange or other taxable disposition of our securities unless (i) such Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of

disposition, and certain other conditions are met, (ii) we are or have been a "United States real property holding corporation", as defined in the Code (a "USRPHC"), at any time within the shorter of the five-year period preceding the disposition and the Non-U.S. Holder's holding period in the shares of our securities, and certain other requirements are met, or (iii) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States).

If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the disposition. If the third exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to such gain on a net income basis in the same manner as if it were a resident of the United States and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to any earnings and profits attributable to such gain at a rate of 30% (or at a reduced rate under an applicable income tax treaty).

Generally, a corporation is a USRPHC only if the fair market value of its U.S. real property interests (as defined in the Code) equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus its other assets used or held for use in a trade or business. Although there can be no assurance in this regard, we believe that we are not, and do not anticipate becoming, a USRPHC. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property interests relative to the fair market value of other business assets, there can be no assurance that we will not become a USRPHC in the future. Even if we became a USRPHC, a Non-U.S. Holder would not be subject to U.S. federal income tax on a sale, exchange or other taxable disposition of our securities by reason of our status as USRPHC so long as our securities are regularly traded on an established securities market (as defined in the Code) at any time during the calendar year in which the disposition occurs and such Non-U.S. Holder does not own and is not deemed to own (directly, indirectly or constructively) more than 5% of our securities at any time during the shorter of the five-year period ending on the date of disposition and the holder's holding period. However, no assurance can be provided that our securities will be regularly traded on an established securities market for purposes of the rules described above. Prospective investors are encouraged to consult their own tax advisors regarding the possible consequences to them if we are, or were to become, a USRPHC.

Additional Withholding and Reporting Requirements

Sections 1471 to 1474 of the Code, the Treasury Regulations promulgated thereunder and other official guidance (commonly referred to as "FATCA") will impose, in certain circumstances, U.S. federal withholding at a rate of 30% on payments of (a) dividends on our common stock on or after July 1, 2014, and (b) gross proceeds from the sale or other disposition of our securities on or after January 1, 2017. In the case of payments made to a "foreign financial institution" as defined under FATCA (including, among other entities, an investment fund), as a beneficial owner or as an intermediary, the withholding tax generally will be imposed, subject to certain exceptions, unless such institution (i) enters into (or is otherwise subject to) and complies with an agreement with the U.S. government (a ''FATCA Agreement'') or (ii) complies with applicable foreign law enacted in connection with an intergovernmental agreement between the United States and a foreign jurisdiction (an "IGA"), and, in either case, among other things, collects and provides to the U.S. or other relevant tax authority certain information regarding U.S. account holders of such institution. In the case of payments made to a foreign entity that is not a foreign financial institution (as a beneficial owner), the withholding tax generally will be imposed, subject to certain exceptions, unless such foreign entity provides the withholding agent with a certification that it does not have any "substantial U.S. owner" (generally, any specified U.S. person that directly or indirectly owns more than a specified percentage of such entity) or that identifies its substantial U.S. owners. If our securities are held through a foreign financial institution that enters into (or is otherwise subject to) a FATCA Agreement, such foreign financial institution (or, in certain cases, a person paying amounts to such foreign financial institution) generally will be required, subject to certain exceptions, to withhold such tax on payments of dividends and proceeds described above made to (x) a person (including an individual) that fails to

comply with certain information requests or (y) a foreign financial institution that has not entered into (and is not otherwise subject to) a FATCA Agreement and is not required to comply with FATCA pursuant to applicable foreign law enacted in connection with an IGA.

Prospective investors should consult their own tax advisors regarding the possible impact of these rules on their investment in our securities, and the entities through which they hold our securities, including, without limitation, the process and deadlines for meeting the applicable requirements to prevent the imposition of this 30% withholding tax under FATCA.

Backup Withholding and Information Reporting

We must report annually to the IRS and to each Non-U.S. Holder the gross amount of the distributions on our common stock paid to the holder and the tax withheld, if any, with respect to the distributions. Non-U.S. Holders may have to comply with specific certification procedures to establish that the holder is not a United States person (as defined in the Code) in order to avoid backup withholding at the applicable rate, currently 28%, with respect to dividends on our common stock. Dividends paid to Non-U.S. Holders subject to the U.S. withholding tax, as described above under the section titled "Distributions on Our Common Stock," generally will be exempt from U.S. backup withholding.

Information reporting and backup withholding will generally apply to the proceeds of a disposition of our securities by a Non-U.S. Holder effected by or through the U.S. office of any broker, U.S. or foreign, unless the holder certifies its status as a Non-U.S. Holder and satisfies certain other requirements, or otherwise establishes an exemption. Generally, information reporting and backup withholding will not apply to a payment of disposition proceeds to a Non-U.S. Holder where the transaction is effected outside the United States through a non-U.S. office of a broker. However, for information reporting purposes, dispositions effected through a non-U.S. office of a broker with substantial U.S. ownership or operations generally will be treated in a manner similar to dispositions effected through a U.S. office of a broker. Prospective investors should consult their own tax advisors regarding the application of the information reporting and backup withholding rules to them.

Copies of information returns may be made available to the tax authorities of the country in which the Non-U.S. Holder resides or, in which the Non-U.S. Holder is incorporated or organized, under the provisions of a specific treaty or agreement.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a Non-U.S. Holder can be refunded or credited against the Non-U.S. Holder's U.S. federal income tax liability, if any, provided that an appropriate claim is timely filed with the IRS.

Federal Estate Tax

Securities of ours that are owned (or treated as owned) by an individual who is not a citizen or a resident of the United States (as defined for U.S. federal estate tax purposes) at the time of death will be included in the individual's gross estate for U.S. federal estate tax purposes, unless an applicable estate or other tax treaty provides otherwise, and therefore, may be subject to U.S. federal estate tax.

PLAN OF DISTRIBUTION

We have engaged International Assets Advisory, LLC (the "Placement Agent") to conduct this offering on a "best efforts, minimum/maximum" basis to offer and sell on our behalf the units with each unit consisting of one share of common stock and one common stock purchase warrant. The offering is being made without a firm commitment by the Placement Agent, which has no obligation or commitment to purchase any of the units. Our officers, directors or affiliates may purchase units in this offering, and may do so for the explicit purpose of satisfying the minimum offering amount. Any such purchases will be made for investment purposes only, and not with a view toward redistribution.

Unless sooner withdrawn or canceled by either us or the Placement Agent, the offering will continue until the earlier of (i) a date mutually acceptable to us and our Placement Agent after which the minimum offering is sold or (ii) , 2015 (the "Offering Termination Date"). The Placement Agent has agreed in accordance with the provisions of SEC Rule 15c2-4 to cause all funds received by the Placement Agent for the sale of the units to be promptly deposited in an escrow account maintained by SunTrust Bank, N.A. (the "Escrow Agent") as escrow agent for the investors in the offering. The Escrow Agent will exercise signature control on the escrow account and will act based on joint instructions from our company and the Placement Agent. On the closing date for the offering, the net proceeds in the escrow account maintained by the Escrow Agent will be delivered to our company. If we do not complete this offering before the Offering Termination Date, all amounts will be promptly returned as described below. In the event of any dispute between our company and the Placement Agent, including about whether the minimum offering has been sold and whether and how funds are to be reimbursed, the Escrow Agent is entitled to petition a court of competent jurisdiction to resolve any such dispute.

Investors must pay in full for all units purchased at the time of investment. Payment for the units may be made (i) by check, bank draft or money order made payable to "SunTrust Bank, N.A., as escrow agent for LM Funding America, Inc." and delivered to the Placement Agent no less than four business days before the date of closing, or (ii) by authorization of withdrawal from securities accounts maintained with the Placement Agent. If payment is made by check, bank draft or money order delivered to the Placement Agent, the Placement Agent will transfer such check, bank draft or money order to the Escrow Agent by noon of the next business day following receipt. If payment is made by authorization of withdrawal from securities accounts, the funds authorized to be withdrawn from a securities account will continue to accrue interest, if any interest is to accrue on such amounts, at the contractual rates until closing or the Offering Termination Date, but a hold will be placed on such funds, thereby making them unavailable to the purchaser until closing or the Offering Termination Date. If a purchaser authorizes the Placement Agent to withdraw the amount of the purchase price from a securities account, the Placement Agent will do so as of the date of closing. Other than the authorization of a customer to withdraw funds from a securities account to acquire the units, there will be no sweep arrangements to transfer any funds or liquidate a securities position in any investor's account. The Placement Agent will inform prospective purchasers of the anticipated date of closing.

Proceeds deposited in escrow with the Escrow Agent may not be withdrawn by investors prior to the earlier of the closing of the offering or the Offering Termination Date. If the offering is withdrawn or canceled or if the minimum offering is not reached and proceeds therefrom are not received by us on or prior to the Offering Termination Date, all proceeds will be promptly returned by the Escrow Agent without interest or deduction to the persons from which they are received (within one business day) in accordance with applicable securities laws. All such proceeds will be placed in a non-interest bearing account pending such time.

Pursuant to that certain Sales Agency Agreement by and between the Placement Agent and us, the obligations of the Placement Agent to solicit offers to purchase our units and of investors solicited by the Placement Agent to purchase our units are subject to approval of certain legal matters by counsel to the Placement Agent. The Placement Agent's obligations under the Sales Agency Agreement are subject to various conditions which are customary in transactions of this type. The Placement Agent reserves the right to reject any order in whole or in part for any reason or no reason.

We have agreed to indemnify the Placement Agent against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Placement Agent may be required to make in respect of those liabilities.

The Placement Agent is offering the units, subject to prior sale, when, as and if issued to and accepted by it, subject to conditions contained in the Sales Agency Agreement, such as the receipt by the Placement Agent of officers' certificates and legal opinions. The Placement Agent reserves the right to accept or reject orders in whole or in part. The Placement Agent may terminate the Sales Agency Agreement in the event (i) our representations or warranties are incorrect or misleading or we fail to fulfill our agreements with the Placement

Agent; (ii) a material adverse change occurs affecting our business, management, property, assets, results of operations, condition or prospects; (iii) trading is suspended on The NASDAQ Capital Market; (iv) war is declared; (v) a banking moratorium is declared in Florida, New York or the U.S.; or (vi) any laws, regulations, court or administrative order or other governmental or agency act causes the Placement Agent to believe that our business or the U.S. securities markets will be materially adversely affected. The Placement Agent's discretion in this regard is broad.

In connection with this offering, the Placement Agent or certain of the securities dealers may distribute prospectuses electronically. No forms of prospectus other than printed prospectuses and electronically distributed prospectuses that are printable in Adobe PDF format will be used in connection with this offering.

Foreign Regulatory Restrictions on Purchase of our Securities

We have not taken any action to permit a public offering of the units outside the United States or to permit the possession or distribution of this prospectus outside the United States. People outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to this offering of the units and the distribution of this prospectus outside the United States.

Commissions and Discounts

The Placement Agent has advised us that it proposes to offer the units to the public at the initial public offering price on the cover page of this prospectus. The following table shows the public offering price, the placement fee to be paid by us to the Placement Agent and the proceeds, before expenses, to us:

	Per Unit(1)	Minimum Offering	Maximum Offering
Public Offering Price			
Placement Fee			
Proceeds to us, before expenses			

(1) We have assumed a placement fee of 8% for all units. We may, at our sole discretion, introduce prospective purchasers of the units to the Placement Agent. Such introduced investors will be required to open a brokerage account with the Placement Agent to participate in the offering. The Placement Agent has agreed to accept a reduced placement fee of 3% of the public offering price for any purchaser of units introduced to the Placement Agent by the Company. The Placement Agent has also agreed to pay StillPoint Capital, LLC, a registered broker dealer, a portion of the Placement Agent fee equal to forty percent (40%) of the Placement Agent fees retained by the Placement Agent after payment of fees to selected dealers who are participating in this offering. StillPoint Capital, LLC is not participating in the sale or distribution of the units.

In addition, we will issue to the Placement Agent warrants to purchase a number of shares of our common stock equal to 5% of the number of units sold. Each warrant will be exercisable to purchase one share of our common stock at an exercise price of $ per share (165% of the offering price) and will have a term of five years. The warrants to be acquired by the Placement Agent may not (except to certain affiliates of the Placement Agent) be sold, transferred, assigned, pledged or hypothecated, or be the subject of any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of the securities by any person for a period of 180 days immediately following the commencement of this offering. The anti-dilution provisions of the warrants to be issued to the Placement Agent will comply with FINRA Corporate Financing Rule 5110(f)(2)(g). The Placement Agent warrants may be cancelled by us at any time following the six (6) month anniversary of the closing if the closing price of our common stock exceeds $ (which is 125% of the exercise price of the Placement Agent warrants) for at least ten (10) trading days within any period of twenty (20) consecutive trading days.

We expect our total cash expenses for this offering to be approximately $, exclusive of the above placement fee, but inclusive of an estimated $ in accountable expenses payable to the Placement Agent.

We have agreed to pay the Placement Agent an accountable expense allowance of up to 1% of the amount of the offering, or $ (maximum offering), or $ (minimum offering). The expense allowance will not exceed the amount of accountable expenses actually incurred. We have paid $20,000 to the Placement Agent as an advance on such accountable expense allowance to be used as a retainer fee for the Placement Agent's counsel. If the advances paid by the Company to the Placement Agent exceed the amount of accountable expenses actually incurred, the excess amount will be returned to the Company in accordance with FINRA Corporate Financing Rule 5110(f)(2)(6)(i).

Discretionary Units

The Placement Agent will not sell any units in this offering to accounts over which it exercises discretionary authority, without first receiving written consent from those accounts.

Application for Listing on The NASDAQ Capital Market

We intend to file an application to list our units on The NASDAQ Capital Market under the symbol "LMFAU." As this offering is a best efforts offering, we expect that The NASDAQ Capital Market will be unable to admit our units for listing until the completion of the offering and, consequently, the satisfaction of NASDAQ listing standards. If so admitted, we expect our units to begin trading on The NASDAQ Capital Market on the day following the closing of this offering. If our units are eventually listed on The NASDAQ Capital Market, we will be subject to continued listing requirements and corporate governance standards. We expect these new rules and regulations to significantly increase our legal, accounting and financial compliance costs.

Price Stabilization, Short Positions and Penalty Bids

In order to facilitate the offering of the units, the Placement Agent may engage in transactions that stabilize, maintain or otherwise affect the price of the units. In order to facilitate the offering, the Placement Agent may, but is not required to, bid for, and purchase, the units in the open market to stabilize the price of the units. These activities may raise or maintain the market price of the units above independent market levels or prevent or retard a decline in the market price of the units. The Placement Agent is not required to engage in these activities, and may end any of these activities at any time. We and the Placement Agent have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

LEGAL MATTERS

Certain matters as to U.S. law in connection with this offering will be passed upon for us by the law firm of Foley & Lardner LLP, Tampa, Florida. Certain legal matters in connection with this offering will be passed upon for the Placement Agent by the law firm of Johnson Pope Bokor Ruppel & Burns, LLP.

EXPERTS

The consolidated financial statements for LM Funding, LLC and Subsidiaries as of and for the years ended December 31, 2014 and 2013 included in this prospectus have been audited by Skoda Minotti, an independent registered public accounting firm, as stated in their report appearing herein and are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

INTERESTS OF NAMED EXPERTS AND COUNSEL

Martin A. Traber, who is nominated to serve on our Board of Directors, is a partner with Foley & Lardner LLP, our legal counsel in connection with the preparation of the registration statement of which this prospectus forms a part. Other than Mr. Traber, no "expert" or "counsel," as defined by Item 509 of Regulation S-K, named in this prospectus as having prepared or certified any part of this prospectus or having given an opinion upon the validity of the securities being registered or upon other legal matters in connection with the registration or offering of the securities offered hereby was employed on a contingency basis, or had, or is to receive, in connection with such offering, a substantial interest, direct or indirect, in us, nor was any such person connected with us as a promoter, managing or principal underwriter, voting trustee, director, officer or employee.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement (of which this prospectus is a part) under the Securities Act relating to the securities we are offering. This prospectus does not contain all the information that is in the registration statement. Certain portions of the registration statement have been omitted as allowed by the rules and regulations of the SEC. Statements in this prospectus which summarize documents are not necessarily complete, and in each case you should refer to the copy of the document filed as an exhibit to the registration statement. For further information regarding our company and our securities, please see the registration statement and its exhibits and schedules. You may examine and copy this information at the Public Reference Room of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the registration statement and other public filings can be obtained from the SEC's Internet website at *www.sec.gov*.

Upon completion of this offering, we will become subject to the information and periodic reporting requirements of the Exchange Act and, in accordance therewith, will file periodic reports, proxy statements, and other information with the SEC. Such periodic reports, proxy statements, and other information will be available for inspection and copying at the SEC's public reference rooms and the Internet site of the SEC referred to above. Our Internet site address is *www.lmfunding.com*. Information on our Internet site does not constitute a part of this prospectus.

Table of Contents

LM FUNDING, LLC AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	PAGE NO.
INDEPENDENT AUDITORS' REPORT	F-2
CONSOLIDATED BALANCE SHEETS December 31, 2014 and 2013	F-3
CONSOLIDATED STATEMENTS OF INCOME Years ended December 31, 2014 and 2013	F-4
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' DEFICIT Years ended December 31, 2014 and 2013	F-5
CONSOLIDATED STATEMENTS OF CASH FLOWS Years ended December 31, 2014 and 2013	F-6
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	F-7

Report of Independent Registered Public Accounting Firm

To the Members of
LM Funding, LLC and Subsidiaries

We have audited the accompanying consolidated balance sheets of LM Funding, LLC and Subsidiaries (collectively the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of income, changes in members' deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of LM Funding, LLC and Subsidiaries at December 31, 2014 and 2013 and the results of their consolidated operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Skoda Minotti
Tampa, Florida

April 28, 2015

LM FUNDING, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
Cash	$ 2,027,694	$ 764,850
Finance receivables:		
Original product	2,430,456	3,757,963
Special product—New Neighbor Guaranty program	1,042,805	969,369
Due from related party	463,900	484,990
Prepaid expenses and other assets	310,688	162,422
Debt issue costs, net	290,688	105,815
Fixed assets, net	162,396	42,174
Real estate assets held for sale	42,731	20,231
Total assets	$ 6,771,358	$ 6,307,814
LIABILITIES AND MEMBERS' DEFICIT		
Notes payable	$ 7,431,938	$ 8,252,849
Accounts payable and accrued expenses	344,721	363,078
Accrued interest payable	—	95,608
Deferred revenue—origination fees	61,966	121,711
Other liabilities and obligations	65,910	20,365
Total liabilities	7,904,535	8,853,611
Members' deficit	(1,144,212)	(2,547,513)
Noncontrolling interest	11,035	1,716
Total members' deficit	(1,133,177)	(2,545,797)
Total liabilities and members' deficit	$ 6,771,358	$ 6,307,814

The accompanying notes are an integral part of these consolidated financial statements.

LM FUNDING, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
REVENUES		
Interest on delinquent association fees	$6,432,878	$5,430,259
Administrative and late fees	709,846	886,340
Recoveries in excess of cost—special product	136,655	313,737
Underwriting and origination fees	243,366	213,457
Rental revenue	126,644	51,694
Total revenues	7,649,389	6,895,487
OPERATING EXPENSES		
Staff costs and payroll	1,301,137	1,461,431
Collection costs	715,547	564,818
Settlement costs with associations	373,422	364,490
Professional fees	565,537	267,554
Marketing and advertising	177,671	216,742
Underwriting	102,476	176,606
Real estate management and disposal	190,743	166,833
Assessments insurance	109,119	157,704
Travel and entertainment	133,802	147,060
Rent	152,988	102,000
Depreciation and amortization	152,668	90,301
Computer and internet	98,807	60,828
Other	23,021	16,155
Office expense and supplies	17,825	20,110
Product development costs	—	6,888
Repairs and maintenance	3,270	6,365
	4,118,033	3,825,885
OPERATING INCOME	3,531,356	3,069,602
INTEREST EXPENSE	985,023	1,213,422
INCOME BEFORE NON-CONTROLLING INTEREST	2,546,333	1,856,180
INCOME ATTRIBUTED TO NON-CONTROLLING INTEREST	(163,869)	(124,912)
NET INCOME	$2,382,464	$1,731,268

The accompanying notes are an integral part of these consolidated financial statements.

LM FUNDING, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' DEFICIT

YEARS ENDED DECEMBER 31, 2014 AND 2013

	Members			Total Capital	
	LM Funding Management, LLC	CGR 63, LLC	Preferred Member	All Members' Capital	Non-controlling Interest
BALANCE—DECEMBER 31, 2012	$(1,593,693)	$(1,594,218)	$ 250,000	$(2,937,911)	$ (1,350)
Capital contributions	—	—	—	—	—
Return of capital	(524,800)	(524,800)	(250,000)	(1,299,600)	(121,846)
Preferred Return paid	—	—	(41,270)	(41,270)	—
Net income, allocated	844,999	844,999	41,270	1,731,268	124,912
BALANCE—DECEMBER 31, 2013	(1,273,494)	(1,274,019)	—	(2,547,513)	1,716
Capital contributions	—	—	—	—	—
Return of capital	(490,000)	(489,163)	—	(979,163)	(154,550)
Preferred Return paid	—	—		—	—
Net income, allocated	1,191,232	1,191,232		2,382,464	163,869
BALANCE—DECEMBER 31, 2014	$ (572,262)	$ (571,950)	$ —	$(1,144,212)	$ 11,035

The accompanying notes are an integral part of these consolidated financial statements.

LM FUNDING, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest on delinquent association fees	$ 6,432,878	$ 5,430,259
Administrative and late fees	709,846	886,340
Recoveries in excess of cost—special product	136,655	313,737
Underwriting and origination fees	183,621	213,598
Rental revenue	126,644	51,694
Staff costs and payroll	(1,301,137)	(1,461,431)
Other operating expenses	(2,785,306)	(2,332,802)
Interest paid	(1,080,631)	(1,194,495)
Net cash provided by operating activities	2,422,570	1,906,900
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net collections (funding) of finance receivables—original product	1,327,507	743,953
Net collections (funding) of finance receivables—special product	(73,436)	(473,066)
Capital expenditures	(146,325)	(32,622)
Proceeds / (payments) for real estate assets held for sale	(22,500)	3,364
Net cash provided by investing activities	1,085,246	241,629
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	7,431,938	—
Principal repayments	(8,252,849)	(1,640,001)
Return of capital to members	(979,163)	(1,299,600)
Return of capital to non-controlling interest	(154,550)	(121,846)
Preferred returns paid	—	(41,270)
Advances (repayments) to related party	21,090	(104,111)
Debt issue costs	(311,438)	(20,000)
Net cash used in financing activities	(2,244,972)	(3,226,828)
NET INCREASE (DECREASE) IN CASH	1,262,844	(1,078,299)
CASH—BEGINNING OF YEAR	764,850	1,843,149
CASH—END OF YEAR	$ 2,027,694	$ 764,850

The accompanying notes are an integral part of these consolidated financial statements.

LM FUNDING, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

LM Funding, LLC (the "Company") is a Florida limited liability company organized during January, 2008. Under the terms of the Operating Agreement effective January 8, 2008 ("Operating Agreement"), the Company has two members: LM Funding Management, LLC and CGR 63, LLC. Both members have a 50% ownership interest in the Company (see note 12, Subsequent Events). The Operating Agreement also provides for Preferred Members. There are presently no Preferred Members with outstanding capital accounts or ownership interests in the Company.

The Company is a specialty finance company that provides funding principally to community associations, almost exclusively located in Florida. The business of the Company is conducted under Florida statute 718.116 (the "Statute"). The Statute provides each community association an automatic lien to secure payment from unit owners (property owners) for assessments, interest, administrative late fees, reasonable attorney's fees and collection costs. In addition, the automatic lien granted under the Statute is given a higher priority (a "Super Lien") than all other lien holders except property tax liens. The Company provides funding to associations for their delinquent assessments from property owners in exchange for an assignment of the association's rights under the Statute. The Company derives its revenues by successfully exercising its assigned rights.

The Statute specifies the rate of interest an association (or its assignor) may charge on delinquent assessments is equal to the rate set forth in the association's declaration or bylaws. If a rate is not specified, the statutory rate is equal to 18% but may not exceed the maximum rate allowed by law. The Statute also stipulates that administrative late fees cannot be charged on delinquent assessments unless so provided by the association's declaration or bylaws and may not exceed the greater of $25 or 5% of each delinquent assessment.

The Statute limits the liability of a first mortgage holder for unpaid assessments and related charges and fees (as set forth above) in the event of title transfer by foreclosure or acceptance of deed in lieu of foreclosure. This liability is limited to the lesser of twelve months of regular periodic assessments or one percent of the original mortgage debt on the unit (the "Super Lien Amount").

Principles of Consolidation

The accompanying consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States ("GAAP"), and include the accounts of LM Funding, LLC and its wholly-owned subsidiaries LMF October 2010 Fund, LLC; REO Management Holdings, LLC; LM Funding of Colorado, LLC; LM Funding of Washington, LLC; and its 95% owned subsidiary LMF SPE #2, LLC. All significant intercompany balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Significant estimates include the evaluation of any probable losses on amounts funded under the Company's *New Neighbor Guaranty* program as disclosed below.

Revenue Recognition

Accounting Standards Codification ("ASC") 605-10-25-1 of the Financial Accounting Standards Board ("FASB") states revenues are realized or realizable when related assets received or held are readily convertible

LM FUNDING, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

into known amounts of cash. In those cases where there is no reasonable basis for estimating the "known amount" of cash to be collected, the cash basis or cost recovery method of recognizing revenues may be used. Collections on the accounts may vary greatly in both the timing and amount ultimately recovered compared to the total revenues earned on the accounts because of a variety of economic and social factors affecting the real estate environment in general. The Company has determined that the known amount of cash to be realized or realizable on its revenue generating activities cannot be reasonably estimated and as such, classifies its finance receivables as nonaccrual and recognizes revenues in the accompanying statements of income on the cash basis or cost recovery method in accordance with ASC 310-10, *Receivables*. The Company applies the cash basis method to its original product and the cost recovery method to its special product as follows:

Finance Receivables—Original Product: Under the Company's original product, delinquent assessments are funded only up to the Super Lien Amount as discussed above. Recoverability of funded amounts is generally assured because of the protection of the Super Lien Amount. As such, payments by unit owners on the Company's original product are recorded to income when received in accordance with the provisions of the Statute (718.116(3)) and the provisions of the purchase agreements entered into between the Company and community associations. Those provisions require that all payments be applied in the following order: first to interest, then to late fees, then to costs of collection, then to legal fees expended by the Company and then to assessments owed. In accordance with the cash basis method of recognizing revenue and the provisions of the statute, the Company records revenues for interest and late fees when cash is received. In the event the Company determines the ultimate collectability of amounts funded under its original product are in doubt, payments are applied to first reduce the funded or principal amount.

Finance Receivables—Special Product (New Neighbor Guaranty program): During 2012, the Company began offering Associations an alternative product under the *New Neighbor Guaranty* program where the Company will fund amounts in excess of the Super Lien Amount. Under this special product, the Company purchases substantially all of the delinquent assessments owed to the association, in addition to all accrued interest and late fees, in exchange for payment by the Company of (i) a negotiated amount or (ii) on a going forward basis, all monthly assessments due for a period up to 48 months. Under these arrangements, the Company considers the collection of amounts funded is not assured and under the cost recovery method, cash collected is applied to first reduce the carrying value of the funded or principal amount with any remaining proceeds applied next to interest, late fees, legal fees, collection costs and any amounts due to the community association. Any excess proceeds still remaining are recognized as revenues. If the future proceeds collected are lower than the Company's funded or principal amount, then a loss is recognized.

Cash

The Company maintains cash balances at several financial institutions that are insured under the Federal Deposit Insurance Corporation's (FDIC) Transition Account Guarantee Program. Balances with the financial institutions may exceed federally insured limits.

Finance Receivables

Finance receivables are recorded at the amount funded or cost (by unit). The Company evaluates its finance receivables at each period end for losses that are considered probable and can be reasonably estimated in accordance with ASC 450-20. As discussed above, recoverability of funded amounts under the Company's original product is generally assured because of the protection of the Super Lien Amount. Under the *New Neighbor Guaranty* program (special product), the Company funds amounts in excess of the Super Lien Amount.

LM FUNDING, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In these instances, the Company purchases credit insurance covering all funded amounts in excess of a deductible amount, which is equal to six months of delinquent assessments. When evaluating the carrying value of its finance receivables, the Company looks at the likelihood of future cash flows based on historical payoffs, the fair value of the underlying real estate, the general condition of the community association in which the unit exists, and the general economic real estate environment in the local area.

The Company did not have any significant receivable balances at December 31, 2014 and 2013 that met the criteria of ASC 450-20 and as such, did not have an allowance for credit losses at those dates. Under the Company's revenue recognition policies, all finance receivables (original product and special product) are classified as nonaccrual.

Real Estate Assets Held for Sale

In the event collection of a delinquent assessment results in a unit being sold in a foreclosure auction, the Company has the right to bid (on behalf of the community association) for the delinquent unit as attorney in fact, applying any amounts owed for the delinquent assessment to the foreclosure price as well as any additional funds that the Company, in its sole discretion, decides to pay. If a delinquent unit becomes owned by the community association by acquiring title through an association lien foreclosure auction, by accepting a deed-in-lieu of foreclosure, or by any other way, the Company in its sole discretion may direct the community association to quitclaim title of the unit to the Company.

Properties quitclaimed to the Company are recognized as real estate assets held for sale in the accompanying consolidated balance sheets. Real estate held for sale consists solely of costs incurred by the Company in excess of original funding. The Company does not incur any costs on many of its properties that are held for sale. Real estate held for sale is adjusted to fair value less cost to dispose in the event the carrying value of a unit or property exceeds its estimated net realizable value,

If the Company elects to take a quitclaim title to a unit or property held for sale, the Company is responsible to pay all future assessments on a current basis, until a change of ownership occurs. The community association must allow the Company to lease or sell the unit to satisfy obligations for delinquent assessments of the original debt. All proceeds collected from the rental or sale of the unit shall be first applied to all amounts due the Company plus any additional funds paid by the Company to purchase the unit, if applicable. Rental revenues and sales proceeds related to real estate assets held for sale are recognized when earned and realizable. Expenditures for current assessments owed to associations, repairs and maintenance, utilities, etc. are expensed when incurred.

If the community association elects (and prior to the Company obtaining title through its own election) to maintain ownership and not quitclaim title to the Company, the community association must pay the Company all interest, late fees, collection costs and legal fees expended, plus the original funding on the unit, which have accrued according to the purchase agreement entered into by the community association and the Company. In this event, the unit will be reassigned to the community association.

Property and Equipment

The Company capitalizes all acquisitions of fixed assets in excess of $500. Property and equipment are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Fixed assets are comprised of furniture, computer and office equipment with an assigned useful life of 3 to 5 years. Property and equipment also includes capitalized software costs. Capitalized software costs include costs to

LM FUNDING, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

develop software to be used solely to meet the Company's internal needs, and consist of employee salaries and benefits and fees paid to outside consultants during the application development stage, and are amortized over their estimated useful life of 5 years. As of December 31, 2014 and 2013, capitalized software costs, net of accumulated amortization, was $114,988 and $0, respectively. Amortization expense for capitalized software costs for the years ended December 31, 2014 and 2013 was $1,308 and $0, respectively.

Debt Issue Costs

The Company capitalizes all debt issue costs and amortizes them on a method that approximates the effective interest method over the remaining term of the note payable. Debt issue costs of $290,688 and $205,000 are presented in the accompanying consolidated balance sheets net of accumulated amortization of $0 and $99,185 as of December 31, 2014 and 2013, respectively.

Settlement Costs with Associations

Community associations working with the Company will at times incur costs in connection with litigation initiated by the Company against property owners and or mortgage holders. These costs include settlement agreements whereby the community association agrees to pay some monetary compensation to the opposing party or judgments against the community associations for fees of opposing legal counsel or other damages awarded by the courts. The Company indemnifies the community association for these costs pursuant to the provisions of the agreement between the Company and the community association. Costs incurred by the Company for these indemnification obligations during 2014 and 2013 approximated $373,000 and $364,000, respectively. The Company does not limit its indemnification based on amounts ultimately collected from property owners.

Income Taxes

The Company does not incur income taxes; instead, its earnings are included in the tax returns of separate limited liability companies of the members and taxed depending on their personal tax situations. The financial statements, therefore, do not include a provision for income taxes.

GAAP requires management to evaluate tax positions taken by the Company and recognize a tax liability (or asset) if the Company has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Company, and concluded that as of December 31, 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Company is no longer subject to examinations for years prior to the year ended December 31, 2011.

Fair Value of Financial Instruments

FASB ASC 825-10, Financial Instruments, requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet. The Company engages a third party valuations firm to estimate the fair value of its finance receivables (see Note 9) and reviews the methods and assumptions used by the firm for reasonableness. The Company estimates that the fair values of all other financial instruments at December 31, 2014 and 2013 do not differ materially from the carrying amounts reported in the accompanying balance sheets, principally because of the short maturity of those assets and liabilities.

LM FUNDING, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Risks and Uncertainties

Funding amounts are secured by a priority lien position provided under Florida law (see discussion above regarding Florida statute 718.116). However, in the event the first mortgage holder takes title to the property, the amount payable by the mortgagee to satisfy the priority lien is capped under this same statute and would generally only be sufficient to reimburse the Company for funding amounts noted above for delinquent assessments. Amounts paid by the mortgagee would not generally reimburse the Company for interest, administrative late fees and collection costs. Even though the Company does not recognize these charges as revenues until collected, its business model and long-term viability is dependent on its ability to collect these charges.

In the event a delinquent unit owner files for bankruptcy protection, the Company may at its option be reimbursed by the association for the amounts funded (i.e., purchase price) and all collection rights are re-assigned to the association.

New Accounting Pronouncements

On May 28, 2014 the Financial Accounting Standards Board issued ASU 2014-09—*Revenue from Contracts with Customers (Topic 606)* which provided new accounting guidance regarding revenue recognition, and is effective for annual periods beginning after December 15, 2017. The Company has not yet evaluated the impact of this new guidance on its consolidated financial statements.

Subsequent Events

The Company has evaluated subsequent events through April 28, 2015, the date which the consolidated financial statements were available to be issued. Other than events described in Note 12, there were no material subsequent events that required recognition in these consolidated financial statements.

2. PREFERRED RETURNS AND DISTRIBUTIONS

The Operating Agreement distinguishes between Members and Preferred Members. Preferred Members earn a Preferred Return at an agreed upon interest rate on any capital contributed to the Company. Preferred Returns are cumulative if not paid (Accumulated Preferred Returns), and are paid solely from the Net Operating Cash or the Net Capital Event Proceeds of the Company. Net Operating Cash as defined in the Operating Agreement equals net income from operations less reserves. Net Capital Event Proceeds equals cash proceeds from the sale of substantially all of the Company's assets less any amounts necessary to satisfy outstanding obligations and less any reasonable cash reserves considered necessary by the Managing Member of the Company. Distributions of cash are at the sole discretion of the Managing Member and are made first to pay any Accumulated Preferred Returns and then to reduce each Preferred Member's capital account to zero (on a prorata basis).

Members are paid distributions in accordance with their ownership percentages only after all obligations of the Company to the Preferred Members have been satisfied.

Preferred Returns are calculated on the amount of contributed capital (excluding any Accumulated Preferred Return) beginning on the date the contribution is made. There were no Preferred Returns earned or paid in 2014. Preferred Returns earned and paid to Preferred Members for 2013 approximated $41,000. There were no Accumulated Preferred Returns as of December 31, 2014 and 2013.

LM FUNDING, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PREFERRED RETURNS AND DISTRIBUTIONS (continued)

The Operating Agreement also provides that tax distributions may be paid to the Members and Preferred Members. Tax distributions are intended to assist Members and Preferred Members in satisfying their federal income tax liabilities resulting from ownership of the Company.

3. ALLOCATION OF NET INCOME OR LOSS

The allocation of net income or loss for any year to the individual capital accounts of the Members and Preferred Members is set forth in the Operating Agreement.

Net income for the year is allocated in the following order:

i) To Members and Preferred Members, to offset any allocated net losses from prior periods, not offset by allocations of net income from prior periods;

ii) To Preferred Members (if cumulative net income exceeds cumulative net losses from (i) above), based on their pro-rata share of all Preferred Returns, up to the amount of all Preferred Returns paid to that Preferred Member to date; and

iii) To Members, equal to their respective ownership interest in the Company.

Net loss for the year is allocated in the following order:

i) To Members, equal to their respective ownership interest in the Company.

4. FINANCE RECEIVABLES—ORIGINAL PRODUCT

The Company's original funding product provides financing to community associations only up to the secured or Super Lien Amount as discussed in Note 1. Finance receivables outstanding as of December 31, based on the year of funding are as follows:

	2014	2013
Funded during the current year	$ 221,000	$ 634,000
1-2 years outstanding	348,000	1,131,000
2-3 years outstanding	667,000	1,146,000
3-4 years outstanding	733,000	605,000
Greater than 4 years outstanding	462,000	242,000
	$ 2,431,000	$ 3,758,000
Number of active units with delinquent assessments	2,950	4,070
Amount of outstanding interest and late fees on active units	$23,500,000	$28,000,000

5. FINANCE RECEIVABLES—SPECIAL PRODUCT (*New Neighbor Guaranty* program)

The Company typically funds amount equal to or less than the Super Lien Amount. During 2012 the Company began offering Associations an alternative product under the *New Neighbor Guaranty* program where the Company funds amounts in excess of the Super Lien Amount.

LM FUNDING, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCE RECEIVABLES—SPECIAL PRODUCT (*New Neighbor Guaranty* program) (continued)

Under this special product, the Company purchases substantially all of the outstanding past due assessments due from delinquent property owners, in addition to all interest, late fees and other charges in exchange for the Company's commitment to pay monthly assessments on a going forward basis up to 48 months.

As of December 31, 2014, maximum future contingent payments under these arrangements approximate $1,090,000. The Company has mitigated the credit risk for these transactions by insuring the payment of uncollected assessments paid by the Company.

Finance receivables at December 31, 2014 and 2013 related to this special product were approximately $1,043,000 and $969,000, respectively, under agreements with 15 associations covering 245 units at December 31, 2014 and 11 associations covering 268 units at December 31, 2013.

Delinquent assessments and accrued charges under these arrangements as of December 31, are as follows:

	2014	2013
Delinquent assessments	$3,089,000	$3,040,000
Accrued interest and late fees	2,004,000	1,925,000

Recoveries on the collection of assessments in excess of the Company's cost during 2014 and 2013 approximated $137,000 and $314,000, respectively.

6. REAL ESTATE ASSETS HELD FOR SALE

Real estate assets held for sale as reported in the accompanying consolidated balance sheets consists solely of costs incurred by the Company in excess of original funding on units quitclaimed to the Company as described above. Real estate held for sale at December 31, 2014, and 2013, was approximately $42,700 and $20,200, respectively, representing costs related to two units and one unit, respectively, at those dates.

Most units are quitclaimed to the Company without the Company incurring additional cost. Total units held for sale at December 31, 2014 and 2013 as a result of foreclosure action were 20 and 17, respectively. During 2014 and 2013, the Company sold five and six units, respectively, and realized proceeds of approximately $156,000 and $142,000, respectively. Any proceeds collected are first applied to recover the Company's investment with any remaining proceeds applied next to interest, late fees, legal fees, collection costs and any amounts due to the community association. Any excess proceeds still remaining are recognized as gain on sale of real estate assets. If the future proceeds collected are lower than the Company's carrying value, then a loss is recognized on the sale. There was no significant gain or loss on the disposal of real estate assets during 2014 or 2013. Rental revenues collected in 2014 and 2013 were approximately $127,000 and $52,000, respectively.

As mentioned above, upon a unit being quitclaim deeded to the Company, the Company becomes responsible for current association assessments. The monthly contingent obligation for assessments due on these units to associations as of December 31, 2014 approximates $7,000.

7. NOTES PAYABLE

On December 30, 2014 the Company entered into a Credit Agreement with a financial institution through its 95% owned subsidiary LMF SPE#2, LLC, as "borrower" and the Company and its members as "guarantors". Proceeds from this note were used to pay off all outstanding indebtedness of the Company at that time.

LM FUNDING, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. NOTES PAYABLE (continued)

Notes payable of the Company consists of the following at December 31:

	2014	2013
Promissory notes issued to accredited investors, secured by certain liens, bearing interest at 16%, principal of $71,430 per month plus interest due through maturity on July 1, 2015.	$ —	$ 4,785,690
Promissory notes issued to a finance company, secured by certain liens, bearing interest at 10%, principal of $50,000 per month plus interest due through maturity on December 29, 2015.	—	3,467,159
Promissory note issued to a financial institution, bearing interest at 8%, interest payable monthly and principal payments due quarterly. Secured by all of the Company's rights, title, interest, claims and demands associated with 2,190 condominium units held in SPE#2, LLC and all cash held in SPE#2, LLC. Accrued but unpaid interest is due monthly beginning January 29, 2015. Installment of principal and interest are due quarterly commencing on April 5, 2015. Note matures on December 30, 2017 and can be prepaid at any time without penalty.	7,431,938	—
	7,431,938	8,252,849
Less: portion due in 2015	(1,190,383)	(4,324,319)
	$ 6,241,555	$ 3,928,530

Minimum required principal payments on the Company's note payable as of December 31, 2014 are as follows:

YEARS ENDING DECEMBER 31,	
2015	$1,190,383
2016	1,701,281
2017	4,540,274
	$7,431,938

8. OPERATING LEASE

The Company leases its office under an operating lease beginning March 1, 2014 and ending July 31, 2019.

Future minimum lease payments due under this lease as of December 31, 2014 are as follows:

YEARS ENDING DECEMBER 31,	
2015	$ 333,000
2016	343,000
2017	354,000
2018	364,000
2019	216,000
	$1,610,000

The Company shares this space and the related costs associated with this operating lease with a related party (see Note 10) that also performs legal services associated with the collection of delinquent assessments. Rent expense recognized in 2014 and 2013 approximated $153,000 and $102,000, respectively.

LM FUNDING, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company estimates that the fair value of its financial assets and liabilities approximate carrying value except for its finance receivables. FASB ASC 820, *Fair Value Measurements and Disclosures* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to classify its fair value estimates based on the "Level" of reliability of data inputs used in those estimates. Under this guidance, financial instruments are categorized within the fair value hierarchy as follows:

Level 1 inputs—Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be assessed at the measurement date.

Level 2 inputs—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs—Unobservable inputs significant to the fair value estimate that are supported by little or no market pricing and are based on the Company's estimates and assumptions that presumably market participants would use.

The Company considers the data inputs used to estimate the fair value of its finance receivables to fall within Level 3 of the fair value hierarchy. Fair value measurements as noted below are based on the income approach using a discount rate of 6.25% and a recovery period of 8.5 years. The carrying amount and estimated fair value of finance receivables at December 31 are as follows:

	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Finance receivables:				
Original product	$2,431,000	$15,415,000	$3,758,000	$23,550,000
Special product(1)	1,043,000	1,290,000	969,000	1,600,000

(1) For the *New Neighbor Guaranty* program

10. RELATED PARTY TRANSACTIONS

Legal services for the Company associated with the collection of delinquent assessments from property owners are performed by a firm (Business Law Group) owned solely by Bruce M. Rodgers, the spouse of the sole owner of CGR63, LLC and Chief Executive Officer or LM Funding America, Inc. (see Note 12). The related party law firm performs collection work on a deferred billing basis wherein the law firm receives payment for services rendered upon collection from the property owners or at amounts ultimately subject to negotiations with the Company. Amounts collected from property owners and paid to this law firm for 2014 and 2013 were approximately $2,296,000 and $2,170,000, respectively. There were no legal fees charged to the Company by this law firm in excess of amounts collected from property owners during for 2014 and 2013. As of December 31, 2014 and 2013, receivables from property owners for charges ultimately payable to this firm approximate $6,605,000 and $7,506,000, respectively.

In addition to legal fees paid for legal services, the Company reimburses the related party law firm for out-of-pocket collection costs paid by the related party law firm, which primarily consist of, foreclosure
filing fees, process and serve fees and title search fees. The Company incurred expenses related to these types of costs of $716,000 and $565,000, during 2014 and 2013, respectively.

LM FUNDING, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. RELATED PARTY TRANSACTIONS (continued)

The Company also shares office space and related common expenses with the law firm. All shared expenses, including rent, are charged to the legal firm based on an estimate of actual usage. Amounts receivable from the related party legal firm as of December 31, 2014 and 2013 were approximately $464,000 and $485,000 respectively.

Any expenses of the related party legal firm paid by the Company that have not been reimbursed or settled against other amounts are reflected as due from related parties in the accompanying consolidated balance sheets.

11. RECONCILIATION OF NET INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES

	2014	2013
Net income	$2,382,464	$1,731,268
Adjustments to reconcile net income to cash provided by operating activities:		
Non-controlling interest	163,869	124,912
Depreciation and amortization	152,668	90,301
Increase in prepaid expenses and other assets	(148,266)	(48,262)
Increase (decrease) in accounts payable and accrued expenses	(18,357)	40,526
Increase (decrease) in deferred revenue—origination fees	(59,745)	141
Increase (decrease) in accrued interest payable	(95,608)	18,927
Increase (decrease) in other liabilities and obligations	45,545	(50,913)
	$2,422,570	$1,906,900

12. SUBSEQUENT EVENTS

On December 30, 2014, the Company entered into a purchase agreement to redeem the membership interest of LM Funding Management, LLC, for $2,000,000. This transaction closed on January 26, 2015 when the Company entered into a loan agreement to finance the purchase. The loan bears interest at 14% per annum and requires monthly interest payments in addition to payments for principal reductions of $55,555. The loan matures in three years and is secured by all of the rights, title interest and privileges of the Company relating to collections on approximately 1,000 individual properties.

Management of the Company is presently in process of filing a Registration Statement on Form S-1 (the “Registration Statement”) under the Securities Act of 1933 with the Securities and Exchange Commission. Prior to the effective date of the Registration Statement, the members of the Company will contribute all of their membership interests to and in exchange for all of the outstanding common stock of a new C Corporation, LM Funding America, Inc. The Registration Statement will be for the sale of common stock of LM Funding America, Inc. In connection with the conversion to a C Corporation, the Company will in the future become a taxable entity. The Company anticipates advancing funds of approximately $3,000,000 to its owners prior to the effective date of the Registration Statement in connection with final distributions of cash.

LM FUNDING, LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

MARCH 31, 2015 AND DECEMBER 31, 2014

	(Unaudited) March 31, 2015	(Audited) December 31, 2014
ASSETS		
Cash	$ 2,066,609	$ 2,027,694
Finance receivables	3,199,711	3,473,261
Due from related party	507,365	463,900
Other assets	626,662	806,503
Total assets	$ 6,400,347	$ 6,771,358
LIABILITIES AND MEMBERS' DEFICIT		
Liabilities	$ 477,467	$ 472,597
Bank indebtedness	7,431,937	7,431,938
Other indebtedness	1,888,889	0
Total liabilities	9,798,293	7,904,535
Members' deficit	(3,410,092)	(1,144,212)
Non-controlling interest	12,146	11,035
Total members' deficit	(3,397,946)	(1,133,177)
Total liabilities and members' deficit	$ 6,400,347	$ 6,771,358

See the accompanying notes to these condensed consolidated financial statements.

LM FUNDING, LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2015 AND 2014

	(Unaudited)	
	2015	2014
Revenues	$1,587,633	$1,741,058
Staff costs and payroll	304,516	333,510
Collection costs	20,856	152,096
Professional fees	253,553	174,891
Settlement costs with associations	117,263	92,666
Other expenses	292,849	344,623
Operating Income	598,596	643,272
Interest expense	193,881	265,806
Income before non-controlling interest	404,715	377,466
Income attributed to non-controlling interest	(37,126)	(35,016)
Net Income	$ 367,589	$ 342,450

See the accompanying notes to these condensed consolidated financial statements.

LM FUNDING, LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' DEFICIT

PERIOD ENDED MARCH 31, 2015 (UNAUDITED)

	Members			Total Capital	
	LM Funding Management, LLC	CGR63, LLC	BRR Holding, LLC	All Members' Capital	Non-controlling Interest
BALANCE - DECEMBER 31, 2014	$ (572,262)	$ (571,950)	$ —	$(1,144,212)	$ 11,035
Close out capital account	572,262	(572,262)		—	—
Redemption of membership interest	—	(1,960,010)		(2,508,469)	—
Return of capital	—	(673,459)		(125,000)	(36,015)
Net income, allocated	—	360,385	7,204	367,589	37,126
BALANCE - MARCH 31, 2015	$ —	$(3,417,296)	$ 7,204	$(3,410,092)	$ 12,146

See the accompanying notes to these condensed consolidated financial statements.

LM FUNDING, LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

THREE MONTHS ENDED MARCH 31, 2015 AND 2014

	(Unaudited)	
	2015	2014
Net cash provided by operating activities	$ 693,569	$ 295,556
Net cash provided by investing activities	271,956	242,726
Net cash used in financing activities	(926,610)	(419,056)
Net increase in cash	38,915	119,226
Beginning cash balance	2,027,694	764,850
Ending cash balance	$2,066,609	$ 884,076

See the accompanying notes to these condensed consolidated financial statements.

LM FUNDING, LLC AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. MANAGEMENT REPRESENTATION

The accompanying condensed consolidated financial statements of LM Funding, LLC and Subsidiaries (the "Company") as of and for the three months ended March 31, 2015 and for the three months ended March 31, 2014 are unaudited. In the opinion of management, the condensed consolidated financial statements include all adjustments, consisting only of normal recurring adjustments, necessary to a fair statement of the results for the interim periods. See the notes to consolidated audited financial statements beginning at page F-7 for a summary of significant accounting policies used in the preparation of the accompanying condensed consolidated financial statements.

2. CHANGE IN RELATED PARTY AGREEMENT

Legal services for the Company associated with the collection of delinquent assessments from property owners are performed by a firm (Business Law Group) owned solely by Bruce M. Rodgers, the Chief Executive Officer of LM Funding America, Inc. Effective January 1, 2015 the Company entered into a new related party agreement with this firm regarding the allocation of proceeds related to collection costs. Under the previous agreement, all cash collected from third parties related to collection costs (lien filing fees, process and serve costs) were allocated to the related party law firm. Under the new agreement, any recovery of these collection costs are accounted for as a reduction in expense incurred by the Company. For the period ended March 31, 2015, $59,361 in proceeds from property owners was recognized by the Company and recorded as a reduction of collection costs incurred.

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

TABLE OF CONTENTS

PROSPECTUS SUMMARY	1
RISK FACTORS	12
CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS	26
USE OF PROCEEDS	28
DIVIDEND POLICY	30
CORPORATE REORGANIZATION	31
DETERMINATION OF OFFERING PRICE	32
CAPITALIZATION	33
DILUTION	34
UNAUDITED PRO FORMA FINANCIAL STATEMENTS	36
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	39
BUSINESS	51
MANAGEMENT	68
EXECUTIVE COMPENSATION	74
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS	81
PRINCIPAL STOCKHOLDERS	83
DESCRIPTION OF SECURITIES	85
SHARES ELIGIBLE FOR FUTURE SALE	89
MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS OF SECURITIES	91
PLAN OF DISTRIBUTION	94
LEGAL MATTERS	98
EXPERTS	98
INTERESTS OF NAMED EXPERTS AND COUNSEL	98
WHERE YOU CAN FIND MORE INFORMATION	98
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS	F-1

Dealer Prospectus Delivery Obligation

Until , 2015, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligations to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

LM Funding America, Inc.

Maximum of Units

Minimum of Units

Each Unit Consisting of One Share of Common Stock and One Warrant

Prospectus

International Assets Advisory, LLC

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the costs and expenses, other than Placement Agent fees and expenses, payable by the Company in connection with this offering. All amounts are estimates, except for the SEC registration fee, the Financial Industry Regulatory Authority, Inc. ("FINRA") filing fee and the NASDAQ listing fee. All of these costs and expenses will be borne by the Company.

SEC filing fee	$ 5,229(1)
FINRA filing fee	
NASDAQ Capital Market listing fee	
Transfer agent and warrant agent expenses and fees	
Printing and engraving expenses	
Accountants' fees and expenses	
Legal fees and expenses	
Miscellaneous	
Total expenses	$

(1) Rounded up to nearest whole number.

Item 14. Indemnification of Directors and Officers.

Section 102(b)(7) of the DGCL enables a corporation in its certificate of incorporation to eliminate or limit the personal liability of a director for violations of the director's fiduciary duties, except (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for liability of directors for unlawful payment of dividends or unlawful stock purchase or redemptions pursuant to Section 174 of the DGCL or (iv) for any transaction from which a director derived an improper personal benefit. Our certificate of incorporation includes a provision that eliminates the personal liability of directors for monetary damages for actions taken as a director to the fullest extent authorized by the DGCL.

Section 145 of the DGCL provides that a corporation has the power to indemnify a director, officer, employee, or agent of the corporation, or a person serving at the request of the corporation for another corporation, partnership, joint venture, trust or other enterprise in related capacities against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with an action, suit or proceeding to which he was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of such position, if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful, except that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Our certificate of incorporation and by-laws provide indemnification for our directors, officers and employees to the fullest extent authorized by the DGCL. We will indemnify each person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he or she is or was, or has agreed to become, a director, officer or employee of the Company, or, while a

director, officer or employee of the Company, is or was serving at our request as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (all such persons being referred to as an "Indemnitee"), or by reason of any action alleged to have been taken or omitted in such capacity, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred by such indemnitee to the broadest extent permitted by the DGCL. Our certificate of incorporation and by-laws provide for advancement of expenses to an Indemnitee provided that, to the extent that the DGCL requires, an advance of expenses incurred by an Indemnitee may only be made by delivery to the Company by the Indemnitee of an undertaking to repay all amounts so advanced if it is finally determined that such Indemnitee was not entitled to be indemnified by the Company. Our certificate of incorporation and by-laws also permit us to enter into agreements with any person that provide for indemnification greater or different than the indemnification provided in our certificate of incorporation or by-laws.

Prior to the completion of this offering, we intend to enter into separate indemnification agreements with each of our directors and executive officers. Each indemnification agreement will provide, among other things, for indemnification to the fullest extent permitted by the DGCL against any and all expenses, judgments, fines, penalties and amounts paid in settlement of any claim. The indemnification agreements will provide for the advancement or payment of certain expenses to the indemnitee and for reimbursement to us if it is found that such indemnitee is not entitled to such indemnification under applicable law or the indemnification agreement.

We may choose to obtain a general liability insurance policy to protect any director, officer, employee and agent of the Company, any director, officer, employee and agent of a subsidiary of the Company, and any person serving as a director, officer, partner, member, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise against liability asserted against such person or incurred by such person in any such capacity or arising out of the person's status as such.

The proposed form of Sales Agency Agreement filed as Exhibit 1.1 to this registration statement provides for indemnification of directors and officers of the Company by the Placement Agent against certain liabilities.

Item 15. Recent Sales of Unregistered Securities

Set forth below is information regarding securities issued by us within the past three years which were not registered under the Securities Act. Also included is the consideration received by us for such shares and information relating to the section of the Securities Act, or rule of the SEC, under which exemption from registration was claimed.

(a) In connection with the Corporate Reorganization, LMF issued 68,627 shares of common stock to BRR Holding, LLC and 3,431,373 shares of common stock to CGR63, LLC. These issuances were exempt pursuant to Section 4(2) under the Securities Act as transactions by an issuer not involving a public offering without solicitation and where the purchasers received or had access to adequate information about the registrant. All of the purchases were made in exchange for membership interests of LMF-LLC.

Item 16. Exhibits and Financial Statement Schedules.

(a) *Exhibits*. See Exhibit Index.

(b) *Financial Statement Schedules.* Schedules are omitted for the reason that they are not applicable, not required or included in the consolidated financial statements and the related notes to consolidated financial statements of the Company and its consolidated subsidiaries.

Item 17. Undertakings.

(a) The undersigned registrant hereby undertakes to provide to the Placement Agent at the closing specified in the Sales Agency Agreement certificates in such denominations and registered in such names as required by the Placement Agent to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person of the Company in the successful defense of any action, suit, or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(c) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Tampa, Florida, on the 25th day of June, 2015.

LM FUNDING AMERICA, INC.

By: /s/ Bruce M. Rodgers
Bruce M. Rodgers
Chairman of the Board of Directors and Chief Executive Officer

Pursuant to the requirements of the Securities Act, this registration statement has been signed by the following persons in the capacities and on the dates indicated. Each person whose signature appears below constitutes and appoints Bruce M. Rodgers and Stephen Weclew and each of them individually, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and any Rule 462(b) registration statement and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or either of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Signature	Title	Date
/s/ Bruce M. Rodgers Bruce M. Rodgers	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	June 25, 2015
/s/ Stephen Weclew Stephen Weclew	Chief Financial Officer (Principal Accounting Officer and Principal Financial Officer)	June 25, 2015

Table of Contents

EXHIBIT INDEX

Exhibit Number	Document Description
1.1	Form of Sales Agency Agreement.
2.1	Form of Contribution Agreement.
3.1	Certificate of Incorporation of LM Funding America, Inc.
3.2	By-Laws of LM Funding America, Inc.
4.1*	Form of Common Stock Certificate.
4.2	Form of Warrant Agreement.
4.3	Form of Placement Agent Warrant.
5.1	Opinion of Foley & Lardner LLP.
10.1#	Employment Agreement, dated , of Bruce M. Rodgers.
10.2#	Employment Agreement, dated , of Carollinn Gould.
10.3#	Employment Agreement, dated , of Sean Galaris.
10.4#	LM Funding America, Inc. 2015 Omnibus Incentive Plan.
10.5#	Form of LM Funding America, Inc. 2015 Omnibus Incentive Plan Stock Option Award Agreement.
10.6#	Form of LM Funding America, Inc. 2015 Omnibus Incentive Plan Restricted Stock Award Agreement.
10.7	Services Agreement, dated April 15, 2015, between LM Funding, LLC and Business Law Group, P.A.
10.8	Software License Agreement, dated April 15, 2015, between LM Funding, LLC and Business Law Group, P.A.
10.9	Assessment Recovery Indemnity (ARI) Policy for Community Associations, dated December 1, 2012, in favor of LM Funding, LLC and issued by Security National Insurance Company, a member of AmTrust North America, an AmTrust Financial Company.
10.10	Form of Association Receivables Purchase Agreement.
10.11*	Form of Escrow Agreement among SunTrust Bank, N.A., International Assets Advisory, LLC and LM Funding America, Inc.
10.12	Form of Selected Dealer Agreement between International Assets Advisory, LLC and the members of the selling group.
10.13	Credit Agreement, dated December 30, 2014, among LMF SPE#2, LLC, as borrower, LM Funding, LLC, CGR63, LLC and LM Funding Management, LLC, as guarantors, and Heartland Bank, as lender.
10.14	Irrevocable Continuing Guaranty Agreement, dated December 30, 2014, by LM Funding, LLC, CGR63, LLC and LM Funding Management, LLC in favor of Heartland Bank.
10.15	Pledge Agreement, dated December 30, 2014, by LM Funding, LLC and CRE Funding, LLC in favor of Heartland Bank.
10.16	Form of Lock-Up Agreement.
10.17	Loan Agreement, dated January 26, 2015, among LMF October 2010 Fund, LLC, as borrower, LM Funding, LLC, Carollinn Gould and Bruce M. Rodgers, as guarantors, and David A. Straz, Jr. Revocable Trust of 1986, as Lender.

Table of Contents

Exhibit Number	Document Description
10.18	Security Agreement by LMF October 2010 Fund, LLC in favor of David A. Straz, Jr. Revocable Living Trust of 1986.
10.19	Guaranty by LM Funding, LLC, Carollinn Gould and Bruce M. Rodgers in favor of David A. Straz, Jr. Revocable Living Trust of 1986.
10.20	Promissory Note by LMF October 2010 Fund, LLC in favor of David A. Straz, Jr. Revocable Living Trust of 1986.
10.21#	Form of Indemnification Agreement to be entered into between LM Funding America, Inc. and its directors and officers.
21.1	Subsidiaries of the Company.
23.1	Consent of Skoda Minotti, independent registered public accounting firm.
23.2	Consent of Foley & Lardner LLP (contained in Exhibit 5.1).
24.1	Power of Attorney (included on signature pages hereto).
99.1	Consent of Carollinn Gould, as director nominee.
99.2	Consent of Douglas. I. McCree, as director nominee.
99.3	Consent of Joel E. Rodgers, Sr., as director nominee.
99.4	Consent of C. Birge Sigety, as director nominee.
99.5	Consent of Martin A. Traber, as director nominee.
99.6	Consent of Andrew L. Graham, as director nominee.

# Indicates a management contract or compensatory arrangement.
* To be filed by amendment.

Exhibit 1.1

LM FUNDING AMERICA, INC.

Public Offering of Units

Maximum: _____ Units

Minimum: _____ Units

SALES AGENCY AGREEMENT

_____, 2015

International Assets Advisory, LLC
(sometimes referred to as "IAA"), as representative
of the sales agents listed on Schedule I hereto (the "Sales Agents")
390 North Orange Avenue, #750
Orlando, Florida 38201

Ladies and Gentlemen:

The undersigned, LM Funding America, Inc., a Delaware corporation (the "Company"), hereby confirms its agreement with you (unless otherwise defined herein, the term "you" shall collectively refer to the Sales Agents) as follows:

1. Introduction. This Agreement sets forth the understandings and agreements between the Company and you whereby, subject to the terms and conditions herein contained, you will offer to sell, on a "best efforts basis" on behalf of the Company (the "Offering"), a minimum of _____ units and a maximum of _____ units, with each unit consisting of one common share, $0.001 par value (the "Common Shares"), and one common share purchase warrant (the "Warrants"), of the Company (the "Units"). There shall be one closing for this Offering at an amount which is mutually agreeable to the Company and IAA, provided such amount is for at least the minimum of _____ Units. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Prospectus prepared by the Company and dated _____, 2015 (the "Prospectus"). As used herein, the term "Company" also includes LM Funding, LLC and its Subsidiaries, which is the predecessor of LM Funding America, Inc. and via the Reorganization as described in the Prospectus, a wholly owned subsidiary of the Company.

2. Representations and Warranties of the Company. The Company makes the following representations and warranties to you:

(a) Registration Statement and Prospectus. The Company has prepared and filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-1 (File No. 333-_____ (as defined below, the "Registration Statement") conforming to the requirements of the Securities Act of 1933, as amended (the "1933 Act"), and the applicable rules and regulations (the "Rules and Regulations") of the Commission. Such amendments to such Registration Statement as may have been required prior to the date hereof have been filed with the Commission, and such amendments have been similarly prepared. Copies of the Registration Statement, any and all amendments thereto prepared and filed with the Commission, and the exhibits, financial statements and schedules, as finally amended and revised, have been delivered to you for review. The term "Registration Statement" as used

in this Agreement shall mean the Company's Registration Statement on Form S-1, including the Prospectus, any documents incorporated by reference therein, and all financial schedules and exhibits thereto, as amended on the date that the Registration Statement becomes effective, and any registration statement related to the Offering that is filed pursuant to Rule 462(b) of the 1933 Act. The term "Prospectus" as used in this Agreement shall mean the prospectus relating to the Units in the form in which it was filed with the Commission pursuant to Rule 424(b) of the 1933 Act or, if no filing pursuant to Rule 424(b) of the 1933 Act is required, shall mean the form of the final prospectus included in the Registration Statement when the Registration Statement becomes effective. The terms "effective date" and "effective" refer to the date the Commission declares the Registration Statement effective pursuant to Section 8 of the 1933 Act.

(b) Adequacy of Disclosure. When the Registration Statement shall become effective, when the Prospectus is first filed pursuant to Rule 424(b) of the Rules and Regulations, when any amendment to the Registration Statement becomes effective, when any supplement to the Prospectus is filed with the Commission and on the Closing Date (as hereinafter defined), (i) the Registration Statement, the Prospectus and any amendments thereof and supplements thereto will conform in all material respects with the applicable requirements of the 1933 Act and the Rules and Regulations, and (ii) neither the Registration Statement, the Prospectus nor any amendment or supplement thereto will contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by you expressly for use in the Registration Statement.

(c) No Stop Order. The Commission has not issued any order preventing or suspending the use of the Prospectus with respect to the Units, and no proceedings for that purpose have been instituted or, to the Company's knowledge, threatened by the Commission or the state securities or blue sky authority of any jurisdiction.

(d) Company; Organization and Qualification. The Company has been duly organized and is validly existing and in good standing as a corporation under the laws of the State of Delaware (and LM Funding, LLC and its subsidiaries are validly existing and in good standing as Florida limited liability companies) with all requisite power and authority to enter into this Agreement, to conduct their business as now conducted and as proposed to be conducted, and to own and operate its properties, investments and assets, as described in the Registration Statement and Prospectus. The Company is not in violation of any provision of its Certificate of Incorporation ("Articles") or Bylaws, as amended, and LM Funding, LLC and its Subsidiaries are not in violation of any provision of their respective operating agreements, or other governing documents and they are not in default under or in breach of, and does not know of the occurrence of any event that with the giving of notice or the lapse of time or both would constitute a default under or breach of, any term or condition of any material agreement or instrument to which they are a party or by which any of their properties, investments or assets is bound, except as disclosed in the Registration Statement and Prospectus or except as would not, individually or in the aggregate, result in any material adverse effect on the business, financial position, shareholders' equity or results of operations of the Company (a "Material Adverse Effect"). Except as noted in the Prospectus, the Company does not own or control, directly or indirectly, any other limited liability company, corporation, association, or other entity. The Company has furnished to you copies of its Articles and Bylaws, each as amended, and all such copies are true, correct and complete and contain all amendments thereto through the date of this Agreement.

(e) Validity of Securities. The Units, the Common Shares and the Warrants of the Company (collectively, the "Securities") have been duly and validly authorized by the Company and

upon issuance against payment therefor as provided herein, will be validly issued, fully paid and non-assessable, and will conform to the description thereof contained in the Prospectus. The preferences, rights and limitations of the Securities are set forth in the Prospectus under the caption "Description of Securities." No party has any preemptive rights with respect to any of the Securities or any right of participation or first refusal with respect to the sale of the Securities by the Company. No person or entity holds a right to require or participate in the registration under the 1933 Act of the Securities pursuant to the Registration Statement. Except as set forth in the Prospectus, no person holds a right to require registration under the 1933 Act of any security of the Company at any other time. The form of certificates evidencing the Securities complies with all applicable requirements of Cayman Islands law.

(f) Capitalization. As of the date of this Agreement, the authorized capital stock of the Company consists of 80,000,000 Common Shares, of which 3,500,000 are issued and outstanding and 20,000,000 shares of preferred stock, par value $0.001 per share, none of which are outstanding. All of the issued and outstanding Common Shares of the Company have been duly authorized, validly issued, fully paid and non-assessable. Except as disclosed in the Registration Statement and Prospectus (including any public filing incorporated by reference into the Prospectus), there is no outstanding option, warrant or other right calling for the issuance of, and no commitment, plan or arrangement to issue, any capital stock of the Company or any security convertible into or exchangeable for capital stock of the Company.

(g) Full Power; Company. The Company has full legal right, power, and authority to enter into this Agreement and the Escrow Agreement among the Company, SunTrust Bank, N.A. (the "Escrow Agent") and you (the "Escrow Agreement"), to issue and deliver the Units as provided herein and in the Prospectus and to consummate the transactions contemplated herein and in the Prospectus. Each of this Agreement and the Escrow Agreement have been duly authorized, executed, and delivered by the Company and constitutes a valid and binding agreement of the Company, enforceable in accordance with its terms, except to the extent that enforceability may be limited by (i) bankruptcy, insolvency, moratorium, liquidation, reorganization, or similar laws affecting creditors' rights generally, regardless of whether such enforceability is considered in equity or at law, (ii) general equity principles, and (iii) limitations imposed by federal and state securities laws or the public policy underlying such laws regarding the enforceability of indemnification or contribution provisions.

(h) Emerging Growth Company. From the time of initial confidential submission of the Registration Statement with the Commission through the date hereof, the Company has been and is an "emerging growth company" as defined in Section 2(a)(19) of the 1933 Act.

(i) Disclosed Agreements. All agreements between or among the Company and third parties expressly referenced in the Prospectus are legal, valid, and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except to the extent enforceability may be limited by (i) bankruptcy, insolvency, moratorium, liquidation, reorganization, or similar laws affecting creditors' rights generally, regardless of whether such enforceability is considered in equity or at law, (ii) general equity principles and (iii) limitations imposed by federal or state securities laws or the public policy underlying such laws regarding the enforceability of indemnification or contribution provisions.

(j) Consents. Except as disclosed in the Registration Statement and Prospectus, each consent, approval, authorization, order, license, certificate, permit, registration, designation or filing by or with any governmental agency or body or any other third party necessary for the valid authorization, issuance, sale and delivery of the Securities, the execution, delivery and performance of this Agreement and the consummation by the Company of the transactions contemplated hereby and by the Registration Statement and Prospectus, except such as may be required under the 1933 Act, the Securities Exchange Act of 1934, as amended (the "1934 Act"), or under state securities laws has been made or obtained and is in full force and effect.

(k) Litigation. There is not pending or, to the knowledge of the Company, threatened or contemplated, any action, suit, proceeding, inquiry, or investigation before or by any court or any governmental authority or agency to which the Company may be a party, or to which any of the properties or rights of the Company may be subject, that is not described in the Registration Statement and Prospectus and (i) that may reasonably be expected to result in a Material Adverse Effect, (ii) that may reasonably be expected to materially adversely affect any of the material properties of the Company or (iii) that may reasonably be expected to adversely affect the consummation of the transactions contemplated by this Agreement.

(l) Financial Statements. The financial statements of the Company's predecessor, LM Funding, LLC and its Subsidiaries, together with related pro forma financial information schedules and notes included in the Registration Statement and Prospectus fairly present in all material respects the consolidated financial position of the Company as of the dates indicated and the results of operations and cash flows for the periods specified. Such financial statements have been prepared in conformity with generally accepted accounting principles in the United States ("US GAAP") applied on a consistent basis during the periods involved. The financial schedules, if any, in the Registration Statement fairly present in all material respects the information shown therein and have been compiled on a basis consistent with the financial statements, the Registration Statement and the Prospectus. The unaudited financial information (including the related notes) in the Prospectus complies as to form in all material respects to the applicable accounting requirements of the 1933 Act and the Rules and Regulations, and management of the Company believes that the assumptions underlying any adjustments are reasonable. Such adjustments have been properly applied to the historical amounts in the compilation of the information and such information fairly presents in all material respects with respect to the Company the financial position, results of operations and other information purported to be shown therein at the respective dates and for the respective periods specified.

(m) Independent Accountants. Skoda Minotti, Tampa, Florida, who has audited certain financial statements of LM Funding, LLC and its subsidiaries, are independent public accountants and are PCAOB qualified as required by the 1933 Act and the Rules and Regulations.

(n) Disclosed Liabilities. The Company has not sustained any material loss or interference with its business from fire, explosion, flood, hurricane, accident, or other calamity, whether or not covered by insurance, or from any labor dispute or arbitrators' or court or governmental action, order, or decree, otherwise than as set forth or contemplated in the Registration Statement and Prospectus. Since the respective dates as of which information is given in the Registration Statement and Prospectus, and except as otherwise stated in the Registration Statement and Prospectus, there has not been (i) any material change in the capital stock, long-term debt, obligations under capital leases, or short-term borrowings of the Company, (ii) any material adverse change, or any development that could reasonably be expected to result in a prospective material adverse change in the business, properties, assets, results of operations or condition (financial or other) of the Company, (iii) any liability or obligation, direct or contingent, incurred or undertaken by the Company that is material to the business or condition (financial or other) of the Company, except for liabilities or obligations incurred in the ordinary course of business, (iv) any declaration or payment of any dividend or distribution of any kind on or with respect to the capital stock of the Company, or (v) any transaction that is material to the Company, except transactions in the ordinary course of business or as otherwise disclosed in the Registration Statement and Prospectus.

(o) Required Licenses and Permits. Except as disclosed in the Prospectus, the Company owns, possesses, has obtained or in the ordinary course of business will obtain, and has made available for your review, all material permits, licenses, franchises, certificates, consents, orders, approvals, and other authorizations of governmental or regulatory authorities as are necessary to own or lease, as the case may be, and to operate its properties and to carry on its business as presently conducted, or as contemplated in the Prospectus to be conducted (the "Permits"), except for such permits, licenses, franchises, certificates, consents, orders, approvals, and other authorizations, the failure of which to have or maintain would not, individually or in the aggregate, have a Material Adverse Effect, and the Company has not received any notice of proceedings relating to revocation or modification of any such Permits, except where such revocation or modification would not have a Material Adverse Effect.

(p) Internal Accounting Measures. The Company maintains an effective system of "disclosure controls and procedures" (as defined in Rule 13a-15(e) of the 1934 Act) that complies with the requirements of the 1934 Act and that has been designed to ensure that information required to be disclosed by the Company under the 1934 Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms, including controls and procedures designed to ensure that such information is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure. The Company also maintains an effective system of "internal control over financial reporting" (as defined in Rule 13a-15(f) of the 1934 Act) that complies with the requirements of the 1934 Act and has been designed by, or under the supervision of, the Company's principal executive and principal financial officers, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with US GAAP, including, but not limited to, internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with US GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences (it being understood that this subsection shall not require the Company to comply with Section 404 of the Sarbanes-Oxley Act of 2002 as of an earlier date than it would otherwise be required to so comply under applicable law). The Company's auditors and the Audit Committee of the Board of Directors of the Company have been advised of: (i) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which have adversely affected or are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting. Upon the effectiveness of the Registration Statement, the Company will be in compliance in all material respects with all provisions of the Sarbanes-Oxley Act of 2002 that are effective and applicable to the Company as of such date as an "issuer" as defined under the Sarbanes-Oxley Act of 2002.

(q) Taxes. The Company has properly filed all necessary federal, state, local, and foreign income tax returns required to be filed by it and has paid all taxes shown as due and payable thereon (or has obtained appropriate extensions), except for taxes that are being contested in good faith and for which adequate reserves have been established in the Company's financial statements. No tax deficiency has been asserted or, to the knowledge of the Company, threatened to be asserted against the Company. The Company has made appropriate provisions in the financial statements included in the Registration Statement and Prospectus for all tax liabilities of the Company that have not been determined as of such date, except to the extent it would not have a Material Adverse Effect.

(r) Compliance with Instruments. The execution, delivery and performance of this Agreement and the Escrow Agreement, the compliance with the terms and provisions hereof and the consummation of the transactions contemplated herein, therein and in the Registration Statement and Prospectus by the Company, do not and will not violate or constitute a breach of, or default under: (i) the Articles or Bylaws of the Company, each as amended; (ii) any of the terms, provisions, or conditions of any material instrument, agreement, or indenture to which the Company is a party or by which it is bound or by which its business, assets, investments or properties may be affected; or (iii) any order, statute, rule, or regulation applicable to the Company, or any of its business, investments, assets or properties, of any court or (to the knowledge of the Company) any governmental authority or agency having jurisdiction over the Company, or any of its business, investments, properties or assets; and to the knowledge of the Company do not and will not result in the creation or imposition of any lien, charge, claim, or encumbrance upon any property or asset of the Company.

(s) Insurance. The Company maintains insurance (issued by insurers of recognized financial responsibility) of the types and in the amounts generally deemed adequate for its business and, to the knowledge of the Company, consistent with insurance coverage maintained by similar companies and similar businesses, all of which insurance is in full force and effect.

(t) Work Force. To the knowledge of the Company, no general labor problem exists or is imminent with the employees of the Company.

(u) Securities Matters. The Company and its officers, directors, or affiliates have not taken and will not take, directly or indirectly, any action designed to, or that might reasonably be expected to, cause or result in or constitute the stabilization or manipulation of any security of the Company or to facilitate the sale or resale of the Units.

(v) Payment of Commissions and Fees. Except as stated in or contemplated by the Prospectus, neither the Company nor any affiliate of the Company has paid or awarded, nor will any such person pay or award, directly or indirectly, any commission or other compensation to any person engaged to render investment advice to a potential purchaser of Units as an inducement to advise the purchase of Units. The Company and its officers, directors and employees will company with SEC Rule 3a4-1.

(w) Company Intellectual Property. Except as disclosed in the Registration Statement and Prospectus:

(i) the Company owns, possesses, licenses or has other rights to use the patents and patent applications, copyrights, trademarks, service marks, trade names, technology, know-how (including trade secrets and other unpatented and/or unpatentable proprietary rights) and other intellectual property (or could acquire such intellectual property upon commercially reasonable terms) necessary to conduct its business in the manner in which it is being conducted (collectively, the “Company Intellectual Property”);

(ii) to the Company’s knowledge, none of the patents owned or licensed by the Company, if any, is unenforceable or invalid, and, to the Company’s knowledge, none of the patent applications owned or licensed by the Company would be unenforceable or invalid if issued as patents;

(iii) the Company is not obligated to pay a royalty, grant a license, or provide other consideration to any third party in connection with the Company Intellectual Property other than as disclosed in the Prospectus and other than for in-bound “shrink-wrap” end-user licenses and similar generally available commercial end-user licenses;

(iv) the Company has not received any notice of violation or conflict with rights of others with respect to the Company Intellectual Property;

(v) there are no pending or, to the Company's knowledge, threatened actions, suits, proceedings or claims by others that the Company is infringing any patent, trade secret, trade mark, service mark, copyright or other intellectual property or proprietary right; and

(vi) the products or processes of the Company referenced in the Prospectus do not, to the knowledge of the Company, violate or conflict with any intellectual property or proprietary right of any third person.

(x) Forward Looking Statement. No forward-looking statement (within the meaning of Section 27A of the 1933 Act and Section 21E of the 1934 Act) contained in or incorporated by reference into the Registration Statement or the Prospectus has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

(y) Industry and Market Statistics. The industry-related and market-related statistics obtained from independent industry publications and reports and included in the Registration Statement and the Prospectus agree with the sources from which they are derived. The Company has provided copies of all such sources to you.

(z) Company/Director Relationships. No relationship exists between or among the Company and any director, officer, stockholder or affiliate of the Company which is required by the 1933 Act and the Rules and Regulations to be described in the Registration Statement or the Prospectus which is not so described and described as required in material compliance with such requirement. There are no outstanding loans, advances (except advances for business expenses in the ordinary course of business) or guarantees of indebtedness by the Company to or for the benefit of any of the officers or directors of the Company or any of their respective family members.

(aa) Relationships with FINRA Members. The Company has not sold any securities to any person or entity nor is there any beneficial owner of the Company's unregistered equity securities, that acquired said securities during the 180-day period immediately preceding the effective date, that has an association or affiliation with any member of the Financial Industry Regulatory Authority ("FINRA").

(bb) Political Contributions. The Company has not, directly or indirectly, at any time (i) made any contributions to any candidate for political office, or failed to disclose fully any such contribution in violation of law, or (ii) made any payment to any state, federal or foreign governmental officer or official, or other person charged with similar public or quasi-public duties, other than payments or contributions required or allowed by applicable law.

(cc) Transfer Taxes. On the Closing Date, all transfer or other taxes (including franchise, capital stock or other tax, other than income taxes imposed by any jurisdiction), if any, which are required to be paid in connection with the sale and transfer of the Units will have been fully paid or provided for by the Company and all laws imposing such taxes will have been fully complied with.

(dd) Exhibits. All contracts and other documents of the Company which are, under the Rules and Regulations, required to be filed as exhibits to the Registration Statement have been so filed.

(ee) No Other Offering Materials. The Company has not distributed and will not distribute any prospectus or other offering material in connection with the offering and sale of the Securities other than any Preliminary Prospectus, or the Prospectus or other materials permitted by the Act to be distributed by the Company.

(ff) Investment Company Act. The Company is not and, after giving effect to the offering and sale of the Securities, will not be an "investment company," as such term is defined in the Investment Company Act of 1940, as amended.

(gg) Anti-Bribery and Anti-Money Laundering Laws. Each of the Company, its subsidiaries, its affiliates and any of their respective officers, directors, supervisors, managers, agents, or employees, has not violated, its participation in the offering will not violate, and the Company and each of its subsidiaries has instituted and maintains policies and procedures designed to ensure continued compliance with, each of the following laws: (A) anti-bribery laws, including but not limited to, any applicable law, rule, or regulation of any locality, including but not limited to any law, rule, or regulation promulgated to implement the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed December 17, 1997, including the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.K. Bribery Act 2010, or any other law, rule or regulation of similar purposes and scope or (B) anti-money laundering laws, including but not limited to, applicable federal, state, international, foreign or other laws, regulations or government guidance regarding anti-money laundering, including, without limitation, Title 18 US. Code section 1956 and 1957, the Patriot Act, the Bank Secrecy Act, and international anti-money laundering principles or procedures by an intergovernmental group or organization, such as the Financial Action Task Force on Money Laundering, of which the United States is a member and with which designation the United States representative to the group or organization continues to concur, all as amended, and any Executive order, directive, or regulation pursuant to the authority of any of the foregoing, or any orders or licenses issued thereunder. The Company has instituted, maintains and enforces policies and procedures designed to ensure compliance with anti-bribery laws.

(hh) OFAC.

(A) Neither the Company nor any of its subsidiaries, nor any or their directors, officers or employees, nor, to the Company's knowledge, any agent, affiliate or representative of the Company or its subsidiaries, is an individual or entity that is, or is owned or controlled by an individual or entity that is:

(1) the subject of any sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control, the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority (collectively, ***"Sanctions"***), nor

(2) located, organized or resident in a country or territory that is the subject of Sanctions (including, without limitation, Burma/Myanmar, Cuba, Iran, Libya, North Korea, Sudan and Syria).

(B) Neither the Company nor any of its subsidiaries will, directly or indirectly, use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other individual or entity:

(1) to fund or facilitate any activities or business of or with any individual or entity or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions; or

(2) in any other manner that will result in a violation of Sanctions by any individual or entity (including any individual or entity participating in the offering, whether as underwriter, advisor, investor or otherwise).

(C) For the past five years, neither the Company nor any of its subsidiaries has knowingly engaged in, and is not now knowingly engaged in, any dealings or transactions with any individual or entity, or in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions.

(ii) Compliance with Occupational Laws. The Company and each of its subsidiaries (A) is in compliance, in all material respects, with any and all applicable foreign, federal, state and local laws, rules, regulations, treaties, statutes and codes promulgated by any and all Governmental Authorities (including pursuant to the Occupational Health and Safety Act) relating to the protection of human health and safety in the workplace (***"Occupational Laws"***); (B) has received all material permits, licenses or other approvals required of it under applicable Occupational Laws to conduct its business as currently conducted; and (C) is in compliance, in all material respects, with all terms and conditions of such permit, license or approval. No action, proceeding, revocation proceeding, writ, injunction or claim is pending or, to the Company's knowledge, threatened against the Company or any of its subsidiaries relating to Occupational Laws, and the Company does not have knowledge of any facts, circumstances or developments relating to its operations or cost accounting practices that could reasonably be expected to form the basis for or give rise to such actions, suits, investigations or proceedings.

(jj) ERISA and Employee Benefits Matters. (A) To the knowledge of the Company, no "prohibited transaction" as defined under Section 406 of ERISA or Section 4975 of the Code and not exempt under ERISA Section 408 and the regulations and published interpretations thereunder has occurred with respect to any Employee Benefit Plan. At no time has the Company or any ERISA Affiliate maintained, sponsored, participated in, contributed to or has or had any liability or obligation in respect of any Employee Benefit Plan subject to Part 3 of Subtitle B of Title I of ERISA, Title IV of ERISA, or Section 412 of the Code or any "multiemployer plan" as defined in Section 3(37) of ERISA or any multiple employer plan for which the Company or any ERISA Affiliate has incurred or could incur liability under Section 4063 or 4064 of ERISA. No Employee Benefit Plan provides or promises, or at any time provided or promised, retiree health, life insurance, or other retiree welfare benefits except as may be required by the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended,

or similar state law. Each Employee Benefit Plan is and has been operated in material compliance with its terms and all applicable laws, including but not limited to ERISA and the Code and, to the knowledge of the Company, no event has occurred (including a "reportable event" as such term is defined in Section 4043 of ERISA) and no condition exists that would subject the Company or any ERISA Affiliate to any material tax, fine, lien, penalty or liability imposed by ERISA, the Code or other applicable law. Each Employee Benefit Plan intended to be qualified under Code Section 401(a) is so qualified and has a favorable determination or opinion letter from the IRS upon which it can rely, and any such determination or opinion letter remains in effect and has not been revoked; to the knowledge of the Company, nothing has occurred since the date of any such determination or opinion letter that is reasonably likely to adversely affect such qualification; (B) with respect to each Foreign Benefit Plan, such Foreign Benefit Plan (1) if intended to qualify for special tax treatment, meets, in all material respects, the requirements for such treatment, and (2) if required to be funded, is funded to the extent required by applicable law, and with respect to all other Foreign Benefit Plans, adequate reserves therefor have been established on the accounting statements of the applicable Company or subsidiary; (C) the Company does not have any obligations under any collective bargaining agreement with any union and no organization efforts are underway with respect to Company employees. As used in this Agreement, ***"Code"*** means the Internal Revenue Code of 1986, as amended; ***"Employee Benefit Plan"*** means any "employee benefit plan" within the meaning of Section 3(3) of ERISA, including, without limitation, all stock purchase, stock option, stock-based severance, employment, change-in-control, medical, disability, fringe benefit, bonus, incentive, deferred compensation, employee loan and all other employee benefit plans, agreements, programs, policies or other arrangements, whether or not subject to ERISA, under which (x) any current or former employee, director or independent contractor of the Company or its subsidiaries has any present or future right to benefits and which are contributed to, sponsored by or maintained by the Company or any of its respective subsidiaries or (y) the Company or any of its subsidiaries has had or has any present or future obligation or liability; ***"ERISA"*** means the Employee Retirement Income Security Act of 1974, as amended; ***"ERISA Affiliate"*** means any member of the company's controlled group as defined in Code Section 414(b), (c), (m) or (o); and ***"Foreign Benefit Plan"*** means any Employee Benefit Plan established, maintained or contributed to outside of the United States of America or which covers any employee working or residing outside of the United States.

(kk) Disclosure of Legal Matters. There are no statutes, regulations, legal or governmental proceedings or contracts or other documents required by the rules and regulations of the Securities and Exchange Commission to be described in the Prospectus or included as exhibits to the Registration Statement that are not described or included as required.

3. Representations and Warranties of Sales Agent. Each of you represents and warrants to the Company that:

(a) FINRA Membership. You are a member, in good standing, of FINRA, and are duly registered as a broker-dealer under the 1934 Act, and under the laws of each state in which you propose to offer the Units, except where such registration would not be required by law.

(b) Full Power. This Agreement has been duly authorized, executed and delivered by you and is a valid and binding agreement of you, enforceable in accordance with its terms, except to the

extent that enforceability may be limited by (i) bankruptcy, insolvency, moratorium, liquidation, reorganization, or similar laws affecting creditors' rights generally, regardless of whether such enforceability is considered in equity or at law, (ii) general equity principles, and (iii) limitations imposed by federal and state securities laws or the public policy underlying such laws regarding the enforceability of indemnification or contribution provisions.

(c) Compliance with Instruments. The consummation of the transactions contemplated by the Prospectus relating to the Offering will not violate or constitute a breach of, or default under, your articles of incorporation or bylaws, or any material instrument, agreement, or indenture to which you are a party, or violate any order, statute, rule or regulation applicable to you of any court, federal or state regulatory body or administrative agency having jurisdiction over you or your property.

(d) Offering. You have not distributed and will not distribute, prior to the time of purchase, any "issuer free writing prospectus" as defined in Rule 433 of the 1933 Act. Assuming compliance by the Company with all relevant provisions of the 1933 Act in connection with the Prospectus, you will conduct all offers and sales of the Units in compliance with the relevant provisions of the 1933 Act and various state securities laws and regulations.

(e) No Relationship with Company.

(i) Neither you nor any of your officers, directors, affiliates or registered representatives ("Related Persons") have any association or affiliation with any officer or director of the Company, of any beneficial owner of five percent (5%) or more of any class of the Company's securities, and of any beneficial owner of the Company's unregistered securities that were acquired during the 180 day period immediately preceding the required filing date of this offering, as described in FINRA Corporate Finance Rule 5110(b)(6)(iii).

(ii) Neither you nor any Related Person has made a loan or extended credit to the Company. Neither you nor any Related Persons will or have acquired any of the Company's securities during the 180-day period preceding the required filing date of this Offering through the 90-day period following the effective date of the Offering, including but not limited to acquisitions in connection with the corporate reorganization transactions described in the Prospectus and the "Part II—Recent Sales of Unregistered Securities" section of the Registration Statement. No portion of the Offering Proceeds has or will be directed to us or a Related Person.

4. Sale of Units.

(a) Exclusive Agency. Upon the basis of the representations and warranties of the Company and the Sales Agents set forth in this Agreement, the Company engages you and you agree to act as the Company's exclusive agents, on a best efforts basis, in connection with the offer and sale by the Company during the Offering Period (as defined in Section 4(c) below) of a minimum of Units and a maximum of Units. Subject to your commitment to sell the Units on a "best efforts basis" as provided herein, nothing in this Agreement shall prevent you from entering into an agency agreement, underwriting agreement, or other similar agreement governing the offer and sale of securities with any other issuer of securities, and nothing contained herein shall be construed in any way as precluding or restricting your right to sell or offer for sale securities issued by any other person, including securities similar to, or competing with, the Units. It is understood between the parties that there is no firm commitment by you to purchase any or all of the Units and you shall have no authority to bind the Company in respect of the sale of any Units. You may retain other brokers or dealers ("Selected Dealers") who are members in good standing of FINRA and registered in any states in which the Offering is conducted to assist you and to act as subagents on your behalf in connection with the offering and sale of the Units and you may enter into

agreements for the offer and sale of the Units adopting such provisions of this Agreement for the benefit of the Selected Dealers as you deem appropriate; provided, however, that the Company will only be obligated to pay you for services rendered hereunder. Each Selected Dealer will indemnify the Company on terms and conditions similar to those set forth in Section 8(b) of this Agreement for any statements, acts, or omissions by such Selected Dealer in connection with the offer or sale of the Units not expressly authorized by the Company or the Sales Agents and for any material misrepresentation or material breach of warranty or covenant or other breach by such Selected Dealer of its agreement with the Sales Agents, or any failure or alleged failure by such Selected Dealer to comply with applicable laws, rules, and regulations.

(b) Obligation to Offer Units. Your obligation to offer the Units is subject to receipt by you of written advice from the Commission that the Registration Statement is effective, is subject to the Units being qualified for offering under applicable laws in the states as may be reasonably designated by you, is subject to the absence of any prohibitory action by any governmental body, agency, or official, and is subject to the terms and conditions contained in this Agreement and in the Registration Statement.

(c) Offering Termination Date. The "Offering Period" shall commence on the day that the Prospectus is first made available to prospective investors in connection with the offering for sale of the Units and shall continue until the "Offering Termination Date," which shall be the earliest of (i) the date on which the maximum number of Units (_____) offered have been sold, (ii) the date on which the Company withdraws the Registration Statement, (iii) the date on which the Company files a post-effective amendment to the Registration Statement deregistering any unsold Units, (iv) _____, 2015 or (v) such other date mutually agreeable to the parties hereto.

(d) Escrow Account. Proceeds from the sale of the Units will be deposited into an escrow account (the "Escrow Account") with the Escrow Agent pursuant to the Escrow Agreement, the form of which is attached as an exhibit to the Registration Statement, until a minimum of _____ Units have been sold. The Sales Agents shall deliver to the Escrow Agent for deposit in the Escrow Account all funds received from purchasers of the Units by noon of the next business day after receipt together with a written account of each sale, which account shall set forth, among other things, (a) the purchaser's name and address, (b) the number of Units purchased by the purchaser, (c) the amount paid therefor by the purchaser, (d) whether the consideration received from the purchaser was in the form of a check, draft or money order, and (e) the purchaser's social security or tax identification number. All payments of, from or on account of such funds shall be made pursuant to the Escrow Agreement. The Company and you each shall have the option to accept or reject any offer to purchase Units from prospective purchasers, in whole or in part. The Company shall notify prospective purchasers as to whether their offers to purchase Units have been accepted. Any funds relating to an offer to purchase Units that is not accepted, in whole or in part, shall be promptly returned by the Escrow Agent. In the event the Company does not sell a minimum of _____ Units by _____, 2015, the Company will not close on those funds received and promptly return all purchaser funds according to the terms of the Escrow Agreement.

(e) Closing Date. As and when the closing of the Offering is effected, which shall be on or before the Offering Termination Date, and proceeds from the Units sold are received and accepted, on such date (the "Closing Date") and at such time and place as determined by you (which determination shall be subject to the satisfaction on such date of the conditions contained herein), the funds received from purchasers will be delivered by the Escrow Agent to the Company, by wire transfer of immediately available funds, on the Closing Date.

(f) Placement Agent Fees. In consideration for your execution of this Agreement and for the performance of your obligations hereunder, the Company agrees to pay International Assets Advisory, LLC (the "Placement Agent"), by wire transfer of immediately available funds on the Closing Date, if any, a selling commission computed at the rate of (i) eight percent (8.0%) of the gross proceeds of the Units sold in the Offering to purchasers who were solicited by you and who are not Company Purchasers (as defined below), and (ii) three percent (3.0%) of the gross proceeds of Units sold in the Offering to purchasers referred to International Assets Advisory, LLC by the Company's officers, directors or affiliates if such purchasers opened securities accounts with, and purchased such Units through, International Assets Advisory, LLC ("Company Purchasers"). The Company and you agree that all Units sold in the Offering will be sold at the public offering price. International Assets Advisory, LLC may, in its sole discretion, refuse to accept orders for Units from Company Purchasers for any reason or no reason. International Assets Advisory, LLC will allocate commissions among the Sales Agents in accordance with the terms of the agreements among the Sales Agents.

(g) Placement Agent Warrants. You will issue to the Placement Agent warrants to purchase a number of shares of the Company's common stock equal to 5% of the number of Units sold. Each warrant will be exercisable to purchase one (1) share of common stock at an exercise price of $_____ per share (165% of the offering price) and will have a term of five (5) years. For the avoidance of doubt, in no event will the Placement Agent Warrants be exercisable or convertible more than five (5) years from the effective date of the Registration Statement pursuant to FINRA Rule 5110(f)(2)(G)(i). The warrants to be acquired by the Placement Agent may not (except to certain affiliates of the Placement Agent) be sold, transferred, assigned, pledged or hypothecated, or be the subject of any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of the securities by any person for a period of 180 days immediately following the commencement of the offering in accordance with FINRA Corporate Finance Rule 5110(g)(1). The anti-dilution provisions of the warrants to be issued to the Placement Agent will comply with FINRA Corporate Financing Rule 5110(f)(2)(G).

(h) Accountable Expense Allowance. The Company will provide Placement Agent with an accountable expense allowance of up to one percent (1.0%) of the amount of the offering. An advance on the accountable expense allowance in the amount of twenty thousand dollars ($20,000) has been paid to Placement Agent. Such amount has been wholly used by Placement Agent to pay the initial fee of its counsel. If the advances paid by the Company to the Placement Agent exceed the amount of accountable expenses actually incurred, the excess amount will be returned to the Company. Notwithstanding any other provision of this Agreement or any other agreement or understandings between the parties, the amount reimbursable shall not exceed the amount of out-of-pocket accountable expenses actually incurred by IAA in compliance with Rule 5110(f)(2)(D) of the FINRA Rules.

(i) Finder's/Other Fees. Except as set forth in the Registration Statement, you nor the Company, directly or indirectly, shall pay or award any finder's fee, commission, or other compensation to any person engaged by a prospective purchaser for investment advice as an inducement to such advisor to advise the purchase of the Units or for any other purpose. No warrant solicitation or other fees shall be paid in connection with the Offering.

(j) Delivery of Units. Delivery of the Units shall be made at your offices or at such other place as shall be agreed upon by the Company and you, on such date as you may request (each a "Date of Delivery"). Such securities shall be issued in such denominations and registered in such names as you may request in writing at least three full business days before the Date of Delivery.

5. Covenants.

(a) Covenants of the Company. The Company covenants with you as follows:

(i) Notices. Until the Offering Termination Date, the Company immediately will notify you, and confirm such notice in writing, (A) of any fact that would make inaccurate any representation or warranty by the Company, and (B) of any change in facts on which your obligation to perform under this Agreement is dependent.

(ii) Effectiveness of Registration Statement. The Company will use its best efforts to cause the Registration Statement to become effective (if not yet effective at the date and time this Agreement is executed and delivered by the parties hereto). If the Company elects to rely upon Rule 430A of the Rules and Regulations or the filing of the Prospectus is otherwise required under Rule 424(b) of the Rules and Regulations, and subject to the provisions of Section 5(a)(iii) of this Agreement, the Company will comply with the requirements of Rule 430A and will file the Prospectus, properly completed, pursuant to the applicable provisions of Rule 424(b) within the time prescribed. The Company will notify you immediately, and confirm the notice in writing, (A) when the Registration Statement, or any post-effective amendment to the Registration Statement, shall have become effective, or any supplement to the Prospectus, or any amended Prospectus shall have been filed, (B) of the receipt of any comments from the Commission, (C) of any request by the Commission to amend the Registration Statement or amend or supplement the Prospectus or for additional information, and (D) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the suspension of the qualification of the Units for offering or sale in any jurisdiction, or of the institution or threatening of any proceeding for any such purposes. The Company will use all reasonable efforts to prevent the issuance of any such stop order or of any order preventing or suspending such use and, if any such order is issued, to obtain the withdrawal thereof at the earliest possible moment.

(iii) Amendments to Registration Statement and Prospectus. The Company will not at any time file or make any amendment to the Registration Statement, or any amendment or supplement (A) to the Prospectus, if the Company has not elected to rely upon Rule 430A, or (B) if the Company has elected to rely upon Rule 430A, to either the Prospectus included in the Registration Statement at the time it becomes effective or to the Prospectus filed in accordance with Rule 424(b), in either case if you shall not have previously been advised and furnished a copy thereof a reasonable time prior to the proposed filing, or if you or your counsel shall reasonably object to such amendment or supplement; provided, however, that if you shall have objected to such amendment or supplement, you shall cease your efforts to sell the Units until an amendment or supplement is filed.

(iv) Delivery of Registration Statement. The Company has delivered to you or will deliver to you, without expense to you, at such locations as you shall request, as soon as the Registration Statement or any amended Registration Statement is available, such number of signed copies of the Registration Statement as originally filed and of amended Registration Statements, if any, copies of all exhibits and documents filed therewith, and signed copies of all consents and certificates of experts, as you may reasonably request.

(v) Delivery of Prospectus. The Company will deliver to you at its expense, as soon as the Registration Statement shall have become effective and thereafter from time to time as requested during the period when the Prospectus is required to be delivered under the 1933 Act, such number of copies of the Prospectus (as supplemented or amended) as you may reasonably request. Until the Offering Termination Date, the Company will comply, to the best of its ability, with the 1933 Act and the Rules and Regulations so as to permit the completion of the distribution of the Units as

contemplated in this Agreement and in the prospectus. If the delivery of a prospectus is required at any time prior to the expiration of nine months after the time of issue of the Prospectus in connection with the offering or sale of the Units and if at such time any events shall have occurred as result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made when such Prospectus is delivered not misleading or, if for any reason it shall be necessary during the same period to amend or supplement the Prospectus in order to comply with the 1933 Act, the Company will notify you and upon your request prepare and furnish without charge to you and to any dealer in securities as many copies as you may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus that will correct such statement or omission or effect such compliance, and in case you are required to deliver a prospectus in connection with sales of any of the Units, upon your request but at your expense, the Company will prepare and deliver to you as many copies as you may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the 1933 Act.

(vi) Blue Sky Qualification. The Company, in good faith and in cooperation with you, will use its best efforts to qualify the Units for offering and sale under (or obtain exemptions from the application of) the applicable "blue sky" or securities laws of such jurisdictions as you from time to time may reasonably designate and to maintain such qualifications in effect until the date on which the Company ceases to be obligated to maintain the effectiveness of the Registration Statement; provided, however, that the Company shall not be obligated to qualify as a foreign entity in any jurisdiction in which it is not so qualified or to make any undertakings in respect of doing business in any jurisdiction in which it is not otherwise so subject or to take any action that would subject it to general service of process in any such jurisdiction where it is not currently qualified or where it would be subject to taxation as a foreign entity where it is not now so subject. The Company will file such statements and reports as may be required by the laws of each jurisdiction in which the Units have been qualified as above provided.

(vii) Application of Net Proceeds. The Company will apply the net proceeds received from the sale of the Units in all material respects as set forth in the Prospectus under the caption "Use of Proceeds."

(viii) Cooperation with Your Due Diligence. At all times prior to the Offering Termination Date, the Company will cooperate with you in such investigation as you may make or cause to be made of all the business and operations of the Company in connection with the sale of the Units, and will make available to you in connection therewith such information in its possession as you may reasonably request, all of which you agree to safeguard as the confidential information of the Company and to refrain from using for any purpose adverse to the interests of the Company.

(ix) Transfer Agent. The Company will act as or otherwise maintain a transfer agent and, if necessary under applicable jurisdictions, a registrar (which may be the same entity as the transfer agent) for the Units.

(x) NASDAQ. The Company will use its reasonable best efforts have the Units, the Common Shares and the Warrants listed on the NASDAQ Capital Market.

(xi) Actions of Company, Officers, Directors, and Affiliates. The Company will not and will use its best efforts to cause its officers, directors, and affiliates not to (i) take, directly or indirectly, prior to termination of the Offering contemplated by this Agreement, any action designed to stabilize or manipulate the price of any security of the Company, or that may cause or result in, or that might in the future reasonably be expected to cause or result in, the stabilization or manipulation of the price of any security of the Company, (ii) other than under this Agreement, sell, bid for, purchase, or pay anyone any compensation for soliciting purchases of the Units or (iii) pay or agree to pay to any person any compensation for soliciting any order to purchase any other securities of the Company.

(xii) Effective Registration Statement. So long as any Warrants or Placement Agent Warrants are outstanding, the Company shall use its reasonable efforts to cause post-effective amendments to the Registration Statement, or new registration statements which may be on Form S-1 or S-3, as the case may be, to become effective in compliance with the 1993 Act and without any lapse of time between the effectiveness of any such post-effective amendments or new registration statement, and the Registration Statement, and cause a copy of each Prospectus, as then amended, to be delivered to each holder of record of a Warrant and to furnish to the Placement Agent and dealers as many copies of each such prospectus as the Underwriter or dealers may reasonably request.

(b) Covenants of the Sales Agents. You covenant with the Company as follows:

(i) Information Provided. You have not provided and will not provide to the purchasers of Units any written or oral information regarding the business of the Company, including any representations regarding the Company's financial condition or financial prospects, other than such information as is contained in the Prospectus. You further covenant that you will use your best efforts to comply in the offering of the Units with such purchaser suitability requirements as may be imposed by state securities or blue sky requirements.

(ii) Prospectus Statements. Until the termination of this Agreement, if any event affecting the Prospectus, the Company or you shall occur which, in the opinion of counsel to the Company, should be set forth in a supplement to the Prospectus, you agree to distribute each supplement of the Prospectus to each person who has previously received a copy of the Prospectus from you and you further agree to include such supplement in all future deliveries of the Prospectus. You agree that following notice from the Company that a supplement to the Prospectus is necessary, you will cease further efforts to sell the Units until such a supplement is prepared and delivered to you.

(iii) Compliance with Laws, Etc. In connection with or in contemplation of your sale of the Units, you will comply in all material respects with applicable federal and state laws, rules and regulations and the rules and regulations of applicable self-regulatory organizations (provided, however, that you shall be deemed not to have breached this covenant if your failure to so comply is based on a breach by the Company of any of its representations, warranties or covenants contained in this Agreement and you shall have complied with Section 5(b)(ii) above).

6. Payment of Expenses. Except as is expressly provided to the contrary in Section 10 of this Agreement, the Company hereby agrees that it will pay all fees and expenses incident to the performance of its obligations under this Agreement (excluding fees and expenses of counsel for you, except as specifically set forth below), including (a) the preparation, printing and filing of the Registration Statement (including financial statements and exhibits), as originally filed and as amended, the Prospectus and any amendments or supplements thereto, and the cost of furnishing copies thereof to you, (b) the preparation, printing, and distribution of this Agreement, the certificates representing the Securities, any Blue Sky Memoranda, and any instruments relating to any of the foregoing, (c) the issuance and delivery of the Units, including any transfer taxes payable thereon, (d) the fees and disbursements of the Company's counsel and accountants, (e) the qualification of the Units under applicable securities laws in accordance with Section 5(a)(vi) of this Agreement and any filing fee paid in connection with the review of the Offering by FINRA, including filing fees and fees and disbursements made in connection therewith and in connection with any Blue Sky Memoranda supplied to you by counsel for the Company, (f) all costs, fees, and expenses in connection with the application for qualifying the Units, Shares and Warrants for quotation on the NASDAQ Capital Market, (g) the transfer agent's and registrar's fees, if any, and all

miscellaneous expenses referred to in the Registration Statement, (h) costs related to travel and lodging incurred by the Company and its representatives relating to meetings with and presentations to prospective purchasers of the Units reasonably determined by you to be necessary or desirable to effect the sale of the Units to the public, (i) any escrow arrangements in connection with the transactions described herein, including any compensation or reimbursement to the Escrow Agent for its services as such, and (j) all other costs and expenses incident to the performance of the Company's obligations hereunder that are not otherwise specifically provided for in this Section 6. In addition, on the Closing Date, the Company will pay International Assets Advisory, LLC an accountable expense allowance not to exceed one percent (1.0%) of the public offering price of the Units sold in the Offering, less any advances on such accountable expense allowance previously paid by the Company to you. Notwithstanding any other provision of this Agreement to the contrary, the expense allowance shall not exceed the amount of accountable expenses actually incurred. If the advances previously paid by the Company to you exceed the amount of accountable expenses actually incurred by you, the excess amount will be returned to the Company. Except as otherwise set forth in Section 10 of this Agreement, no selling commissions will be paid to you and none of your expenses will be reimbursed in the event that the Offering does not close.

7. Conditions of Your Obligations. Your obligations hereunder shall be subject to, in your discretion, the following terms and conditions:

(a) Effectiveness of Registration Statement. The Registration Statement shall have become effective not later than 5:30 p.m. on the date of this Agreement or, at such later time or on such later date as you may agree to in writing; and as of the Closing Date no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act and no proceedings for that purpose shall have been instituted or shall be pending or, to your knowledge or the knowledge of the Company, shall be contemplated by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the satisfaction of your counsel.

(b) Closing Date Matters. On the Closing Date, (i) the Registration Statement and the Prospectus, as they may then be amended or supplemented, in all material respects shall conform to the requirements of the 1933 Act and the Rules and Regulations; the Company shall have complied in all material respects with Rule 430A (if it shall have elected to rely thereon) and neither the Registration Statement nor the Prospectus, as they may then be amended or supplemented, shall contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) there shall not have been, since the respective dates as of which information is given in the Registration Statement, any material adverse change in the business, prospects, properties, assets, results of operations or condition (financial or otherwise) of the Company whether or not arising in the ordinary course of business, (iii) no action, suit or proceeding at law or in equity shall be pending or, to the Company's knowledge, threatened against the Company that would be required to be set forth in the Prospectus other than as set forth therein and no proceedings shall be pending or, to the knowledge of the Company, threatened against the Company before or by any federal, state or other commission, board or administrative agency wherein an unfavorable decision, ruling or finding could materially adversely affect the business, prospects, assets, results of operations or condition (financial or otherwise) of the Company other than as set forth in the Prospectus, (iv) the Company shall have complied with all agreements and satisfied all conditions on its part to be performed or satisfied on or prior to the Closing Date, and (v) the representations and warranties of the Company set forth in Section 2 of this Agreement shall be accurate in all material respects as though expressly made at and as of the Closing Date. On the Closing Date, you shall have received a certificate executed by the Chief Executive Officer of the Company, dated as of the Closing Date, to such effect and with respect to the following additional matters: (A) the Registration Statement has become effective under the 1933 Act and no stop order suspending the effectiveness of the Registration Statement or preventing or suspending the use of the Prospectus has been issued, and no proceedings for that purpose have been instituted or are pending or,

to his knowledge, threatened under the 1933 Act; and (B) he has reviewed the Registration Statement and the Prospectus and, when the Registration Statement became effective and at all times subsequent thereto up to the delivery of such certificate, the Registration Statement and the Prospectus and any amendments or supplements thereto contained no untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

(c) Opinions of Foley & Lardner LLP. At the Closing Date, you shall receive the opinion of Foley & Lardner LLP, counsel for the Company, in form and substance reasonably satisfactory to you, to the effect of Exhibit A.

(d) Opinion of Johnson, Pope, Bokor, Ruppel & Burns, LLP. At the Closing Date, you shall receive the opinion of Johnson, Pope, Bokor, Ruppel & Burns, LLP, your counsel, with respect to such matters as you may reasonably require, and the Company shall have furnished to such counsel such documents as they may reasonably request for the purpose of enabling them to pass on such matters.

(e) Comfort Letter. At the time that this Agreement is executed by the Company, you shall have received from Skoda Minotti, Tampa, Florida, a letter, dated the date hereof and in form and substance satisfactory to you, together with signed or reproduced copies of such letter for each Selected Dealer, containing statements and information of the type ordinarily included in accountants' "comfort letters" with respect to the financial statements and certain financial information of the Company contained in the Registration Statement or the Prospectus.

(f) Updated Comfort Letter. At the Closing Date, you shall have received from Skoda Minotti, Tampa, Florida, a letter, in form and substance satisfactory to you and dated as of the Closing Date, to the effect that they reaffirm the statements made in the letter furnished pursuant to Section 7(e) above, except that the specified date referred to shall be a date not more than five (5) days prior to the Closing Date.

(g) Post-Financial Developments. In the event that either of the letters to be delivered pursuant to Sections 7(e) and 7(f) above sets forth any changes, decreases or increases, it shall be a further condition to your obligations that you shall have reasonably determined, after discussions with officers of the Company responsible for financial and accounting matters and with Skoda Minotti, Tampa, Florida, that such changes, decreases or increases as are set forth in such letter do not reflect a material adverse change in the capital stock, long-term debt, obligations under capital leases, total assets, net current assets, or shareholders' equity of the Company as compared with the amounts shown in the latest balance sheet of the Company, or a material adverse change in the revenues or operating income before interest, depreciation and amortization for the Company.

(h) Additional Information. On the Closing Date, you shall have been furnished with all such documents, certificates and opinions as you may reasonably request for the purpose of enabling your counsel to pass upon the issuance and sale of the Units as contemplated in this Agreement and the matters referred to in Section 7(b), and in order to evidence the accuracy and completeness of, any of the representations, warranties or statements of the Company, the performance of any of the covenants of the Company, or the fulfillment of any of the conditions herein contained; and all proceedings taken by the Company at or prior to the Closing Date in connection with the authorization, issuance and sale of the Units as contemplated in this Agreement, shall be satisfactory in form and substance to you and to your counsel. The Company will furnish you with such number of conformed copies of such opinions, certificates, letters and documents as you shall reasonably request. Any certificate signed by any officer, partner, or other official of the Company and delivered to you or your counsel shall be deemed a representation and warranty by the Company to you as to the statements made therein.

(i) Adverse Events. Subsequent to the date hereof, there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the NASDAQ Capital Market, (ii) a general moratorium on commercial banking activities in the State of Florida or United States, (iii) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war if the effect of any such event specified in this clause (iii) in your reasonable judgment makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Units on the terms and in the manner contemplated in the Prospectus, or (iv) such a material adverse change in general economic, political, financial or international conditions affecting financial markets in the United States having a material adverse impact on trading prices of securities in general, as, in your reasonable judgment, makes it impracticable or inadvisable to proceed with the public offering of the Units or the delivery of the Units on the terms and in the manner contemplated in the Prospectus.

(j) FINRA Review. FINRA, upon review of the terms of the Offering, shall not have objected to the Offering, the terms of the Offering or your participation in the Offering.

(k) NASDAQ Quotation. The Units, Shares and Warrants shall be approved for quotation on the NASDAQ Capital Market.

(l) IAA Satisfaction. In the opinion of IAA, there will have been no material adverse changes in the business or financial condition of the Company or any material adverse change in the overall capital markets of the United States, and IAA is satisfied in its sole and unfettered discretion with the results of any due diligence inquiry or matters.

If any of the conditions specified in this Section 7 shall not have been fulfilled when and as required by this Agreement to be fulfilled, this Agreement may be terminated by you on notice to the Company at any time at or prior to the Closing Date, and such termination shall be without liability of any party to any other party, except as provided in Sections 6 and 10. Notwithstanding any such termination, the provisions of Section 8 shall remain in effect.

8. Indemnification and Contribution.

(a) Indemnification by the Company. Subject to the limitations set forth in this Section 8(a), the Company will indemnify and hold you harmless against any losses, claims, damages, or liabilities, joint or several, to which you may become subject under the 1933 Act, the 1934 Act or otherwise, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any breach of any representation, warranty or covenant of the Company herein contained or any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or the Prospectus, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse you for any legal or other expenses reasonably incurred by you in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement or the Prospectus, or any such amendment or supplement, in reliance upon and in conformity with written information furnished to the Company by you expressly for use therein; provided further, that the indemnity agreement contained in this Section 8(a) with respect to the Prospectus shall not inure to your benefit if you failed to send or give a copy of the Prospectus to such person at or prior to the written confirmation of the sale of such Units to such person in any case where such delivery is required by the 1933 Act or the Rules and Regulations

and if the Prospectus would have cured any untrue statement or alleged untrue statement or omission or alleged omission giving rise to such loss, claim, damage, or liability. In addition to its other obligations under this Section 8(a), the Company agrees that, as an interim measure during the pendency of any such claim, action, investigation, inquiry, or other proceeding arising out of or based upon any statement or omission, or any alleged statement or omission, described in this Section 8(a), it will reimburse you on a monthly basis for all reasonable legal and other expenses incurred in connection with investigating or defending any such claim, action, investigation, inquiry. or other proceeding (to the extent documented by reasonably itemized invoices therefor), notwithstanding the absence of a judicial determination as to the propriety and enforceability of the Company's obligation to reimburse you for such expenses and the possibility that such payments might later be held to have been improper by a court of competent jurisdiction. To the extent that any such interim reimbursement payment is so held to have been improper, you shall promptly return it to the person(s) from whom it was received. Any such interim reimbursement payments that are not made to you within thirty (30) days of a request for reimbursement shall bear interest at the prime rate (or reference rate or other commercial lending rate for borrowers of the highest credit standing) published from time to time by The Wall Street Journal (the "Prime Rate") from the date of such request. This indemnity agreement shall be in addition to any liabilities that the Company may otherwise have. For purposes of this Section 8, the information set forth in the second paragraph on the front cover page (insofar as such information relates to you) and under the caption "Plan of Distribution" in the Registration Statement and in the Prospectus constitutes the only information furnished by you to the Company for inclusion in the Prospectus or the Registration Statement. The Company will not, without your prior written consent, settle or compromise or consent to the entry of any judgment in any pending or threatened action or claim or related cause of action or portion of such cause of action in respect of which indemnification may be sought hereunder (whether or not you are a party to such action or claim), unless such settlement, compromise, or consent includes an unconditional release of you from all liability arising out of such action or claim (or related cause of action or portion thereof). The indemnity agreement in this Section 8(a) shall extend upon the same terms and conditions to, and shall inure to the benefit of, each person, if any, who controls you within the meaning of the 1933 Act or the 1934 Act to the same extent as such agreement applies to you.

(b) Indemnification by the Sales Agents. Subject to the limitations in this paragraph below, each of you, severally and not jointly, will indemnify and hold harmless the Company against any losses, claims, damages, or liabilities to which the Company may become subject, under the 1933 Act, the 1934 Act, or otherwise, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any breach of any warranty or covenant by you herein contained or any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or the Prospectus, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that (i) such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement or the Prospectus or any such amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Company by you expressly for use therein, or (ii) you failed to deliver an amendment or supplement to the Prospectus that the Company made available to you prior to the Closing Date and that corrected any statement or omission in the Registration Statement or the Prospectus which forms the basis for a claim against the Company, and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such loss, claim, damage, liability, or action. In addition to its other obligations under this Section 8(b), you agree that, as an interim measure during the pendency of any such claim, action, investigation, inquiry, or other proceeding arising out of or based upon any statement or omission, or any alleged statement or omission, described in this Section 8(b), you will reimburse the Company on a monthly basis for all reasonable legal and other expenses incurred in connection with investigating or defending any such claim, action, investigation, inquiry, or other proceeding (to the extent documented by

reasonably itemized invoices therefor), notwithstanding the absence of a judicial determination as to the propriety and enforceability of your obligation to reimburse the Company for such expenses and the possibility that such payments might later be held to have been improper by a court of competent jurisdiction. To the extent that any such interim reimbursement arrangement is so held to have been improper, the Company shall promptly return it to the person(s) from whom it was received. Any such interim reimbursement payments that are not made to the Company within thirty (30) days of a request for reimbursement shall bear interest at the Prime Rate from the date of such request. This indemnity agreement shall be in addition to any liabilities that you may otherwise have. You will not, without the Company's prior written consent, settle or compromise or consent to the entry of any judgment in any pending or threatened action or claim or related cause of action or portion of such cause of action in respect of which indemnification may be sought hereunder (whether or not the Company is a party to such action or claim), unless such settlement, compromise, or consent includes an unconditional release of the Company from all liability arising out of such action or claim (or related cause of action or portion thereof). The indemnity agreement in this Section 8(b) shall extend upon the same terms and conditions to, and shall inure to the benefit of, each officer and director of the Company and each person, if any, who controls the Company within the meaning of the 1933 Act or the 1934 Act to the same extent as such agreement applies to the Company.

(c) Notices of Claims; Employment of Counsel. Any party that proposes to assert the right to be indemnified under this Section 8 promptly shall notify in writing each party against which a claim is to be made under this Section 8 of the institution of such action but the omission so to notify such indemnifying party of any such action shall not relieve it from any liability it may have to any indemnified party except (i) to the extent that the omission to notify shall have caused or increased the indemnifying party's liability or resulted in the forfeiture by the indemnifying party of substantial rights or defenses, and (ii) that the indemnifying party shall be relieved of its indemnity obligation for expenses of the indemnified party incurred before the indemnifying party is notified. Such indemnifying party or parties shall assume the defense of such action, including the employment of counsel (reasonably satisfactory to the indemnified party) and payment of fees and expenses. An indemnified party shall have the right to employ its own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless the employment of such counsel shall have been authorized in writing by the indemnifying party or parties in connection with the defense of such action or the indemnifying party or parties shall not have employed counsel to have charge of the defense of such action or such indemnified party or parties shall have been advised by counsel that there may be defenses available to it or them that are different from or additional to those available to such indemnifying party or parties (in which case such indemnifying party or parties shall not have the right to direct the defense of such action on behalf of the indemnified party or parties), in any of which events such fees and expenses shall be borne by such indemnifying party or parties; provided that the indemnifying party shall not be liable for the expenses of more than one separate counsel. Anything in this paragraph to the contrary notwithstanding, an indemnifying party shall not be liable for any settlement of any such claim or action effected without its written consent.

(d) Arbitration. It is agreed that any controversy arising out of the operation of the interim reimbursement arrangements set forth in Sections 8(a) and 8(b) hereof, including the amounts of any requested reimbursement payments, the method of determining such amounts and the basis on which such amounts shall be apportioned among the indemnifying parties, shall be settled by arbitration conducted pursuant to the Code of Arbitration Procedure of FINRA. Any such arbitration must be commenced by service of a written demand for arbitration or a written notice of intention to arbitrate, therein electing the arbitration tribunal. In the event the party demanding arbitration does not make such designation of an arbitration tribunal in such demand or notice, then the party responding to said demand or notice is authorized to do so. Any such arbitration will be limited to the operation of the interim reimbursement provisions contained in Sections 8(a) and 8(b) hereof and will not resolve the ultimate propriety or enforceability of the obligation to indemnify for expenses that is created by the provisions of Sections 8(a) and 8(b).

(e) Contribution. If the indemnification provided for in Section 8(a) or 8(b) is unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, claims, damages, or liabilities (or actions in respect thereof) referred to therein, then the Company on the one hand and you on the other shall contribute to the amount paid or payable as a result of such losses, claims, damages, or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and you on the other from the offering of the Units. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then the Company and you shall contribute to such amount paid or payable in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and you on the other in connection with the statements or omissions that resulted in such losses, claims, damages, or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and you on the other shall be deemed to be in the same proportion as the total net proceeds from the Offering (before deducting expenses) received by the Company bear to the total selling commissions received by you in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or allegedly untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or to information with respect to you and furnished by you respectively, in writing specifically for inclusion in the Prospectus on the other and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission, The Company and you agree that it would not be just and equitable if contribution pursuant to this Section 8(e) were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to above in this Section 8(e). The amount paid or payable as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this Section 8(e) shall be deemed to include any legal or other expenses reasonably incurred by any such party in connection with investigating or defending any such action or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) with respect to the transactions giving rise to the right of contribution provided in this Section 8(e) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations in this Section 8(e) for you to contribute are several in proportion to your respective underwriting obligations and not joint. For purposes of this Section 8(e), each person, if any, who controls you within the meaning of Section 15 of the 1933 Act shall have the same rights to contribution as you, and each director of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act, shall have the same rights to contribution as the Company.

9. Representations and Agreements to Survive. Except as the context otherwise requires, all representations, warranties, covenants and agreements contained in this Agreement shall remain operative and in full force and effect regardless of any investigation made by you, or on your behalf, or by any controlling person, or by or on behalf of the Company, and shall survive until the fifth anniversary of the Offering Termination Date and the termination of this Agreement pursuant to Section 10 hereof.

10. Termination of Agreement.

(a) Termination of Agreement. You shall have the right to terminate this Agreement at any time prior to the Closing Date if any of the conditions in Section 7(b) hereof have not been satisfied or otherwise waived by you, or if any of the events listed in Section 7(i) hereof occurs. If you elect to terminate the agreement as provided in this Section 10, you shall notify the Company promptly in writing. You shall have no liability to the Company pursuant to this Agreement or otherwise as a result of any such termination.

(b) Result of Termination.

(i) If:

(A) you should terminate this Agreement upon the breach by the Company of any material term of this Agreement;

(B) the Offering fails to close by _____, 2015, for reasons within the control of the Company (it being understood that to the extent the Company used reasonable good faith efforts to respond to comments on the Registration Statement from the Commission and any other applicable regulatory body, then the Offering shall not be deemed in accordance with this Agreement to have failed for reasons within the control of the Company);

(C) the Offering fails to close by _____, 2015 due to reasons beyond the control of the Company or you (other than your inability to sell the Units due to adverse market conditions or as a result of any factor referenced in Section 7(i) of this Agreement); or

(D) the Company abandons the Offering, then in addition to its obligations with respect to expenses as set forth in Section 6, the Company will reimburse you on demand for all your reasonable out-of-pocket expenses and disbursements (including the fees and expenses of your counsel) actually incurred by you in reviewing the Registration Statement and the Prospectus, and in investigating and making preparations for the marketing of the Units up to a maximum of [$_____]. Notwithstanding any other provision of this Agreement, the amount reimbursable shall not exceed the amount of out-of-pocket accountable expenses actually incurred by you in compliance with applicable FINRA rules.

(ii) If the sale of the Units provided for herein is not consummated for any other reason, the Company shall pay expenses as required by Section 6, and neither party shall have any additional liability to the other except for such liabilities, if any, as may exist or thereafter arise under Section 8.

(iii) For purposes of clarification, if the closing of the Offering is not completed by _____, 2015, this Agreement will expire and the Company will have no further obligation or liability hereunder except as set forth in Sections 6, 8, and 10 hereof and you will have no further obligation or liability hereunder except as set forth in Section 8 hereof.

11. Notices.

(a) Method and Location of Notices. All communications hereunder, except as herein otherwise specifically provided, shall be in writing and shall be sent by overnight courier, hand-delivery, facsimile or electronic mail and confirmed as follows:

To the Company:

LM Funding America, Inc.
302 Knights Run Avenue
Suite 1000
Tampa, Florida 33602
Attention: Stephen Weclew,
Chief Financial Officer
Facsimile: (813) 221-7909
Email: sweclew@lmfunding.com

with copy to:

Foley & Lardner LLP
100 North Tampa Street, Suite 2700
Tampa, Florida 33602
Attention: Curt P. Creely, Esq.
Facsimile: (813) 221-4210
Email: ccreely@foley.com

To the Sales Agents:

International Assets Advisory, LLC
390 North Orange Avenue, #750
Orlando, Florida 32801
Attention: Edward R. Cofrancesco
Facsimile: (407) 254-1505
Email: ecofrancesco@iaac.com

with copy to:

Johnson, Pope, Bokor, Ruppel & Burns, LLP
911 Chestnut Street
Clearwater, Florida 33756
Attention: Michael T. Cronin, Esq.
Facsimile: (727) 462-0365
Email: MikeC@jpfirm.com

(b) Time of Notices. Notice shall be deemed to be given by you to the Company or by the Company to you when it is sent by overnight courier, hand-delivery, facsimile or electronic mail as provided in Section 11(a).

12. Parties. This Agreement shall inure solely to the benefit of and shall be binding upon you, the Company and the controlling persons referred to in Section 8, and their respective successors, legal representatives and assigns. No other person shall have or be construed to have a legal or equitable right, remedy or claim under or in respect of or by virtue of this Agreement or any provision herein contained, time of day refers to United States Eastern Time. Time shall be of the essence of this Agreement.

13. Governing Law, Construction, and Time. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

14. Description Headings. The descriptive headings of the several sections and paragraphs of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

15. Counterparts. This Agreement may be executed in one or more counterparts, and if executed in more than one counterpart, the executed counterparts shall together constitute a single instrument.

[Signature page follows]

If the foregoing correctly sets forth the understanding between you and the Company, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement between us.

Very truly yours,

LM FUNDING AMERICA, INC.

By: _____
Name:
Title: Chief Executive Officer

LM FUNDING, LLC

By: _____
Name: _____
Title: _____

Confirmed and accepted as of the date first above written:

On behalf of the Sales Agents:

INTERNATIONAL ASSETS ADVISORY, INC.

By: _____
Name: Edward R. Cofrancesco
Title: President

SCHEDULE I

List of Sales Agent

International Assets Advisory, LLC

EXHIBIT A

Form of Foley & Lardner Opinion

_____, 2015

International Assets Advisory, LLC
390 North Orange Avenue, #750
Orlando, Florida 32801
Attention: Edward R. Cofrancesco

Re: LM Funding America, Inc.

Ladies and Gentlemen:

This opinion is furnished to you pursuant to Section 7(c) of the Sales Agency Agreement (the "Sales Agency Agreement"), dated _____, 2015, by and between LM Funding America, Inc., a Delaware corporation, and each of the sales agents listed on Schedule I thereto, relating to the sale of a minimum of _____ units and a maximum of _____ units, with each unit consisting of one common share, $0.001 par value, and one warrant, of the Company. All capitalized terms used but not defined herein have the respective meanings ascribed thereto in the Sales Agency Agreement. When we refer to the Company, we also include the Company's predecessor, LM Funding, LLC and subsidiaries, unless otherwise noted.

We have acted as counsel to the Company in connection with the Sales Agency Agreement and the transactions contemplated thereby. We have examined (a) the Sales Agency Agreement and the Escrow Agreement, (b) the Registration Statement and the Prospectus, (c) the Articles and the Bylaws of the Company, (d) the proceedings of and actions taken by the Board of Directors of the Company in connection with the issuance and sale of the Units, and (e) such other records, certificates and documents as we have considered necessary or appropriate to render the opinions set forth below. We have, among other things, relied upon the representations and warranties contained in, and made pursuant to the Sales Agency Agreement. As to certain factual matters, we have relied upon certificates of public officials and upon certificates of officers of the Company and have not sought to independently verify such matters.

In expressing the opinions set forth below, we have assumed and relied upon the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as copies and the authenticity of the originals from which any such copies were made, the genuineness of all signatures, the legal capacity of all persons executing such documents and the due execution and delivery (other than by the Company) where due execution and delivery are prerequisites to the effectiveness thereof.

With regard to our opinion in paragraph 4 as to the absence of any stop order proceedings with respect the effectiveness of the Registration Statement under the 1933 Act, we have relied solely upon our telephone call to the Commission, made as of the date of this opinion, that no stop order suspending the effectiveness of the Registration Statement has been issued and that no proceedings for that purpose have been initiated or threatened by the Commission. We have made no further investigation.

The opinions set forth in this letter are limited solely to the laws of the States of Florida and Delaware and the federal laws of the United States of America, and we do not express any opinion regarding the laws of any other jurisdiction.

As used in this letter, the words “know,” “to our knowledge” and words of similar import, when referring to this firm, mean the actual knowledge of any lawyer in this firm who has given substantive attention to matters related to the Company on a regular basis over the past six months.

Based on the foregoing, and subject to the assumptions, limitations, and qualifications stated in this letter, we are of the opinion that:

1. The Company has been duly organized and is an existing exempted company in good standing under the laws of the State of Delaware. LM Funding, LLC is a limited liability company duly organized and in good standing under the laws of the State of Florida.

2. When the Securities are issued and delivered in accordance with the terms of the Registration Statement, the Securities covered by the Registration Statement will then be duly authorized, validly issued, fully paid and nonassessable.

3. Assuming the due authorization, execution and delivery of the Sales Agency Agreement by the Company under Delaware law, the Sales Agency Agreement (to the extent execution and delivery are governed the laws of Delaware) has been duly executed and delivered by the Company.

4. The statements under the heading “Plan of Distribution” included in the Prospectus, insofar as they purport to describe the provisions of the documents referred to therein, are accurate, complete and fair in all material respects.

5. The Registration Statement has become effective under the 1933 Act. To our knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued, no proceedings for that purpose have been instituted or threatened and the Registration Statement and the Prospectus (other than consolidated financial statements and related schedules and other financial information contained therein, as to which we do not express an opinion) comply as to form in all material respects with the applicable requirements of the 1933 Act and the rules thereunder.

6. The Company is not and, after giving effect to the offering and sale of the Units and the application of their proceeds as described in the Prospectus under the heading “Use of Proceeds”, will not be required to be registered as an investment company under the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder.

7. Neither the issuance and sale of the Units, nor the compliance by the Company with the provisions of the Sales Agency Agreement nor the performance by the Company of its obligations thereunder will, to our knowledge, conflict with or result in a breach or violation of any (i) U.S. federal or New York statute, law, rule, or regulation, or (ii) judgment, order or decree known to us applicable to the Company or its subsidiaries of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority in the United States having jurisdiction over the Company or its subsidiaries or any of its or their properties or assets.

8. To our knowledge, no consent, approval, authorization, order, registration or qualification of, or with, any court or governmental agency or body of the States of Florida and Delaware or the United States (other than as required by any state securities or Blue Sky laws) is required for the issue and sale of the Units or the consummation by the Company of the transactions contemplated by the Sales Agency Agreement except such as have been obtained under the 1933 Act.

In addition to the opinions provided above, we confirm to you as follows: we have participated in the preparation of the Registration Statement and the Prospectus and in communications with officers and

other representatives of the Company, representatives of the independent accountants for the Company, counsel for the Sales Agent and representatives of the Sales Agent pursuant to which the contents of the Registration Statement and Prospectus and related matters were discussed and although we have not independently verified, and (except as to those matters and to the extent set forth in the opinions referred to in paragraph 2 above) are not passing upon and do not assume any responsibility for, the factual accuracy, completeness or fairness of the statements contained in the Registration Statement and Prospectus, on the basis of such participation, no facts have come to our attention which have caused us to believe that (i) at the time it became effective and as of the time the Sales Agency Agreement was entered into, the Registration Statement (other than the financial statements and other financial data, and the information of each such person as an "expert" within the meaning of the 1933 Act, included or incorporated by reference in the Registration Statement, as to which we do not express a belief), contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

This opinion letter is provided to you for your exclusive use solely in connection with the transactions described above and may not be relied upon by any other person for any other purpose without our prior written consent.

This opinion letter may not be used, quoted, referred to, copied, published, relied upon or furnished to any other person without our prior written consent. This opinion letter speaks only as of the date hereof and to its addressee and we have no responsibility or obligation to update this opinion, to consider its applicability or correctness to other than its addressee, or to take into account changes in law, facts or any other developments of which we may later become aware.

Very truly yours,

Foley & Lardner LLP

Exhibit 2.1

CONTRIBUTION AGREEMENT

THIS CONTRIBUTION AGREEMENT is made as of this _____ day of _____, 2015 by and between CGR63, LLC ("63"), BRR HOLDING, LLC ("BRR") and LM FUNDING AMERICA, INC. ("America").

WHEREAS, 63 and BRR own all issued and outstanding equity of LM FUNDING, LLC ("LMF");

WHEREAS America is contemplating selling common shares and warrants in an initial public offering ("IPO");

WHEREAS, immediately prior to the registration statement for the IPO being declared effective, 63 and BRR desire to contribute all issued and outstanding equity of LMF to America;

WHEREAS, the parties intend that the contribution by 63 and BRR be taxed pursuant to IRC §351;

NOW THEREFORE, the parties hereto hereby agree as follows:

1. Contribution. Upon the Effective Time (as hereinafter defined) BRR and 63 agree to contribute the following membership interests in LMF to America in exchange for the number of common shares of America indicated below:

Name	Transferred Interests	Shares of America
63	50	3,431,373
BRR	1	68,627

2. Representations. 63 and BRR hereby represent to America that the membership interests transferred to America hereunder are owned free and clear of all encumbrances and that after this transaction, America shall own all issued and outstanding equity of LMF. America hereby represents to 63 and BRR that all common shares issued to each of them in this transaction will, once issued in this transaction, be validly issued, fully paid and non-assessable.

3. Effective Time. The transactions set forth herein shall occur and take effect immediately prior to the registration statement for the IPO becoming effective (the" Effective Time"). The parties agree that the transfer of the above indicated membership interests of LMF to America shall occur automatically, without any further action on the part of BRR or 63, upon the registration statement for the IPO being declared effective. In the event such registration statement has not been declared effective on or before December 31, 2015, then this Contribution Agreement shall terminate and no parties shall have any rights or obligations hereunder. The parties intend that the issuance of common shares of America to BRR and 63 hereunder and the issuance of common shares and warrants in the IPO be part of one single integrated transaction such that all purchasers in the IPO, 63 and BRR shall all be part of a single group in control of America after the completion of this single integrated transaction under IRC §351.

4. Miscellaneous.

(a) This Agreement shall be binding upon the parties hereto and their successors and assigns.

(b) In connection with the transactions contemplated herein the parties shall execute and deliver any further instruments or documents and take such further actions as reasonably necessary to give effect to the transactions contemplated herein.

(c) This Agreement shall be governed by and construed in accordance with the laws of the State of Florida without regard to its conflict of laws principles.

(d) 63 and BRR hereby waive any provisions in the LMF Operating Agreement (or any other document or instrument) requiring any notice or other action prior to making the contribution set forth herein.

IN WITNESS WHEREOF, the parties hereto have caused this Contribution Agreement to be duly executed as of the date first written above.

CGR63, LLC

By: _____

Its: _____

BRR HOLDING, LLC

By: _____

Its: _____

LM FUNDING AMERICA, INC.

By: _____

Its: _____

Exhibit 3.1

CERTIFICATE OF INCORPORATION
OF
LM FUNDING AMERICA, INC.
A Stock Corporation

LM Funding America, Inc. files this Certificate of Incorporation (the "Certificate of Incorporation") pursuant to the General Corporation Law of the State of Delaware (the "DGCL"). The Corporation's corporate existence shall commence upon the filing of this Certificate of Incorporation with the office of the Secretary of State of the State of Delaware in accordance with the DGCL (the "Effective Time") and the Certificate of Incorporation of LM Funding America, Inc. shall be as follows.

ARTICLE I
NAME

The name of the Corporation is LM Funding America, Inc. (the "Corporation").

ARTICLE II
REGISTERED OFFICE AND AGENT

The address of the Corporation's registered office in the State of Delaware is The Corporation Trust Center, 1209 Orange Street in the City of Wilmington, County of New Castle, Zip Code 19801. The name of its registered agent at such address is The Corporation Trust Company. The registered office and/or registered agent of the Corporation may be changed from time to time by action of the Board of Directors.

ARTICLE III
PURPOSE

The purpose of the Corporation shall be to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE IV
CAPITAL STOCK

SECTION 1. The aggregate number of shares of all classes of capital stock which the Corporation shall have the authority to issue is One Hundred Million (100,000,000) shares, consisting of Twenty Million (20,000,000) shares of preferred stock, par value $0.001 per share (the "Preferred Stock"), and Eighty Million (80,000,000) shares of common stock, par value $0.001 per share (the "Common Stock").

SECTION 2. The preferences, limitations, designations and relative rights of the shares of each class and the qualifications, limitations or restrictions thereof shall be as follows:

A. Preferred Stock.

1. Authorization; Series; Provisions. The Board of Directors of the Corporation is hereby expressly authorized, subject to limitations prescribed by law and the provisions of this Article IV, to provide for the issuance of shares of the Preferred Stock in series, and by filing a certificate pursuant to the DGCL, to establish from time to time the number of shares to be included in each such series and to fix the designations, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof. The Preferred Stock may be issued from time to time in one or more series, the shares of each series to have such powers, designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as are stated and expressed herein or in a resolution or resolutions providing for the issuance of such series, adopted by the Board of Directors.

2. Reacquired Shares. Shares of Preferred Stock which shall be issued and thereafter acquired by the Corporation through purchase, redemption, exchange, conversion or otherwise shall return to the status of authorized but unissued Preferred Stock, undesignated as to series, unless otherwise provided in the resolution or resolutions of the Board of Directors.

B. Common Stock.

Except as shall otherwise be stated herein or as otherwise required by applicable law, all shares of Common Stock shall be identical in all respects and shall entitle the holders thereof to the same rights and privileges, subject to the same qualifications, limitations and restrictions. The Common Stock shall be subject to all of the rights, privileges, preferences and priorities of the Preferred Stock as set forth in the resolution or resolutions providing for the respective series of Preferred Stock.

1. Voting. The holders of the Common Stock are entitled to one vote for each share of Common Stock held at all meetings of stockholders (and written actions in lieu of meetings). There shall be no cumulative voting. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by (in addition to any vote of the holders of one or more series of Preferred Stock that may be required by the terms of the Certificate of Incorporation) the affirmative vote of the holders of shares of capital stock of the Corporation representing a majority of the votes represented by all outstanding shares of capital stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the DGCL.

2. Dividends. Subject to the rights of each series of the Preferred Stock, dividends, or other distributions in cash, securities or other property of the Corporation may be declared and paid or set apart for payment upon the Common Stock by the Board of Directors from time to time out of any assets or funds of the Corporation legally available for the payment of dividends, and all holders of Common Stock shall be entitled to participate in such dividends ratably on a per share basis.

3. Liquidation. Upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, and after the holders of the Preferred Stock of each series shall

have been paid in full the amounts to which they respectively shall be entitled in preference to the Common Stock in accordance with the terms of any outstanding Preferred Stock and applicable law, the remaining net assets and funds of the Corporation shall be distributed pro rata to the holders of the Common Stock and the holders of any Preferred Stock, but only to the extent that the holders of any Preferred Stock shall be entitled to participate in such distributions in accordance with the terms of any outstanding Preferred Stock or applicable law. A consolidation or merger of the Corporation with or into another corporation or corporations or a sale, whether for cash, shares of stock, securities or properties, or any combination thereof, of all or substantially all of the assets of the Corporation shall not be deemed or construed to be a liquidation, dissolution or winding up of the Corporation within the meaning of this paragraph.

4. No Preemptive Rights. No holder of Common Stock of the Corporation shall be entitled, as such, as a matter of right, to subscribe for or purchase any part of any new or additional issue of stock of any class or series whatsoever or of securities convertible into stock of any class whatsoever, whether now or hereafter authorized and whether issued for cash or other consideration, or by way of dividend.

5. Ownership. The Corporation shall be entitled to treat the person in whose name any share of its stock is registered as the owner thereof for all purposes and shall not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether or not the Corporation shall have notice thereof, except as expressly provided by applicable law.

ARTICLE V
EXISTENCE

The Corporation is to have perpetual existence.

ARTICLE VI
BOARD OF DIRECTORS

The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors, and the directors need not be elected by written ballot unless required by the By-laws of the Corporation. In furtherance and not in limitation of the powers conferred by statute, the Board of Directors of the Corporation is expressly authorized to make, alter, amend, change, add to or repeal the By-laws of the Corporation.

ARTICLE VII
NUMBER, ELECTION AND TERMS OF DIRECTORS

SECTION 1. Number of Directors. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the number of directors of the Corporation shall be fixed in such manner as prescribed in the By-laws of the Corporation, or from time to time by action of a majority of the members of the Board of Directors then in office, but in no event shall such number of directors be less than one nor more than fifteen. Elections of members of the Board of Directors, other than those who may be elected by the holders of any series of Preferred Stock under specified circumstances, shall be

held at the annual meeting of stockholders, and each member of the Board of Directors shall hold office until such director's successor is elected and qualified, subject to such director's earlier death, resignation, disqualification or removal.

SECTION 2. Director Class and Term Expiration. The Board of Directors shall be divided into three classes, as nearly equal in numbers as possible, designated Class I, Class II and Class III. The initial Class I Directors shall serve for a term expiring at the first annual meeting of stockholders of the Corporation following the effective time of this Certificate of Incorporation; the initial Class II Directors shall serve for a term expiring at the second annual meeting of stockholders following the effective time of this Certificate of Incorporation; and the initial Class III Directors shall serve for a term expiring at the third annual meeting of stockholders following the effective time of this Certificate of Incorporation. At each annual meeting of stockholders, the successors of the class of Directors whose term expires at that meeting shall be elected to hold office for a term expiring at the third annual meeting of stockholders to be held following their election, with each Director in each such class to hold office until his or her successor is duly elected and qualified. The provisions of this Section 2 of Article VII are subject to the rights of the holders of any class or series of Preferred Stock to elect directors. The provisions of this Section 2 of Article VII shall not become effective until the Company's Common Stock becomes registered under Section 12 of the Exchange Act.

SECTION 3. Stockholder Nominations and Introduction of Business. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the By-laws of the Corporation.

SECTION 4. Newly Created Directorships and Vacancies. Subject to the rights of the holders of any series of Preferred Stock, and unless the Board of Directors otherwise determines, newly created directorships resulting from any increase in the authorized number of directors or any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal from office or other cause may be filled only by a majority vote of the directors then in office, though less than a quorum, and any director so chosen shall hold office for a term expiring at the succeeding annual meeting of stockholders and until such director's successor shall have been duly elected and qualified. No decrease in the number of authorized directors constituting the entire Board of Directors shall shorten the term of any incumbent director.

SECTION 5. Removal. Subject to the rights of the holders of any series of Preferred Stock, any director, or the entire Board of Directors, may be removed, with or without cause, by the affirmative vote of the holders of a majority of the shares then entitled to vote at an election of directors; provided, however, that this Section 5 of Article VII shall apply, in respect of the removal without cause of a director or directors elected by the holders of a class or series of stock pursuant to this Certificate of Incorporation, to the vote of the holders of the outstanding shares of that class or series and not to the vote of the outstanding shares as a whole.

SECTION 6. Rights and Powers. Except to the extent prohibited by law, the Board of Directors shall have the right (which, to the extent exercised, shall be exclusive) to establish the rights, powers, duties, rules and procedures that from time to time shall govern the Board of Directors and each of its members, including, without limitation, the vote required for any action

by the Board of Directors, and that from time to time shall affect the directors' power to manage the business and affairs of the Corporation; and no by-law shall be adopted by stockholders which shall impair or impede the implementation of the foregoing.

SECTION 7. By-laws. The Corporation may in its By-laws confer powers upon the Board of Directors in addition to the foregoing and in addition to the powers and authorities expressly conferred upon the Board of Directors by applicable law.

ARTICLE VIII
BOOKS AND RECORDS

The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-laws of the Corporation. The Board of Directors shall from time to time decide whether and to what extent and at what times and under what conditions and requirements the accounts and books of the Corporation, or any of them, except the stock book, shall be open to the inspection of the stockholders, and no stockholder shall have any right to inspect any books or documents of the Corporation, except as conferred by the laws of the State of Delaware or as authorized by the Board of Directors.

ARTICLE IX
STOCKHOLDER ACTION

Meetings of stockholders may be held within or without the State of Delaware as the By-laws of the Corporation may provide. Subject to the rights of the holders of any series of Preferred Stock, for so long as either the Corporation's Common Stock is registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or the Corporation is required to file periodic reports with the Securities and Exchange Commission pursuant to Section 15(d) of the Exchange Act with respect to the Corporation's Common Stock, (A) any action required or permitted to be taken by the stockholders of the Corporation must be effected at an annual or special meeting of stockholders of the Corporation and may not be effected in lieu thereof by any consent in writing by such stockholders unless the action to be effected by written consent of the stockholders and the taking of such action by written consent have been approved in advance by a resolution adopted by the Board of Directors, and (B) special meetings of stockholders of the Corporation may be called only by the Chairman of the Board of Directors, the Chief Executive Officer or the Secretary pursuant to a resolution adopted by a majority of the directors then in office, or by stockholders holding at least a majority of the issued and outstanding voting stock of the Corporation.

ARTICLE X
STOCKHOLDER VOTE REQUIRED

Sections 2, 3, 4 and 5 of Article III, as well as Article V and Article VIII, of the By-laws of the Corporation shall not be altered, amended or repealed by, and no provision inconsistent therewith shall be adopted by, the stockholders without the affirmative vote of the holders of at least a majority of the issued and outstanding voting stock of the Corporation entitled to vote generally for the election of directors at a meeting of stockholders at which a quorum is present (as provided in the By-laws of the Corporation).

ARTICLE XI
INDEMNIFICATION

SECTION 1. Each person who is or was a director or officer of the Corporation shall be indemnified by the Corporation to the fullest extent permitted from time to time by the DGCL as the same exists or may hereafter be amended (but, if permitted by applicable law, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment) or any other applicable laws as presently or hereafter in effect. The indemnification rights and protections existing hereunder shall be a contract right and shall be provided to each person who is or was a director or officer of the Corporation at any time this Article XI is or was in effect, regardless of whether or not such person continues to serve in his or her capacity as a director or officer of the Corporation at the time such indemnification rights and protections are sought. The Corporation may, by action of the Board of Directors, provide indemnification to employees and agents (other than a director or officer) of the Corporation, to directors, officers, employees or agents of a subsidiary of the Corporation, and to each person serving as a director, officer, partner, member, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, at the request of the Corporation, with the same scope and effect as the foregoing indemnification of directors and officers of the Corporation. The Corporation shall be required to indemnify any person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors or is a proceeding to enforce such person’s claim to indemnification pursuant to the rights granted by this Certificate of Incorporation or otherwise by the Corporation. Without limiting the generality or the effect of the foregoing, the Corporation may enter into one or more agreements with any person which provide for indemnification greater or different than that provided in this Article XI. Any amendment or repeal of this Article XI shall not adversely affect any right or protection existing hereunder in respect of any act, omission, fact or circumstance occurring prior to such amendment or repeal.

SECTION 2. By action of its Board of Directors, notwithstanding any interest of the directors in the action, the Corporation may purchase and maintain insurance, in such amounts as the Board of Directors deems appropriate, to protect any director, officer, employee and agent of the Corporation, any director, officer, employee or agent of a subsidiary of the Corporation, and any person serving as a director, officer, partner, member, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise

(including, without limitation, any employee benefit plan) against any liability asserted against such person or incurred by such person in any such capacity or arising out of the person's status as such (including, without limitation, expenses, judgments, fines and amounts paid in settlement) to the fullest extent permitted by the DGCL as it exists on the date hereof or as it may hereafter be amended, and whether or not the Corporation would have the power or would be required to indemnify any such person under the terms of any agreement or by-law or the DGCL. For purposes of this Article XI, "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan.

SECTION 3. If this Article XI or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each person entitled to indemnification under the first paragraph of this Article XI as to all expense, liability and loss (including attorneys' fees and related disbursements, judgments, fines, ERISA excise taxes and penalties, penalties and amounts paid or to be paid in settlement) actually and reasonably incurred or suffered by such person and for which indemnification is available to such person pursuant to this Article XI to the fullest extent permitted by any applicable portion of this Article XI that shall not have been invalidated and to the fullest extent permitted by applicable law.

SECTION 4. Any repeal or modification of the foregoing paragraph by the stockholders of the Corporation shall not adversely affect any right or protection of a director, officer or employee of the Corporation existing at the time of such repeal or modification.

ARTICLE XII
DIRECTOR LIABILITY

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) under Section 174 of the DGCL or (4) for any transaction from which the director derived an improper personal benefit. Any amendment or repeal of this Article XII shall not adversely affect any right or protection of a director of the Corporation existing hereunder in respect of any act, omission, fact or circumstance occurring prior to such amendment or repeal.

If the DGCL shall be amended to authorize corporate action further eliminating or limiting the liability of directors, then a director of the Corporation, in addition to the circumstances in which he is not liable immediately prior to such amendment, shall be free of liability to the fullest extent permitted by the DGCL, as so amended.

ARTICLE XIII
BUSINESS COMBINATIONS

The Corporation expressly elects not to be governed by Section 203 of the DGCL.

ARTICLE XIV
AMENDMENTS

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation in effect from time to time in the manner now or hereafter prescribed herein and by the laws of the State of Delaware, and all rights conferred upon stockholders herein are granted subject to this reservation.

ARTICLE XV
INCORPORATOR

The name and mailing address of the incorporator are as follows:

Bruce M. Rodgers, Esq.
301 W. Platt St., #375
Tampa, Florida 33606

I, The Undersigned, for the purpose of forming a corporation under the laws of the State of Delaware, do make, file and record this Certificate of Incorporation, and do certify that the facts herein stated are true, and I have accordingly hereunto set my hand this 20th day of April, A.D. 2015.

By: _____
(Incorporator)

Name: BRUCE M. RODGERS
(type or print)

Exhibit 3.2

BY-LAWS
OF
LM FUNDING AMERICA, INC.
a Delaware Corporation

ARTICLE I

OFFICES

Section 1. Registered Office. The address of the registered office of LM Funding America, Inc. (the "Corporation") in the State of Delaware is The Corporation Trust Center, 1209 Orange Street in the City of Wilmington, County of New Castle, Zip Code 19801. The name of its registered agent at such address is The Corporation Trust Company. The registered office and/or registered agent of the Corporation may be changed from time to time by action of the Board of Directors.

Section 2. Other Offices. The Corporation may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Place and Time of Meetings. An annual meeting of the stockholders shall be held each year for the purpose of electing directors and conducting such other proper business as may come before the meeting. Unless otherwise directed by the Board of Directors, annual meetings of stockholders shall be held on a date not later than the end of the sixth (6^{th}) calendar month after the conclusion of the Corporation's fiscal year, unless a legal holiday, then on the first preceding regular business day. At the annual meeting, stockholders shall elect directors and conduct such other business as properly may be brought before the meeting pursuant to Article II, Section 11 hereof.

Section 2. Special Meetings. Special meetings of stockholders may be called for any purpose and may be held at such time and place, within or without the State of Delaware, as shall be stated in a notice of meeting or in a duly executed waiver of notice thereof. Such meetings may be called only by the Chairman of the Board of Directors, the Chief Executive Officer or the Secretary pursuant to a resolution adopted by a majority of the directors then in office, or by stockholders holding at least a majority of the issued and outstanding voting stock of the Corporation. The only matters that may be considered at any special meeting of the stockholders are the matters specified in the notice of the meeting.

Section 3. Place of Meetings. The Board of Directors may designate any place, either within or without the State of Delaware, as the place of meeting for any annual meeting or for any special meeting of the stockholders. If no designation is made, the place of meeting shall be the principal executive office of the Corporation.

Section 4. Notice. Whenever stockholders are required or permitted to take action at a meeting, written or printed notice stating the place, date, time, and, in the case of special meetings, the purpose or purposes, of such meeting, shall be given to each stockholder entitled to vote at such meeting not less than ten (10) nor more than sixty (60) days before the date of the meeting. All such notices shall be delivered, either personally or by mail, by or at the direction of the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer or the Secretary, and if mailed, such notice shall be deemed to be delivered and deposited in the United States mail, postage prepaid, addressed to the stockholder at his, her or its address as the same appears on the records of the Corporation. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

Section 5. Stockholders List. The officer having charge of the stock ledger of the Corporation shall make, at least ten (10) days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at such meeting arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or the principal executive office of the Corporation. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 6. Quorum. The holders of a majority of the outstanding shares of capital stock entitled to vote, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders, except as otherwise provided by statute or by the Certificate of Incorporation. Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum. If a quorum is not present, the holders of a majority of the shares present in person or represented by proxy at the meeting, and entitled to vote at the meeting, may adjourn the meeting to another time and/or place. When a specified item of business requires a vote by a class or series (if the Corporation shall then have outstanding shares of more than one class or series) voting as a class, the holders of a majority of the shares of such class or series shall constitute a quorum (as to such class or series) for the transaction of such item of business.

Section 7. Adjourned Meetings. When a meeting is adjourned to another time and/or place, notice need not be given of the adjourned meeting if the time and/or place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty days (30), or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 8. Vote Required. When a quorum is present, the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders, unless (i) by express provisions of an

applicable law or of the Certificate of Incorporation a different vote is required, in which case such express provision shall govern and control the decision of such question, or (ii) the subject matter is the election of directors, in which case Section 2 of Article III hereof shall govern and control the approval of such subject matter, or the amendment of any provision listed in Article VIII, in which case Article VIII hereof shall govern and control the approval of such subject matter.

Section 9. Voting Rights. Except as otherwise provided by the General Corporation Law of the State of Delaware (the "DGCL") or by the Certificate of Incorporation of the Corporation or any amendments thereto and subject to Section 3 of Article VI hereof, every stockholder shall at every meeting of the stockholders be entitled to one (1) vote in person or by proxy for each share of common stock held by such stockholder.

Section 10. Proxies. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for him or her by proxy, but no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally. Any proxy is suspended when the person executing the proxy is present at a meeting of stockholders and elects to vote, except that when such proxy is coupled with an interest and the fact of the interest appears on the face of the proxy, the agent named in the proxy shall have all voting and other rights referred to in the proxy, notwithstanding the presence of the person executing the proxy. At each meeting of the stockholders, and before any voting commences, all proxies filed at or before the meeting shall be submitted to and examined by the Secretary or a person designated by the Secretary, and no shares may be represented or voted under a proxy that has been found to be invalid or irregular.

Section 11. Business Brought Before a Meeting.

(a) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (1) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (2) brought before the meeting by or at the direction of the Board of Directors, or (3) properly brought before the meeting by a stockholder who (i) was a stockholder of record at the time of giving of notice provided for in this By-Law and at the time of the meeting, (ii) is entitled to vote at the meeting and (iii) complies with the notice procedures and form requirements set forth in this By-Law as to such business; clause (3) shall be the exclusive means for a stockholder to submit business (other than matters properly brought under Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and included in the Corporation's notice of meeting) before a meeting of stockholders.

(b) For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive

offices of the Corporation not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 30 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to the date of such annual meeting and not later than the close of business on the later of the 90th day prior to the date of such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above.

(c) To be in proper form, a stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (1) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, if any, (ii) (A) the class or series and number of shares of the Corporation which are, directly or indirectly, owned beneficially and of record by such stockholder and such beneficial owner, (B) any option, warrant, convertible security, stock appreciation right or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise (a "Derivative Instrument") directly or indirectly owned beneficially by such stockholder and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation, (C) any proxy, contract, arrangement, understanding or relationship pursuant to which such stockholder has a right to vote any shares of any security of the Company, (D) any short interest in any security of the Company (for purposes of this By-Law a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (E) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder that are separated or separable from the underlying shares of the Corporation, (F) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner and (G) any performance-related fees (other than an asset-based fee) that such stockholder is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice, including, without limitation, any such interests held by members of such stockholder's immediate family sharing the same household (which information shall be supplemented by such stockholder and beneficial owner, if any, not later than 10 days after the record date for the meeting to disclose such ownership as of the record date), and (iii) any other information relating to such stockholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a

contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder; (2) as to the proposal the stockholder proposes to bring before the meeting (i) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest of such stockholder and beneficial owner, if any, in such business and (ii) a description of all agreements, arrangements and understandings between such stockholder and beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such stockholder. Notwithstanding anything in these By-Laws to the contrary, no business shall be conducted at a meeting except in accordance with the procedures set forth in this Section 11 of Article II. The presiding officer of a meeting shall, if the facts warrant, determine that the business was not properly brought before the meeting in accordance with the provisions of this Section 11 of Article II; and if he or she should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

(d) Notwithstanding the foregoing provisions of this By-Law, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this By-Law; provided, however, that any references in these By-Laws to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the requirements applicable to proposals as to any other business to be considered pursuant to Section 11(a)(3) of this By-Law. Nothing in this By-Law shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of preferred stock if and to the extent provided for under law, the Certificate of Incorporation or these By-Laws.

Section 12. Abstentions and Broker Non-Votes. With respect to the election of directors, abstentions and broker non-votes shall not be counted either as votes for or against the election of any director but shall be counted to determine whether a quorum is present. With respect to any other matter, except as otherwise required by law, an abstention shall be counted as a vote against such matter, a broker non-vote shall not be counted either as a vote for or against such matter, and both shall be counted to determine whether a quorum is present.

Section 13. No Written Consent. Subject to the rights of the holders of any series of preferred stock, from and after the date on which the common stock of the Corporation is initially registered pursuant to the Exchange Act, any action required or permitted to be taken by the stockholders of the Corporation must be effected at an annual or special meeting of stockholders of the Corporation and may not be effected in lieu thereof by any consent in writing by such stockholders unless the action to be effected by written consent of the stockholders and the taking of such action by written consent have been approved in advance by a resolution adopted by the Board of Directors.

ARTICLE III

DIRECTORS

Section 1. General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to such powers as are herein and in the Certificate of Incorporation expressly conferred upon it, the Board of Directors shall have and may exercise all the powers of the Corporation, subject to the provisions of the laws of Delaware, the Certificate of Incorporation and these By-Laws.

Section 2. Number, Election and Term of Office. The number of directors which shall constitute the Board of Directors shall be such as from time to time shall be fixed by the Board of Directors in the manner as provided in these By-Laws but in no event shall such number of directors be less than one (1) nor more than fifteen (15). The directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote in the election of directors; provided, that, whenever the holders of any class or series of capital stock of the Corporation are entitled to elect one or more directors pursuant to the provisions of the Certificate of Incorporation of the Corporation (including, but not limited to, for purposes of these By-Laws, pursuant to any duly authorized certificate of designation), such directors shall be elected by a plurality of the votes of such class or series present in person or represented by proxy at the meeting and entitled to vote in the election of such directors. The directors shall be elected in this manner at the annual meeting of the stockholders, except as provided in Section 4 of this Article III. Each director elected shall hold office until a successor is duly elected and qualified or until his or her earlier death, resignation or removal as hereinafter provided.

Section 3. Removal and Resignation. A director may be removed with or without cause by the holders of a majority of the outstanding shares entitled to vote generally in the election of directors, voting together as a single class; provided, however, that if the holders of any class or series of capital stock are entitled to elect one or more directors pursuant to the provisions of the Certificate of Incorporation of the Corporation, such director or directors so elected may be removed without cause only by the vote of the holders of a plurality of the votes of such class or series present in person or represented by proxy at the meeting and entitled to vote in the removal of such directors. Any director may resign at any time upon written notice to the Corporation.

Section 4. Vacancies. Vacancies and newly created directorships resulting from any increase in the total number of directors established by the Board of Directors pursuant to Section 2 of this Article III may be filled only by the affirmative vote of the majority of the total number of directors then in office, though less than a quorum, or by a sole remaining director. Any director elected to fill a vacancy resulting from an increase in the number of directors shall hold office for a term expiring at the succeeding annual meeting of stockholders and until such director's successor shall have been duly elected and qualified. A director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his or her predecessor. Each director so chosen shall hold office until a successor is duly elected and qualified or until his or her earlier death, resignation or removal as herein provided. Whenever holders of any class or classes of capital stock or series thereof are entitled by the provisions of the Certificate of Incorporation to elect one or more directors, vacancies of directorships pertaining to such class or classes or series may only be filled by the affirmative vote of the majority of the total number of directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected. If no such directors or director remains, then the vacancy or vacancies of directorships pertaining to such class or classes or series shall be filled by the affirmative vote of the majority of the total number of directors then in office, or by a sole remaining director.

Section 5. Nominations.

(a) Only persons who are nominated in accordance with the procedures set forth in these By-Laws shall be eligible to serve as directors. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of stockholders (1) pursuant to the Corporation's notice of the meeting, (2) by or at the direction of the Board of Directors or (3) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who (i) was a stockholder of record at the time of giving of notice provided for in this By-Law and at the time of the meeting, (ii) is entitled to vote at the meeting and (iii) complies with the notice procedures and form requirements set forth in this By-Law as to such nomination; clause (3) shall be the exclusive means for a stockholder to make nominations at meeting of stockholders.

(b) In order for a stockholder to nominate a person for election to the Board of Directors of the Corporation at a meeting of stockholders, such stockholder shall have delivered timely notice of such stockholder's intent to make such nomination in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation (i) in the case of an annual meeting, not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to the date of such annual meeting and not later than the close of business on the later of the 90th day prior to the date of such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation, and (ii) in the case of a special meeting at which directors are to be elected, not later than the close of business on the 10th day following the earlier of the day on which notice of the date of the meeting was mailed or public disclosure of the meeting was made. In no event shall any adjournment or postponement of a meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above.

(c) To be in proper form, a stockholder's notice to the Secretary shall set forth (i) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made, the information described in Section 11(c)(1) of Article II, and (ii) as to each person whom the stockholder proposes to nominate for election to the Board of Directors (A) all information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected) and (B) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or

among such stockholder and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K of the Exchange Act if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant. No person shall be eligible to serve as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 5 of Article III. The presiding officer of the meeting shall, if the facts warrant, determine that a nomination was not made in accordance with the procedures prescribed by this Section 5 of Article III, and if he or she should so determine, he or she shall so declare to the meeting and the defective nomination shall be disregarded. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee.

(d) Notwithstanding the foregoing provisions of this By-Law, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this By-Law; provided, however, that any references in these By-Laws to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the requirements applicable to nominations to be considered pursuant to Section 5(a)(3) of this By-Law. Nothing in this By-Law shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of preferred stock if and to the extent provided for under law, the Certificate of Incorporation or these By-Laws.

Section 6. Annual Meetings. An annual meeting of the Board of Directors may be held without other notice at such time and at such place as shall, from time to time, be determined by resolution of the Board of Directors.

Section 7. Other Meetings and Notice. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors or, upon the written request of at least a majority of the directors then in office, by the Secretary of the Corporation on at least 24 hours notice to each director, either personally, by telephone, by mail or by electronic transmission.

Section 8. Chairman of the Board; Quorum; Required Vote and Adjournment. The Board of Directors shall elect, by the affirmative vote of the majority of the total number of directors then in office, a Chairman of the Board, who shall preside at all meetings of the stockholders and the Board of Directors at which he or she is present. If the Chairman of the Board is not present at a meeting of the stockholders or the Board of Directors, the Chief Executive Officer (if the Chief Executive Officer is a director and is not also the Chairman of the Board) shall preside at such

meeting, and, if the Chief Executive Officer is not present at such meeting, a majority of the directors present at such meeting shall elect one of their members to so preside. A majority of the total number of directors then in office shall constitute a quorum for the transaction of business. Unless by express provision of an applicable law, the Corporation's Certificate of Incorporation or these By-Laws a different vote is required, the vote of a majority of directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 9. Committees. The Board of Directors may, by resolution passed by a majority of the total number of directors then in office, designate one or more committees, each committee to consist of one or more of the directors of the Corporation, which to the extent provided in such resolution or these By-Laws shall have, and may exercise, the powers of the Board of Directors in the management and affairs of the Corporation, except as otherwise limited by law. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

Section 10. Committee Rules. Each committee of the Board of Directors may fix its own rules of procedure and shall hold its meetings as provided by such rules, except as may otherwise be provided by a resolution of the Board of Directors designating such committee. Unless otherwise provided in such a resolution, the presence of at least a majority of the members of the committee shall be necessary to constitute a quorum. Unless otherwise provided in such a resolution, in the event that a member and that member's alternate, if alternates are designated by the Board of Directors as provided in Section 9 of this Article III, of such committee is or are absent or disqualified, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member.

Section 11. Communications Equipment. Members of the Board of Directors or any committee thereof may participate in and act at any meeting of such board or committee through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear and speak with each other, and participation in the meeting pursuant to this Section 11 of Article III shall constitute presence in person at the meeting.

Section 12. Waiver of Notice and Presumption of Assent. Any member of the Board of Directors or any committee thereof who is present at a meeting shall be conclusively presumed to have waived notice of such meeting except when such member attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Such member shall be conclusively presumed to have assented to any action taken unless his or her dissent shall be entered in the minutes of the meeting or unless his or her written dissent to such action shall be filed with the person acting as

the Secretary of the meeting before the adjournment thereof or shall be forwarded by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to any member who voted in favor of such action.

Section 13. Action by Written Consent. Unless otherwise restricted by the Certificate of Incorporation, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

ARTICLE IV

OFFICERS

Section 1. Number. The officers of the Corporation shall be appointed by the Board of Directors and may consist of a Chairman of the Board, Chief Executive Officer, President, one or more Executive Vice Presidents or Vice-Presidents, a Chief Operating Officer, a Chief Financial Officer, a Secretary, a Treasurer and such other officers and assistant officers as may be deemed necessary or desirable by the Board of Directors. Any number of offices may be held by the same person. In its discretion, the Board of Directors may choose not to fill any office for any period as it may deem advisable; provided, however, that there shall always be at least (i) a chairman of the board, a vice-chairman of the board, a president or a vice president and (ii) a treasurer, a secretary, an assistant treasurer or an assistant secretary.

Section 2. Election and Term of Office. The officers of the Corporation shall be appointed annually by the Board of Directors at its first meeting held after each annual meeting of stockholders or as soon thereafter as convenient. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors. Each officer shall hold office until a successor is duly elected and qualified or until his or her earlier death, resignation or removal as hereinafter provided.

Section 3. Removal. Any officer or agent appointed by the Board of Directors may be removed by the Board of Directors at its discretion, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4. Vacancies. Any vacancy occurring in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors.

Section 5. Compensation. Compensation of all officers shall be fixed by the Board of Directors (or a committee thereof), and no officer shall be prevented from receiving such compensation by virtue of his or her also being a director of the Corporation.

Section 6. Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board of Directors and stockholders and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or provided in these By-Laws. The Chairman of the Board is authorized to execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation.

Section 7. Chief Executive Officer. The Chief Executive Officer shall have the powers and perform the duties incident to that position. Subject to the powers of the Board of Directors, he or she shall be in the general and active charge of the entire business and affairs of the Corporation, and shall be its chief policy-making officer. The Chief Executive Officer is authorized to execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation. The Chief Executive Officer shall, in the absence or disability of the Chairman of the Board, act with all of the powers, perform all duties and be subject to all the restrictions of the Chairman of the Board. The Chief Executive Officer shall have such other powers and perform such other duties as may be prescribed by the Chairman of the Board or the Board of Directors or as may be provided in these By-Laws.

Section 8. The President. The President of the Corporation shall, subject to the powers of the Board of Directors, the Chairman of the Board and the Chief Executive Officer, have general charge of the business, affairs and property of the Corporation, and control over its officers, agents and employees; and shall see that all orders and resolutions of the Board of Directors and the Chief Executive Officer are carried into effect. The President shall, in the absence or disability of the Chief Executive Officer, act with all of the powers and be subject to all the restrictions of the Chief Executive Officer. The President is authorized to execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation. The President shall have such other powers and perform such other duties as may be prescribed by the Chairman of the Board, the Chief Executive Officer or the Board of Directors or as may be provided in these By-Laws.

Section 9. Chief Operating Officer. The Chief Operating Officer of the Corporation shall, subject to the powers of the Board of Directors, the Chairman of the Board, the Chief Executive Officer and the President, have general and active management of the business of the Corporation; and shall see that all orders and resolutions of the Board of Directors are carried into effect. The Chief Operating Officer shall have such other powers and perform such other duties as may be prescribed by the Chairman of the Board, the Chief Executive Officer, the President or the Board of Directors or as may be provided in these By-Laws.

Section 10. Chief Financial Officer. The Chief Financial Officer of the Corporation shall, under the direction of the Chairman of the Board, the Chief Executive Officer and the President, be responsible for all financial and accounting matters and for the direction of the offices of Treasurer and controller. The Chief Financial Officer shall have such other powers and perform such other duties as may be prescribed by the Chairman of the Board, the Chief Executive Officer, the President or the Board of Directors or as may be provided in these By-Laws.

Section 11. Vice-Presidents. The Vice-President, or if there shall be more than one, the Vice-Presidents in the order determined by the Board of Directors, the Chairman of the Board or

the Chief Executive Officer shall, in the absence or disability of the President, act with all of the powers and be subject to all the restrictions of the President. The Vice-Presidents shall also perform such other duties and have such other powers as the Board of Directors, the Chairman of the Board, the Chief Executive Officer, the President or these By-Laws may, from time to time, prescribe. The Vice-Presidents may also be designated as Executive Vice-Presidents or Senior Vice-Presidents, as the Board of Directors may, from time to time, prescribe.

Section 12. The Secretary and Assistant Secretaries. The Secretary shall attend all meetings of the Board of Directors, all meetings of the committees thereof and all meetings of the stockholders and record all the proceedings of the meetings in a book or books to be kept for that purpose or shall ensure that his or her designee attends each such meeting to act in such capacity. Under the Chairman of the Board's supervision, the Secretary shall give, or cause to be given, all notices required to be given by these By-Laws or by law; shall have such powers and perform such duties as the Board of Directors, the Chairman of the Board, the Chief Executive Officer, the President or these By-Laws may, from time to time, prescribe; and shall have custody of the corporate seal of the Corporation. The Secretary, or an Assistant Secretary, shall have authority to affix the corporate seal to any instrument requiring it, and when so affixed, it may be attested by his or her signature or by the signature of such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his or her signature. The Assistant Secretary, or if there be more than one, any of the assistant secretaries in the order determined by the Board of Directors, shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors, the Chairman of the Board, the Chief Executive Officer, the President or the Secretary may, from time to time, prescribe.

Section 13. The Treasurer and Assistant Treasurer. The Treasurer shall have the custody of the corporate funds and securities; shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation; shall deposit all monies and other valuable effects in the name and to the credit of the Corporation as may be ordered by the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer or the Board of Directors; shall cause the funds of the Corporation to be disbursed when such disbursements have been duly authorized, taking proper vouchers for such disbursements; and shall render to the Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer and the Board of Directors, at its regular meeting or when the Board of Directors so requires, an account of the Corporation; shall have such powers and perform such duties as the Board of Directors, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer or these By-Laws may, from time to time, prescribe. The Assistant Treasurer, or if there are more than one, the Assistant Treasurers in the order determined by the Board of Directors shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer. The Assistant Treasurers shall perform such other duties and have such other powers as the Board of Directors, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer, Treasurer or these By-Laws may, from time to time, prescribe.

Section 14. Other Officers, Assistant Officers and Agents. Officers, assistant officers and agents, if any, other than those whose duties are provided for in these By-Laws, shall have such authority and perform such duties as may from time to time be prescribed by resolution of the Board of Directors.

Section 15. Absence or Disability of Officers. In the case of the absence or disability of any officer of the Corporation and of any person hereby authorized to act in such officer's place during such officer's absence or disability, the Board of Directors may by resolution delegate the powers and duties of such officer to any other officer or to any director, or to any other person selected by it.

ARTICLE V

INDEMNIFICATION OF OFFICERS, DIRECTORS AND OTHERS

Section 1. Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved (including involvement as a witness) in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director, officer or employee of the Corporation or, while a director, officer or employee of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter, an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer or employee or in any other capacity while serving as a director, officer or employee, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than permitted prior thereto), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith and such indemnification shall continue as to an indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators. The right to indemnification conferred in this Section 1 of Article V shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advance of expenses"); provided, however, that, if and to the extent that the DGCL requires, an advance of expenses incurred by an indemnitee in his or her capacity as a director, officer or employee (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section 1 of Article V or otherwise. The Corporation may, by action of its Board of Directors, provide indemnification to agents of the Corporation with the same scope and effect as the foregoing indemnification of directors, officers and employees.

Section 2. Procedure for Indemnification. Any indemnification of a director, officer or employee of the Corporation or advance of expenses under Section 1 of this Article V shall be made promptly, and in any event within forty-five (45) days (or, in the case of an advance of expenses, twenty (20) days), upon the written request of the director, officer or employee. If a determination by the Corporation that the director, officer or employee is entitled to indemnification pursuant to this Article V is required, and the Corporation fails to respond within sixty (60) days to a written request for indemnification, the Corporation shall be deemed to have approved the request. If the Corporation denies a written request for indemnification or advance of expenses, in whole or in part, or if payment in full pursuant to such request is not made within forty-five (45) days (or, in the case of an advance of expenses, twenty (20) days), the right to indemnification or advances as granted by this Article V shall be enforceable by the director, officer or employee in any court of competent jurisdiction. Such person's costs and expenses incurred in connection with successfully establishing his or her right to indemnification, in whole or in part, in any such action shall also be indemnified by the Corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for the advance of expenses where the undertaking required pursuant to Section 1 of this Article V, if any, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the DGCL for the Corporation to indemnify the claimant for the amount claimed, but the burden of such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct. The procedure for indemnification of agents for whom indemnification is provided pursuant to Section 1 of this Article V shall be the same procedure set forth in this Section 2 for directors, officers and employees, unless otherwise set forth in the action of the Board of Directors providing indemnification for such agent.

Section 3. Service for Subsidiaries. Any person serving as a director, officer, employee or agent of a subsidiary of the Corporation shall be conclusively presumed to be serving in such capacity at the request of the Corporation.

Section 4. Reliance. Persons who after the date of the adoption of this provision become or remain directors, officers or employees of the Corporation or who, while a director, officer or employee of the Corporation, become or remain a director, officer, employee or agent of a subsidiary of the Corporation, shall be conclusively presumed to have relied on the rights to indemnity, advance of expenses and other rights contained in this Article V in entering into or continuing such service. The rights to indemnification and to the advance of expenses conferred in this Article V shall apply to claims made against an indemnitee arising out of acts or omissions which occurred or occur both prior and subsequent to the adoption hereof.

Section 5. Non-Exclusivity of Rights. The rights to indemnification and to the advance of expenses conferred in this Article V shall not be exclusive of any other right which any person may have or hereafter acquire under the Certificate of Incorporation or under any statute, By-Law, agreement, vote of stockholders or disinterested directors or otherwise.

Section 6. Insurance. The Corporation may purchase and maintain insurance on its own behalf and on behalf of any person who is or was a director, officer, employee or agent of the Corporation or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss asserted against him or her and incurred by him or her in any such capacity, whether or not the Corporation would have the power to indemnify such person against such expenses, liability or loss under the DGCL.

ARTICLE VI

CERTIFICATES OF STOCK

Section 1. Form. The shares of stock of the Corporation may be represented by certificates or uncertificated, as determined by the Board of Directors. Notwithstanding the foregoing, each holder of uncertificated shares shall be entitled, upon request, to a certificate representing such shares. Every holder of stock in the Corporation represented by a certificate shall be entitled to have the certificate signed by, or in the name of, the Corporation by the Chairman of the Board, the President or a Vice-President and the Secretary, Treasurer or an Assistant Secretary or an Assistant Treasurer of the Corporation, certifying the number of shares owned by such holder in the Corporation. If such a certificate is countersigned (1) by a transfer agent or an assistant transfer agent other than the Corporation or its employee or (2) by a registrar, other than the Corporation or its employee, the signature of any such Chairman of the Board, President, Vice-President, Secretary, Treasurer or Assistant Secretary may be facsimiles. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on, any such certificate or certificates shall cease to be such officer or officers of the Corporation whether because of death, resignation or otherwise before such certificate or certificates have been delivered by the Corporation, such certificate or certificates may nevertheless be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the Corporation. All certificates for shares shall be consecutively numbered or otherwise identified. The name of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the books of the Corporation. Shares of stock of the Corporation shall only be transferred on the books of the Corporation by the holder of record thereof or by such holder’s attorney duly authorized in writing, upon surrender to the Corporation of the certificate or certificates for such shares endorsed by the appropriate person or persons, with such evidence of the authenticity of such endorsement, transfer, authorization, and other matters as the Corporation may reasonably require, and accompanied by all necessary stock transfer stamps. In that event, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate or certificates, and record the transaction on its books. The Board of Directors may appoint a bank, trust company or other entity organized under the laws of the United States or any state thereof to act as its transfer agent or registrar, or both, in connection with the transfer of any class or series of securities of the Corporation.

Section 2. Lost Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates previously issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen, or destroyed. When authorizing such issue of a new certificate or certificates, the Corporation may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, or destroyed certificate or certificates, or his or her legal representative, to give the Corporation a bond sufficient to indemnify the Corporation against any claim that may be made against the Corporation on account of the loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 3. Fixing a Record Date for Stockholder Meetings. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be the close of business on the next day preceding the day on which notice is first given. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 4. Fixing a Record Date for Other Purposes. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment or any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of capital stock, or for the purposes of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 5. Registered Stockholders. Prior to the surrender to the Corporation of the certificate or certificates for a share or shares of capital stock with a request to record the transfer of such share or shares, the Corporation may treat the registered owner as the person entitled to receive dividends, to vote, to receive notifications, and otherwise to exercise all the rights and powers of an owner. The Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation of the Corporation, if any, may be declared by the Board of Directors at any regular or special meeting, in accordance with applicable law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation of the Corporation. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or any other purpose, and the directors may modify or abolish any such reserve in the manner in which it was created.

Section 2. Checks, Drafts or Orders. All checks, drafts or other orders for the payment of money by or to the Corporation and all notes and other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation, and in such manner, as shall be determined by resolution of the Board of Directors or a duly authorized committee thereof.

Section 3. Contracts. In addition to the powers otherwise granted to officers pursuant to Article IV hereof, the Board of Directors may authorize any officer or officers, or any agent or agents, of the Corporation to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 5. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors and initially shall be the annual period ending on December 31 of each year.

Section 6. Corporate Seal. The Board of Directors may provide a corporate seal which shall have inscribed thereon the name of the Corporation and such other information as the Board of Directors may deem necessary or convenient. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 7. Voting Securities Owned By Corporation. Voting securities in any other corporation held by the Corporation shall be voted by the Chairman of the Board, the Chief Executive Officer, the President or a Vice-President, unless the Board of Directors specifically confers authority to vote with respect thereto, which authority may be general or confined to specific instances, upon some other person or officer. Any person authorized to vote securities shall have the power to appoint proxies, with general power of substitution.

Section 8. Inspection of Books and Records. Any stockholder of record, in person or by attorney or other agent, shall, upon written demand under oath stating the purpose thereof, have the right during the usual hours for business to inspect for any proper purpose the Corporation’s stock ledger, a list of its stockholders, and its other books and records, and to make copies or extracts therefrom. A proper purpose shall mean any purpose reasonably related to such person’s interest as a stockholder. In every instance where an attorney or other agent shall be the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing which authorizes the attorney or other agent to so act on behalf of the stockholder. The demand under oath shall be directed to the Corporation at its registered office in the State of Delaware or at its principal executive office. The Corporation shall have a reasonable amount of time to respond to any such request.

Section 9. Section Headings. Section headings in these By-Laws are for convenience of reference only and shall not be given any substantive effect in limiting or otherwise construing any provision herein.

Section 10. Inconsistent Provisions. In the event that any provision of these By-Laws is or becomes inconsistent with any provision of the Certificate of Incorporation of the Corporation, the DGCL or any other applicable law, the provision of these By-Laws shall not be given any effect to the extent of such inconsistency but shall otherwise be given full force and effect.

ARTICLE VIII

AMENDMENTS

These By-Laws may be amended, altered, or repealed and new By-Laws adopted at any meeting of the Board of Directors by the affirmative vote of the majority of the total number of directors then in office. Sections 2, 11 and 13 of Article II, Sections 2, 3, 4, and 5 of Article III, Article V and this Article VIII of these By-Laws shall not be altered, amended or repealed by, and no provision inconsistent therewith shall be adopted by, the stockholders without the affirmative vote of the holders of a majority of the issued and outstanding voting stock of the Corporation entitled to vote generally for election of directors represented at a meeting of stockholders at which a quorum is present (as provided in these By-Laws).

Exhibit 4.2

WARRANT AGREEMENT

This Warrant Agreement (this "**Agreement**") is made as of , 2015 (the "**Issuance Date**") between LM Funding America, Inc., a Delaware corporation, with offices at 302 Knights Run Avenue, Suite 1000, Tampa, Florida 33602 (the "**Company**"), and American Stock Transfer & Trust Company, LLC, a New York State limited liability trust company, with offices at 6201 15th Avenue, Brooklyn, New York 11219 (the "**Warrant Agent**").

WHEREAS, the Company is engaged in a public offering of units (the "**Units**") and, in connection therewith, has determined to issue and deliver up to warrants (the "**Warrants**") to the public investors, with each such Warrant evidencing the right of the holder thereof to purchase one share of common stock of the Company, $0.001 par value per share ("**Common Stock**"), subject to adjustment as described herein;

WHEREAS, the Company has filed with the Securities and Exchange Commission a Registration Statement on Form S-1, No. 333- (as the same may be amended from time to time, the "**Registration Statement**") for the registration, under the Securities Act of 1933, as amended (the "**Act**") of, among other securities, the Units, the Warrants and the Common Stock issuable upon exercise of the Warrants (the "**Warrant Shares**");

WHEREAS, the Company desires the Warrant Agent to act on behalf of the Company, and the Warrant Agent is willing to so act, in connection with the issuance, registration, transfer, exchange, cancellation and exercise of the Warrants;

WHEREAS, the Company desires to provide for the form and provisions of the Warrants, the terms upon which they shall be issued and exercised, and the respective rights, limitation of rights, and immunities of the Company, the Warrant Agent, and the holders of the Warrants; and

WHEREAS, all acts and things have been done and performed which are necessary to make the Warrants, when executed on behalf of the Company and countersigned by or on behalf of the Warrant Agent as provided herein, the valid and legally binding obligations of the Company, and to authorize the execution and delivery of this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

1. **Appointment of Warrant Agent**. The Company hereby appoints the Warrant Agent to act as agent for the Company for the Warrants, and the Warrant Agent hereby accepts such appointment and agrees to perform the same in accordance with the terms and conditions set forth in this Agreement.

2. **Warrants**.

2.1 **Form of Warrant**. Each Warrant shall be issued in registered form only, shall be in substantially the form of Exhibit A hereto, the provisions of which are incorporated herein, and shall be signed by, or bear the facsimile signature of, the President or the Chief

Financial Officer of the Company or such other officer(s) of the Company designated by its board of directors. In the event the person whose facsimile signature has been placed upon any Warrant shall have ceased to serve in the capacity in which such person signed the Warrant before such Warrant is issued, such Warrant may be issued with the same effect as if he or she had not ceased to be in such capacity at the date of issuance. All of the Warrants shall initially be represented by one or more book-entry certificates (each, a "**Book-Entry Warrant Certificate**").

2.2 **Effect of Countersignature**. Unless and until countersigned by the Warrant Agent pursuant to this Agreement, a Warrant shall be invalid and of no effect and may not be exercised by the holder thereof.

2.3 **Registration**.

2.3.1 **Warrant Register**. The Warrant Agent shall maintain books (the "**Warrant Register**") for the registration of the original issuance and the registration of any transfer of the Warrants. Upon the initial issuance of the Warrants, the Warrant Agent shall issue and register the Warrants in the names of the respective holders thereof in such denominations and otherwise in accordance with instructions delivered to the Warrant Agent by the Company. To the extent the Warrants are "DTC Eligible" as of the Issuance Date, all of the Warrants shall be represented by one or more Book-Entry Warrant Certificates deposited with the Depository Trust Company (the "**Depository**") and registered in the name of Cede & Co., a nominee of the Depository. Ownership of beneficial interests in the Book-Entry Warrant Certificates shall be shown on, and the transfer of such ownership shall be effected through, records maintained (i) by the Depository or its nominee for each Book-Entry Warrant Certificate; (ii) by institutions that have accounts with the Depository (such institution, with respect to a Warrant in its account, a "**Participant**"); or (iii) directly on the book-entry records of the Warrant Agent with respect only to owners of beneficial interests that represent such direct registration.

If the Warrants are not "DTC Eligible" as of the Issuance Date or the Depository subsequently ceases to make its book-entry settlement system available for the Warrants, the Company may instruct the Warrant Agent to make other arrangements for book-entry settlement within ten (10) days after the Depository ceases to make its book-entry settlement available. In the event that the Company does not make alternative arrangements for book-entry settlement within ten (10) days or the Warrants are not eligible for, or it is no longer necessary to have the Warrants available in, book-entry form, the Warrant Agent shall provide written instructions to the Depository to deliver to the Warrant Agent for cancellation each Book-Entry Warrant Certificate, and the Company shall instruct the Warrant Agent to deliver to the Depository definitive Warrant Certificates in physical form evidencing such Warrants. Such definitive Warrant Certificates shall be in substantially the form attached hereto as Exhibit A.

2.3.2 **Beneficial Owners; Registered Holder**. Prior to due presentment for registration of transfer of any Warrant, the Company and the Warrant Agent may deem and treat the person in whose name such Warrant shall be registered upon the Warrant Register (the "**registered holder**") as the absolute owner of such Warrant and of each Warrant represented thereby (notwithstanding any notation of ownership or other writing on the Warrant made by anyone other than the Company or the Warrant Agent) for the purpose of any exercise thereof

and for all other purposes, and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary. Any person in whose name ownership of a beneficial interest in the Warrants evidenced by a Book-Entry Warrant Certificate is recorded in the records maintained by the Depository or its nominee shall be deemed the "beneficial owner" thereof.

2.4 **Detachability of Warrants**. The securities comprising the Units (i.e., the Common Stock and the Warrants) will be separately transferable beginning on the date on which the Common Stock and the Warrants begin trading separately from the Units on The Nasdaq Stock Market LLC.

2.5 **Uncertificated Warrants**. Notwithstanding the foregoing and anything else herein to the contrary, the Warrants may be issued in uncertificated form.

3. **Terms and Exercise of Warrants**.

3.1 **Warrant Price**. Each Warrant shall, when countersigned by the Warrant Agent, entitle the registered holder thereof, subject to the provisions of such Warrant and of this Agreement, to purchase from the Company one share of Common Stock, at the price of $ per share, subject to the adjustments provided in Section 4 hereof and in the last sentence of this Section 3.1. The term "**Warrant Price**" as used in this Agreement refers to the price per share at which Common Stock may be purchased under the terms of the Warrant and this Agreement at the time a Warrant is exercised. The Company in its sole discretion may lower the Warrant Price at any time prior to the Expiration Date (as defined below) and will provide written notification of any Warrant Price modification to the Warrant Agent.

3.2 **Duration of Warrants**. A Warrant may be exercised only during the period (the "**Exercise Period**") commencing on , 2015 and terminating at 5:00 p.m., New York City time on the earlier to occur of (i) , 2020 and (ii) the day prior to the date fixed for cancellation of the Warrants as provided in Section 6 of this Agreement ("**Expiration Date**"). Each Warrant not exercised on or before the Expiration Date shall become null and void, and all rights thereunder and all rights in respect thereof under this Agreement shall cease at the close of business on the Expiration Date. The Company in its sole discretion may extend the duration of the Warrants by delaying the Expiration Date and will provide written notification of the delayed Expiration Date to the Warrant Agent.

3.3 **Exercise of Warrants**.

3.3.1 **Cash Exercise**. If an effective registration statement is available for the issuance of the Warrant Shares, a registered holder may exercise the Warrants through a cash exercise (a "**Cash Exercise**") by delivering, not later than 5:00 p.m., New York City time, on any business day during the Exercise Period (the "**Exercise Date**") to the Warrant Agent at its corporate trust department (i) the Warrant Certificate evidencing the Warrants to be exercised, or, in the case of a Book-Entry Warrant Certificate, the Warrants to be exercised shown on the records of the Depository (the "**Book-Entry Warrants**") to an account of the Warrant Agent at the Depository designated for such purpose in writing by the Warrant Agent to the Depository from time to time, (ii) an election to purchase the Warrant Shares underlying the Warrants to be exercised ("**Election to Purchase**"), properly completed and executed by the

registered holder on the reverse of the Warrant Certificate and indicating that the registered holder wishes to effect a Cash Exercise or, in the case of a Book-Entry Warrant Certificate, properly delivered by the Participant in accordance with the Depository's procedures, and (iii) the Warrant Price for each Warrant to be exercised in lawful money of the United States of America by certified or official bank check or by bank wire transfer in immediately available funds, in each case payable to the order of the Company.

3.3.2 **Cashless Exercise**. If an effective registration statement is not available for the issuance of the Warrant Shares, a registered holder may exercise the Warrants through a cashless exercise (a "**Cashless Exercise**") by delivering, not later than 5:00 p.m., New York City time, on the Exercise Date to the Warrant Agent at its corporate trust department (i) the Warrant Certificate evidencing the Warrants to be exercised, or, in the case of a Book-Entry Warrant Certificate, the Book-Entry Warrants to an account of the Warrant Agent at the Depository designated for such purpose in writing by the Warrant Agent to the Depository from time to time, and (ii) an Election to Purchase, properly completed and executed by the registered holder on the reverse side of the Warrant Certificate and indicating that the registered holder wishes to effect a Cashless Exercise, or, in the case of a Book-Entry Warrant Certificate, properly delivered by the Participant in accordance with the Depository's procedures. The number of Warrant Shares to be issued in connection with a Cashless Exercise shall be determined as follows:

X = Y x ((A-B)/A)

where:

X = the number of Warrant Shares to be issued to the registered holder;

Y = the number of Warrant Shares with respect to which the Warrant Certificates or Book-Entry Warrant Certificates are being exercised;

A = the average of the Closing Sale Prices of the Common Stock (as reported by Bloomberg) for the five (5) consecutive trading days ending on the date immediately preceding the Exercise Date; and

B = the Warrant Price.

"**Closing Sale Price**" means, for any security as of any date, the last trade price for such security on the principal securities exchange or trading market for such security, as reported by Bloomberg, or, if such exchange or trading market begins to operate on an extended hours basis and does not designate the last trade price, then the last trade price of such security prior to 4:00 p.m., New York City time, as reported by Bloomberg, or if the foregoing do not apply, the last trade price of such security in the over-the-counter market for such security as reported by Bloomberg, or, if no last trade price is reported for such security by Bloomberg, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported by OTC Markets Group Inc. If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as mutually determined by the Company and the registered holder.

If the Company and the registered holder are unable to agree upon the fair market value of such security, then the Board of Directors of the Company shall use its good faith judgment to determine the fair market value. The Board of Directors' determination shall be binding upon all parties absent demonstrable error. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during the applicable calculation period.

3.3.3 **Exercise Date**. If any of (i) the Warrant Certificate or the Book-Entry Warrants, (ii) the Election to Purchase, or (iii) the Warrant Price therefor (if applicable), is received by the Warrant Agent after 5:00 p.m., New York City time, on the specified Exercise Date, the Warrants shall be deemed to be received and exercised on the business day next succeeding the Exercise Date. If the date specified as the Exercise Date is not a business day, the Warrants shall be deemed to be received and exercised on the next succeeding day that is a business day. If the Warrants are received or deemed to be received after the Expiration Date, the exercise thereof shall be null and void and any funds delivered to the Warrant Agent will be returned to the registered holder or the Participant, as the case may be, as soon as practicable. In no event will interest accrue on funds deposited with the Warrant Agent in respect of an exercise or attempted exercise of Warrants. The validity of any exercise of Warrants shall be determined by the Company, in its sole discretion, and such determination shall be final and binding upon the registered holder or the Participant, as applicable, and the Warrant Agent. Neither the Company nor the Warrant Agent shall have any obligation to inform a registered holder or the Participant, as applicable, of the invalidity of any exercise of Warrants.

3.3.4 **Deposit of Funds**. The Warrant Agent shall deposit all funds received by it in payment of the Warrant Price in the account of the Company maintained with the Warrant Agent for such purpose and shall advise the Company via telephone at the end of each day on which funds for the exercise of the Warrants are received of the amount so deposited to its account. The Warrant Agent shall promptly confirm such telephonic advice to the Company in writing.

3.3.5 **Issuance of Shares**. The Warrant Agent shall, by 11:00 a.m. New York City time, on the business day following the Exercise Date of any Warrant, advise the Company or the transfer agent and registrar in respect of (i) the number of Warrant Shares issuable upon such exercise in accordance with the terms and conditions of this Agreement, (ii) the instructions of each registered holder or Participant, as the case may be, with respect to delivery of the Warrant Shares issuable upon such exercise, and the delivery of definitive Warrant Certificates, as appropriate, evidencing the balance, if any, of the Warrants remaining after such exercise, (iii) in case of a Book-Entry Warrant Certificate, the notation that shall be made to the records maintained by the Depository, its nominee for each Book-Entry Warrant Certificate, or a Participant, as appropriate, evidencing the balance, if any, of the Warrants remaining after such exercise and (iv) such other information as the Company or such transfer agent and registrar shall reasonably require.

The Company shall, by 5:00 p.m., New York City time, on the third business day next succeeding the Exercise Date of any Warrant and, in the case of a Cash Exercise, the clearance of the funds in payment of the aggregate Warrant Price, execute, issue and deliver to the Warrant Agent, the Warrant Shares to which such registered holder or

Participant, as the case may be, is entitled, in fully registered form, registered in such name or names as may be directed by such registered holder or Participant, as the case may be. Upon receipt of such Warrant Shares, the Warrant Agent shall, by 5:00 p.m., New York City time, on the fifth Business Day next succeeding such Exercise Date, transmit such Warrant Shares to or upon the order of the registered holder or Participant, as the case may be.

In lieu of delivering physical certificates representing the Warrant Shares issuable upon exercise of any Warrants, provided the Company's transfer agent is participating in the Depository's Fast Automated Securities Transfer program, the Company shall use its commercially reasonable efforts to cause its transfer agent to electronically transmit the Warrant Shares issuable upon exercise to the Depository by crediting the account of the Depository or of the Participant, as the case may be, through its Deposit Withdrawal Agent Commission system. The time periods for delivery described in the immediately preceding paragraph shall apply to the electronic transmittals described herein.

3.3.6 **Valid Issuance**. All shares of Common Stock issued upon the proper exercise of any Warrants in conformity with this Agreement shall be validly issued, fully paid and nonassessable.

3.3.7 **No Fractional Exercise**. Warrants may be exercised only into whole numbers of Warrant Shares. No fractional Warrant Shares shall be issued upon the exercise of a Warrant, but rather the number of Warrant Shares to be issued shall be rounded up or down, as applicable, to the nearest whole number. If fewer than all of the Warrants evidenced by a Warrant Certificate are exercised, a new Warrant Certificate for the number of unexercised Warrants remaining shall be executed by the Company and countersigned by the Warrant Agent as provided in Section 2 of this Agreement, and delivered to the holder of the Warrant Certificate at the address specified on the books of the Warrant Agent or as otherwise specified by such registered holder. If fewer than all the Warrants evidenced by a Book-Entry Warrant Certificate are exercised, a notation shall be made to the records maintained by the Depository, its nominee for each Book-Entry Warrant Certificate, or a Participant, as appropriate, evidencing the balance of the Warrants remaining after such exercise.

3.3.8 **No Transfer Taxes**. The Company shall not be required to pay any stamp or other tax or governmental charge required to be paid in connection with any transfer involved in the issue of the Warrant Shares upon the exercise of Warrants; and in the event that any such transfer is involved, the Company shall not be required to issue or deliver any Warrant Shares until such tax or other charge shall have been paid or it has been established to the Company's satisfaction that no such tax or other charge is due.

3.3.9 **Date of Issuance**. Each person in whose name any such certificate for shares of Common Stock is issued shall for all purposes be deemed to have become the holder of record of such shares of Common Stock on the date on which the applicable Warrant was surrendered and payment of the Warrant Price was made, irrespective of the date of delivery of such certificate, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of record of such shares of Common Stock at the close of business on the next succeeding date on which the stock transfer books are open.

4. **Adjustments**.

4.1 **Stock Dividends — Split-Ups**. If after the Issuance Date, and subject to the provisions of Section 4.6 below, the number of outstanding shares of Common Stock is increased by a stock dividend payable in shares of Common Stock, or by a split-up of shares of Common Stock, or other similar event, then, on the effective date of such stock dividend, split-up or similar event, the number of shares of Common Stock issuable upon exercise of each Warrant shall be increased in proportion to such increase in outstanding shares of Common Stock upon the delivery of written direction to the Warrant Agent.

4.2 **Aggregation of Shares**. If after the Issuance Date, and subject to the provisions of Section 4.6, the number of outstanding shares of Common Stock is decreased by a consolidation, combination, reverse stock split or reclassification of shares of Common Stock or other similar event, then, on the effective date of such consolidation, combination, reverse stock split, reclassification or similar event, the number of shares of Common Stock issuable upon exercise of each Warrant shall be decreased in proportion to such decrease in outstanding shares of Common Stock upon the delivery of written direction to the Warrant Agent.

4.3 **Adjustments in Exercise Price**. Whenever the number of shares of Common Stock purchasable upon the exercise of the Warrants is adjusted, as provided in Sections 4.1 and 4.2 above, the Warrant Price shall be adjusted (to the nearest cent) by multiplying such Warrant Price immediately prior to such adjustment by a fraction (x) the numerator of which shall be the number of shares of Common Stock purchasable upon the exercise of the Warrants immediately prior to such adjustment, and (y) the denominator of which shall be the number of shares of Common Stock so purchasable immediately thereafter. No adjustment will be made on the records of the Warrant Agent without written confirmation of the change from the Company.

4.4 **Replacement of Securities Upon Reorganization, Etc.** In case of any reclassification or reorganization of the outstanding shares of Common Stock (other than a change covered by Section 4.1 or Section 4.2 hereof or that solely affects the par value of such shares of Common Stock), or in the case of any merger or consolidation of the Company with or into another corporation (other than a consolidation or merger in which the Company is the continuing corporation and that does not result in any reclassification or reorganization of the outstanding shares of Common Stock), or in the case of any sale or conveyance to another corporation or entity of the assets or other property of the Company as an entirety or substantially as an entirety in connection with which the Company is dissolved, the Warrant holders shall thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the Warrants and in lieu of the shares of Common Stock of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of shares of stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, that the Warrant holder would have received if such Warrant holder had exercised his, her or its Warrant(s) immediately prior to such event; and if any reclassification also results in a change in shares of Common Stock covered by Section 4.1 or Section 4.2, then such adjustment shall be made pursuant to Sections 4.1, 4.2, 4.3 and this Section 4.4. The provisions of this Section 4.4 shall similarly apply to successive reclassifications, reorganizations, mergers or consolidations, sales or other transfers.

4.5 **Notices of Changes in Warrant**. Upon every adjustment of the Warrant Price or the number of shares of Common Stock issuable upon exercise of a Warrant, the Company shall give written notice thereof to the Warrant Agent, which notice shall state the Warrant Price resulting from such adjustment and the increase or decrease, if any, in the number of shares of Common Stock purchasable at such price upon the exercise of a Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Upon the occurrence of any event specified in Sections 4.1, 4.2, 4.3 or 4.4, then, in any such event, the Company shall give written notice to each Warrant holder, at the last address set forth for such holder in the Warrant Register, of the record date or the effective date of the event. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such event.

4.6 **No Fractional Shares of Common Stock**. Notwithstanding any provision contained in this Agreement to the contrary, the Company shall not issue fractional shares of Common Stock upon exercise of Warrants and no payment will be made with respect to any fractional share of Common Stock to which any holder of Warrants might otherwise be entitled upon exercise of Warrants.

4.7 **Form of Warrant**. The form of Warrant need not be changed because of any adjustment pursuant to this Section 4, and Warrants issued after such adjustment may state the same Warrant Price and the same number of shares as is stated in the Warrants initially issued pursuant to this Agreement. However, the Company may at any time in its sole discretion make any change in the form of Warrant that the Company may deem appropriate and that does not affect the substance thereof, and any Warrant thereafter issued or countersigned, whether in exchange or substitution for an outstanding Warrant or otherwise, may be in the form as so changed.

5. **Transfer and Exchange of Warrants**.

5.1 **Registration of Transfer**. The Warrant Agent shall register the transfer, from time to time, of any outstanding Warrant upon the Warrant Register, upon surrender of such Warrant for transfer, properly endorsed with signatures properly guaranteed and accompanied by appropriate instructions for transfer. Upon any such transfer, a new Warrant representing an equal aggregate number of Warrants shall be issued and the old Warrant shall be cancelled by the Warrant Agent. The Warrants so cancelled shall be delivered by the Warrant Agent to the Company from time to time upon request.

5.2 **Procedure for Surrender of Warrants**. Warrants may be surrendered to the Warrant Agent, together with a written request for exchange or transfer reasonably acceptable to the Warrant Agent, duly executed by the registered holder thereof, or by a duly authorized attorney, and thereupon the Warrant Agent shall issue in exchange therefor one or more new Warrants as requested by the registered holder of the Warrants so surrendered, representing an equal aggregate number of Warrants; provided, however, that except as otherwise provided herein or in any Book-Entry Warrant Certificate, each Book-Entry Warrant

Certificate may be transferred only in whole and only to the Depository, to another nominee of the Depository, to a successor depository, or to a nominee of a successor depository; and provided, further, that in the event that a Warrant surrendered for transfer bears a restrictive legend, the Warrant Agent shall not cancel such Warrant and issue new Warrants in exchange therefor until the Warrant Agent has received an opinion of counsel for the Company stating that such transfer may be made and indicating whether the new Warrants must also bear a restrictive legend. Upon any such registration of transfer, the Company shall execute, and the Warrant Agent shall countersign and deliver, in the name of the designated transferee, a new Warrant Certificate or Warrant Certificates of any authorized denomination evidencing in the aggregate a like number of unexercised Warrants.

5.3 **Fractional Warrants**. The Warrant Agent shall not be required to effect any registration of transfer or exchange which will result in the issuance of a Warrant Certificate for a fraction of a Warrant.

5.4 **Service Charges**. No service charge shall be made for any exchange or registration of transfer of Warrants.

5.5 **Warrant Execution and Countersignature**. The Warrant Agent is hereby authorized to countersign and to deliver, in accordance with the terms of this Agreement, the Warrants required to be issued pursuant to the provisions of this Section 5, and the Company, whenever required by the Warrant Agent, will supply the Warrant Agent with Warrants duly executed on behalf of the Company for such purpose.

6. **Cancellation of Warrants**.

6.1 **Cancellation**. Subject to Section 6.4 hereof, the outstanding Warrants may be cancelled, in whole or in part (and if in part, by lot), at the option of the Company, at any time before the expiration of the Warrants and after , 20 , upon the notice referred to in Section 6.2, provided that the closing price per share of the Common Stock has exceeded $ for at least ten (10) trading days within any period of twenty (20) consecutive trading days, including the last trading day of the period.

6.2 **Date Fixed for, and Notice of, Cancellation**. In the event that the Company shall elect to cancel all or a portion of the Warrants, the Company shall fix a date for the cancellation. The date of cancellation shall be a date which is more than 30 calendar days, but less than 60 calendar days after a notice of cancellation is mailed by the Company by first class mail to the holders of the Warrants at their last addresses as they shall appear in the Company's Warrant Register. Any notice mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the registered holder receives such notice.

6.3 **Exercise After Notice of Cancellation**. The Warrants may be exercised at any time after notice of cancellation has been given by the Company pursuant to Section 6.2 hereof and prior to the close of business on the business day that is one day prior to the date fixed for cancellation. On and after the cancellation date, the record holder of the Warrants shall have no further rights under the Warrants.

6.4 **Outstanding Warrants Only**. The Company understands that the cancellation rights provided for by this Section 6 apply only to outstanding Warrants.

7. **Other Provisions Relating to Rights of Holders of Warrants**.

7.1 **No Rights As Shareholder**. A Warrant does not entitle the registered holder thereof to any of the rights of a shareholder of the Company, including, without limitation, the right to receive dividends or other distributions, to exercise any preemptive rights, or to vote or to consent or to receive notice as a shareholder in respect of the meetings of shareholders or the election of directors of the Company or any other matter.

7.2 **Lost, Stolen, Mutilated, or Destroyed Warrants**. If any Warrant is lost, stolen, mutilated, or destroyed, the Company and the Warrant Agent may on such terms as to indemnity or otherwise as they may in their discretion impose (which shall, in the case of a mutilated Warrant, include the surrender thereof), issue a new Warrant of like denomination, tenor, and date as the Warrant so lost, stolen, mutilated, or destroyed. Any such new Warrant shall constitute a substitute contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated, or destroyed Warrant shall be at any time enforceable by anyone.

7.3 **Reservation of Common Stock**. The Company shall at all times reserve and keep available a number of its authorized but unissued shares of Common Stock that will be sufficient to permit the exercise in full of all outstanding Warrants issued pursuant to this Agreement.

7.4 **Registration of Common Stock**. The Company has filed with the Securities and Exchange Commission a Registration Statement for the registration, under the Act, of, and if necessary, the Company will use its best efforts to take such action as is necessary to qualify for sale, in those states in which the Warrants were initially offered by the Company, the shares of Common Stock issuable upon exercise of the Warrants. The Company will use its best efforts to maintain the effectiveness of such Registration Statement until the expiration of the Warrants in accordance with the provisions of this Agreement. Under no circumstances, including in the absence of the effectiveness of such Registration Statement, will the holder of a Warrant be entitled to settlement of the Warrants in cash or other property of the Company.

8. **Concerning the Warrant Agent and Other Matters**.

8.1 **Payment of Taxes**. The Company will from time to time promptly pay all taxes and charges that may be imposed upon the Company or the Warrant Agent in connection with the issuance or delivery of Warrant Shares upon the exercise of Warrants, but the Company shall not be obligated to pay any transfer taxes in connection with the Warrants or such Warrant Shares. The Warrant Agent shall not register any transfer or issue or deliver any Warrant Certificate(s) or Warrant Shares unless or until the persons requesting such registration or issuance shall have paid to the Warrant Agent, for the account of the Company, the amount of such tax, if any, or shall have established to the reasonable satisfaction of the Company that such tax, if any, has been paid.

8.2 **Resignation, Consolidation, or Merger of Warrant Agent**.

8.2.1 **Appointment of Successor Warrant Agent**. The Warrant Agent, or any successor to it hereafter appointed, may resign its duties and be discharged from all further duties and liabilities hereunder after giving sixty (60) days' notice in writing to the Company. If the office of the Warrant Agent becomes vacant by resignation or incapacity to act or otherwise, the Company shall appoint in writing a successor Warrant Agent in place of the Warrant Agent. If the Company shall fail to make such appointment within a period of thirty (30) days after it has been notified in writing of such resignation or incapacity by the Warrant Agent or by the holder of a Warrant (who shall, with such notice, submit his Warrant for inspection by the Company), then the holder of any Warrant may apply to the Supreme Court of the State of New York for the County of New York for the appointment of a successor Warrant Agent at the Company's cost. Any successor Warrant Agent, whether appointed by the Company or by such court, shall be an entity organized and existing under the laws of the State of New York, in good standing and having its principal office in New York, and authorized under such laws to exercise corporate trust powers and subject to supervision or examination by federal or state authority. After appointment, any successor Warrant Agent shall be vested with all the authority, powers, rights, immunities, duties, and obligations of its predecessor Warrant Agent with like effect as if originally named as the Warrant Agent hereunder, without any further act or deed; but if for any reason it becomes necessary or appropriate, the predecessor Warrant Agent shall execute and deliver, at the expense of the Company, an instrument transferring to such successor Warrant Agent all the authority, powers, and rights of such predecessor Warrant Agent hereunder; and upon request of any successor Warrant Agent, the Company shall make, execute, acknowledge, and deliver any and all instruments in writing for more fully and effectually vesting in and confirming to such successor Warrant Agent all such authority, powers, rights, immunities, duties, and obligations.

8.2.2 **Notice of Successor Warrant Agent**. In the event a successor Warrant Agent shall be appointed, the Company shall give notice thereof to the predecessor Warrant Agent and the transfer agent for the Common Stock not later than the effective date of any such appointment.

8.2.3 **Merger or Consolidation of Warrant Agent**. Any corporation into which the Warrant Agent may be merged or with which it may be consolidated or any corporation resulting from any merger or consolidation to which the Warrant Agent shall be a party shall be the successor Warrant Agent under this Agreement without any further act.

8.3 **Fees and Expenses of Warrant Agent**.

8.3.1 **Remuneration**. The Company agrees to pay the Warrant Agent reasonable remuneration, in an amount separately agreed to between the Company and the Warrant Agent, for its services as the Warrant Agent hereunder and will reimburse the Warrant Agent upon demand for all expenditures that the Warrant Agent may reasonably incur in the execution of its duties hereunder.

8.3.2 **Further Assurances**. The Company agrees to perform, execute, acknowledge, and deliver or cause to be performed, executed, acknowledged, and delivered all such further and other acts, instruments, and assurances as may reasonably be required by the Warrant Agent for the carrying out or performing of the provisions of this Agreement.

8.4 **Liability of Warrant Agent**.

8.4.1 **Reliance on Company Statement**. Whenever in the performance of its duties under this Agreement, the Warrant Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a statement signed by the President, Chairman of the Board or Secretary of the Company and delivered to the Warrant Agent. The Warrant Agent may rely upon such statement for any action taken or suffered in good faith by it pursuant to the provisions of this Agreement.

8.4.2 **Indemnity**. The Warrant Agent shall be liable hereunder only for its own negligence, willful misconduct or bad faith. The Company agrees to indemnify the Warrant Agent and save it harmless against any and all liabilities, including judgments, costs and reasonable counsel fees, for anything done or omitted by the Warrant Agent in the execution of this Agreement except as a result of the Warrant Agent's negligence, willful misconduct, or bad faith.

8.4.3 **Exclusions**. The Warrant Agent shall have no responsibility with respect to the validity of this Agreement or with respect to the validity or execution of any Warrant (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Warrant; nor shall it be responsible to make any adjustments required under the provisions of Section 4 hereof or responsible for the manner, method, or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment; nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any Warrant Shares to be issued pursuant to this Agreement or any Warrant or as to whether any Warrant Shares will, when issued, be valid and fully paid and nonassessable.

8.5 **Acceptance of Agency**. The Warrant Agent hereby accepts the agency established by this Agreement and agrees to perform the same upon the terms and conditions herein set forth and, among other things, shall account promptly to the Company with respect to Warrants exercised and concurrently account for, and pay to the Company, all moneys received by the Warrant Agent for the purchase of Warrant Shares through the exercise of Warrants.

9. **Miscellaneous Provisions**.

9.1 **Successors**. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Warrant Agent shall bind and inure to the benefit of their respective successors and assigns.

9.2 **Notices**. Any notice, statement or demand authorized by this Agreement to be given or made by the Warrant Agent or by the holder of any Warrant to or on the Company shall be sufficiently given when so delivered if by overnight delivery or if sent by certified mail or private courier service within five days after deposit of such notice, postage prepaid, addressed (until another address is filed in writing by the Company with the Warrant Agent), as follows:

LM Funding America, Inc.
302 Knights Run Avenue, Suite 1000
Tampa, Florida 33602
Attn: Chief Financial Officer

Any notice, statement or demand authorized by this Agreement to be given or made by the holder of any Warrant or by the Company to or on the Warrant Agent shall be sufficiently given when so delivered if by hand or overnight delivery or if sent by certified mail or private courier service within five days after deposit of such notice, postage prepaid, addressed (until another address is filed in writing by the Warrant Agent with the Company), as follows:

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, New York 11219
Attn: [ ]

with a copy in each case to:

Foley & Lardner LLP
100 North Tampa Street, Suite 2700
Tampa, Florida 33602
Attn: Curt P. Creely, Esq.

9.3 **Applicable Law**. The validity, interpretation, and performance of this Agreement and of the Warrants shall be governed in all respects by the laws of the State of Florida, without giving effect to conflicts of law principles that would result in the application of the substantive laws of another jurisdiction. The Company and the Warrant Agent hereby agree that any action, proceeding or claim arising out of or relating in any way to this Agreement shall be brought and enforced in the courts of the State of Florida or the United States District Court for the Middle District of Florida, and irrevocably submit to such jurisdiction, which jurisdiction shall be exclusive. The Warrant Agent hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Any such process or summons to be served upon the Warrant Agent may be served by transmitting a copy thereof by registered or certified mail, return receipt requested, postage prepaid, addressed to it at the address set forth in Section 9.2 hereof. Such mailing shall be deemed personal service and shall be legal and binding upon the Warrant Agent in any action, proceeding or claim.

9.4 **Persons Having Rights Under This Agreement**. Nothing in this Agreement expressed and nothing that may be implied from any of the provisions hereof is intended, or shall be construed, to confer upon, or give to, any person or corporation other than the parties hereto and the registered holders of the Warrants, any right, remedy, or claim under or by reason of this Agreement or any covenant, condition, stipulation, promise, or agreement herein. All covenants, conditions, stipulations, promises, and agreements contained in this Agreement shall be for the sole and exclusive benefit of the parties hereto and their successors and assigns and of the registered holders of the Warrants.

9.5 **Examination of the Warrant Agreement**. A copy of this Agreement shall be available at all reasonable times at the office of the Warrant Agent in Brooklyn, New York for inspection by the registered holder of any Warrant. The Warrant Agent may require any such holder to submit his Warrant for inspection by it.

9.6 **Counterparts**. This Agreement may be executed in any number of original, facsimile or .pdf counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

9.7 **Effect of Headings**. The Section headings herein are for convenience only and are not part of this Agreement and shall not affect the interpretation thereof.

9.8 **Amendments**. This Agreement may be amended by the parties hereto without the consent of any registered holder for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein or adding or changing any other provisions with respect to matters or questions arising under this Agreement as the parties may deem necessary or desirable and that the parties deem shall not adversely affect the interest of the registered holders.

9.9 **Severability**. This Agreement shall be deemed severable, and the invalidity or unenforceability of any term or provision hereof shall not affect the validity or enforceability of this Agreement or of any other term or provision hereof. Furthermore, in lieu of any such invalid or unenforceable term or provision, the parties hereto intend that there shall be added as a part of this Agreement a provision as similar in terms to such invalid or unenforceable provision as may be possible that is valid and enforceable.

9.10 **Force Majeure**. In the event either party is unable to perform its obligations under the terms of this Agreement because of acts of God, strikes, failure of carrier or utilities, equipment or transmission failure or damage that is reasonably beyond its control, or any other cause that is reasonably beyond its control, such party shall not be liable for damages to the other for any damages resulting from such failure to perform or otherwise from such causes. Performance under this Agreement shall resume when the affected party or parties are able to perform substantially that party's duties.

9.11 **Consequential Damages**. Notwithstanding anything in this Agreement to the contrary, neither party to this Agreement shall be liable to the other party for any consequential, indirect, special or incidental damages under any provision of this Agreement or for any consequential, indirect, punitive, special or incidental damages arising out of any act or failure to act hereunder even if that party has been advised of or has foreseen the possibility of such damages.

[Signature Page Follows]

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the day and year first above written.

Attest:

LM FUNDING AMERICA, INC.

By: _____
Name: _____
Title: _____

Attest:

AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC

By: _____
Name: _____
Title: _____

EXHIBIT A

FORM OF WARRANT CERTIFICATE

THIS WARRANT CERTIFICATE CANNOT BE TRANSFERRED OR EXCHANGED UNTIL THE DATE (THE "DETACHMENT DATE") ESTABLISHED FOR SEPARATION FROM THE SHARES OF COMMON STOCK TO WHICH THIS WARRANT IS ATTACHED EXCEPT AS PART OF A UNIT OF LM FUNDING AMERICA, INC.

EXERCISABLE ONLY IF COUNTERSIGNED BY THE WARRANT AGENT AS PROVIDED HEREIN

Warrant Certificate evidencing Warrants to Purchase
Common Stock, $0.001 par value per share, as described herein

LM Funding America, Inc.

No. _____ CUSIP No. _____

VOID AFTER 5:00 P.M., NEW YORK CITY TIME,
ON , 2020, OR UPON EARLIER CANCELLATION

This certifies that is the registered holder of the above indicated number of warrants to purchase certain securities (each a "**Warrant**"). Each Warrant entitles the holder thereof, subject to the provisions contained herein and in the Warrant Agreement (as defined below), to purchase from LM Funding America, Inc., a Delaware corporation (the "**Company**"), one of the Company's shares of Common Stock (each, a "**Share**") at the Exercise Price set forth below. The exercise price of each Warrant (the "**Exercise Price**") shall be $ initially, subject to adjustments as set forth in the Warrant Agreement (as defined below).

Subject to the terms of the Warrant Agreement, each Warrant evidenced hereby may be exercised at any time, as specified herein, on any Business Day (as defined below) occurring during the period (the "**Exercise Period**") commencing on , 2015 and ending at 5:00 p.m., New York City time, on the earlier to occur of (i) , 2020 and (ii) the day prior to the date fixed for cancellation of the Warrants as provided in Section 6 of the Warrant Agreement (the "**Expiration Date**"). Each Warrant remaining unexercised after 5:00 p.m., New York City time on the Expiration Date shall become void, and all rights of the holder of this Warrant Certificate evidencing such Warrant shall cease.

The holder of the Warrants represented by this Warrant Certificate may exercise any Warrant by delivering, not later than 5:00 p.m., New York City time, on any Business Day during the Exercise Period (the "**Exercise Date**") to American Stock Transfer & Trust Company, LLC (the "**Warrant Agent**," which term includes any successor warrant agent under the Warrant Agreement described below) at its corporate trust department (i) this Warrant Certificate evidencing the Warrants to be exercised, or, in the case of a Book-Entry Warrant Certificate (as

defined in the Warrant Agreement), the Warrants to be exercised (the "**Book-Entry Warrants**") as shown on the records of The Depository Trust Company (the "**Depository**") to an account of the Warrant Agent at the Depository designated for such purpose in writing by the Warrant Agent to the Depository, (ii) an election to purchase ("**Election to Purchase**"), properly completed and executed (A) by the holder hereof on the reverse of this Warrant Certificate or (B) in the case of a Book-Entry Warrant Certificate, by the institution in whose account the Warrant is recorded on the records of the Depository (the "**Participant**") substantially in the form included on the reverse hereof, as applicable and (iii) unless the holder of the Warrants has elected a Cashless Exercise (as defined below), the Exercise Price for each Warrant to be exercised in lawful money of the United States of America by certified or official bank check or by bank wire transfer in immediately available funds, in each case payable to the order of the Company.

If an effective registration statement is not available for the issuance of the Shares, the holder of the Warrants may exercise the Warrants through a cashless exercise (a "**Cashless Exercise**"). The number of Shares to be issued in connection with a Cashless Exercise shall be determined as follows:

$$X = Y \times ((A-B)/A)$$

where:

X = the number of Shares to be issued to the registered holder;

Y = the number of Shares with respect to which the Warrant Certificates or Book-Entry Warrant Certificates are being exercised;

A = the average of the Closing Sale Prices of the Company's Common Stock (as reported by Bloomberg) for the five (5) consecutive trading days ending on the date immediately preceding the Exercise Date; and

B = the Exercise Price.

"**Closing Sale Price**" means, for any security as of any date, the last trade price for such security on the principal securities exchange or trading market for such security, as reported by Bloomberg, or, if such exchange or trading market begins to operate on an extended hours basis and does not designate the last trade price, then the last trade price of such security prior to 4:00 p.m., New York City time, as reported by Bloomberg, or if the foregoing do not apply, the last trade price of such security in the over-the-counter market for such security as reported by Bloomberg, or, if no last trade price is reported for such security by Bloomberg, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported by OTC Markets Group Inc. If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as mutually determined by the Company and the registered holder. If the Company and the registered holder are unable to agree upon the fair market value of such security, then the Board of Directors of the Company shall use its good faith judgment to

determine the fair market value. The Board of Directors' determination shall be binding upon all parties absent demonstrable error. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during the applicable calculation period.

If any of (a) the Warrant Certificate or the Book-Entry Warrants, (b) the Election to Purchase, or (c) the Exercise Price therefor (if applicable), is received by the Warrant Agent after 5:00 p.m., New York City time, on the specified Exercise Date, the Warrants shall be deemed to be received and exercised on the Business Day next succeeding the Exercise Date. If the date specified as the Exercise Date is not a Business Day, the Warrants shall be deemed to be received and exercised on the next succeeding day that is a Business Day. If the Warrants are received or deemed to be received after the Expiration Date, the exercise thereof shall be null and void and any funds delivered to the Warrant Agent will be returned to the registered holder or the Participant, as the case may be, as soon as practicable. In no event will interest accrue on funds deposited with the Warrant Agent in respect of an exercise or attempted exercise of Warrants. The validity of any exercise of Warrants shall be determined by the Company, in its sole discretion, and such determination shall be final and binding upon the registered holder or the Participant, as applicable, and the Warrant Agent. Neither the Company nor the Warrant Agent shall have any obligation to inform a registered holder or the Participant, as applicable, of the invalidity of any exercise of Warrants.

As used herein, the term "**Business Day**" means any day that is not a Saturday or Sunday and is not a United States federal holiday or a day on which banking institutions generally are authorized or obligated by law or regulation to close in New York City.

No fractional shares of Common Stock are to be issued upon the exercise of any Warrant and no payment will be made with respect to any fractional share of Common Stock to which any holder of Warrants might otherwise be entitled upon exercise of Warrants.

If fewer than all of the Warrants evidenced by this Warrant Certificate are exercised, a new Warrant Certificate for the number of unexercised Warrants remaining shall be executed by the Company and countersigned by the Warrant Agent as provided in Section 2 of the Warrant Agreement, and delivered to the holder of the Warrant Certificate at the address specified on the books of the Warrant Agent or as otherwise specified by such registered holder. If fewer than all the Warrants evidenced by a Book-Entry Warrant Certificate are exercised, a notation shall be made to the records maintained by the Depository, its nominee for each Book-Entry Warrant Certificate, or a Participant, as appropriate, evidencing the balance of the Warrants remaining after such exercise.

This Warrant Certificate is issued under and in accordance with the Warrant Agreement, dated as of , 2015 (the "**Warrant Agreement**"), between the Company and the Warrant Agent and is subject to the terms and provisions contained in the Warrant Agreement, to all of which terms and provisions the holder of this Warrant Certificate and the beneficial owners of the Warrants represented by this Warrant Certificate consent by acceptance hereof. Copies of the Warrant Agreement are on file and can be inspected at the above-mentioned office of the Warrant Agent and at the office of the Company at 302 Knights Run Avenue, Suite 1000, Tampa, Florida 33602.

After , 20 , the Company may, at its option, cancel, in whole or in part (and if in part, by lot), the then outstanding Warrants upon giving notice in accordance with the terms of the Warrant Agreement (the "**Cancellation Notice**"), provided, that the closing price per share of the Company's Common Stock has exceeded $ for at least ten (10) trading days within any period of twenty (20) consecutive trading days, including the last trading day of the period. In the event that the Company shall elect to cancel all or a portion of the then outstanding Warrants, the Company shall fix a date for the cancellation (the "**Cancellation Date**"). The Warrants may be exercised in accordance with the terms of this Agreement at any time after a Cancellation Notice shall have been given by the Company; provided, however, that no Warrants may be exercised subsequent to the expiration of the Exercise Period; provided, further, that all rights whatsoever with respect to the Warrants shall cease on the Cancellation Date.

The accrual of dividends, if any, on the Shares issued upon the valid exercise of any Warrant will be governed by the terms generally applicable to such Shares. From and after the issuance of such Shares, the former holder of the Warrants exercised will be entitled to the benefits generally available to other holders of Shares and such former holder's right to receive payments of dividends and any other amounts payable in respect of the Shares shall be governed by, and shall be subject to, the terms and provisions generally applicable to such Shares.

The Exercise Price and the number of Shares purchasable upon the exercise of each Warrant shall be subject to adjustment as provided pursuant to Section 4 of the Warrant Agreement.

Prior to the Detachment Date, the Warrants represented by this Warrant Certificate may be exchanged or transferred only together with the Shares to which such Warrant is attached (together, a "**Unit**"), and only for the purpose of effecting, or in conjunction with, an exchange or transfer of such Unit. Additionally, prior to the Detachment Date, each transfer of such Unit on the register of the Units shall operate also to transfer the Warrants included in such Units. From and after the Detachment Date, the two immediately preceding sentences shall be of no further force and effect.

Warrants may be surrendered to the Warrant Agent, together with a written request for exchange or transfer reasonably acceptable to the Warrant Agent, duly executed by the registered holder thereof, or by a duly authorized attorney, and thereupon the Warrant Agent shall issue in exchange therefor one or more new Warrants as requested by the registered holder of the Warrants so surrendered, representing an equal aggregate number of Warrants; provided, however, that except as otherwise provided herein or in any Book-Entry Warrant Certificate, each Book-Entry Warrant Certificate may be transferred only in whole and only to the Depository, to another nominee of the Depository, to a successor depository, or to a nominee of a successor depository; and provided, further, that in the event that a Warrant surrendered for transfer bears a restrictive legend, the Warrant Agent shall not cancel such Warrant and issue new Warrants in exchange therefor until the Warrant Agent has received an opinion of counsel

for the Company stating that such transfer may be made and indicating whether the new Warrants must also bear a restrictive legend. Upon any such registration of transfer, the Company shall execute, and the Warrant Agent shall countersign and deliver, in the name of the designated transferee, a new Warrant Certificate or Warrant Certificates of any authorized denomination evidencing in the aggregate a like number of unexercised Warrants.

Neither this Warrant Certificate nor the Warrants evidenced hereby shall entitle the holder hereof or thereof to any of the rights of a holder of the Shares, including, without limitation, the right to receive dividends, if any, or payments upon the liquidation, dissolution or winding up of the Company or to exercise voting rights, if any.

The Warrant Agreement and this Warrant Certificate may be amended as provided in the Warrant Agreement including, under certain circumstances described therein, without the consent of the holder of this Warrant Certificate or the Warrants evidenced thereby.

THIS WARRANT CERTIFICATE AND ALL RIGHTS HEREUNDER AND UNDER THE WARRANT AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF FLORIDA APPLICABLE TO CONTRACTS FORMED AND TO BE PERFORMED ENTIRELY WITHIN THE STATE OF FLORIDA, WITHOUT REGARD TO THE CONFLICTS OF LAW PROVISIONS THEREOF TO THE EXTENT SUCH PRINCIPLES OR RULES WOULD REQUIRE OR PERMIT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

This Warrant Certificate shall not be entitled to any benefit under the Warrant Agreement or be valid or obligatory for any purpose, and no Warrant evidenced hereby may be exercised, unless this Warrant Certificate has been countersigned by the manual signature of the Warrant Agent.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated as of _____

LM FUNDING AMERICA, INC.

By: _____
Name: _____
Title: _____

AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC, AS WARRANT AGENT

By: _____
Name: _____
Title: _____

[REVERSE]

The Corporation will furnish without charge to each shareholder who so requests the powers, designations, preferences and relative, participating, optional, or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Instructions for Exercise of Warrant

To exercise the Warrants evidenced hereby, the holder or Participant must, by 5:00 p.m., New York City time, on the specified Exercise Date, deliver to the Warrant Agent at its stock transfer division, a certified or official bank check or a wire transfer in immediately available funds, in each case payable to the Company, in an amount equal to the Exercise Price in full for the Warrants exercised (unless the holder has elected a Cashless Exercise, in which case no such payment must be made). The Warrant holder or Participant must also provide the information required below and deliver this Warrant Certificate to the Warrant Agent at the address set forth below and the Book-Entry Warrants to the Warrant Agent in its account with the Depository designated for such purpose. The Warrant Certificate and this Election to Purchase must be received by the Warrant Agent by 5:00 p.m., New York City time, on the specified Exercise Date.

ELECTION TO PURCHASE
TO BE EXECUTED IF WARRANT HOLDER DESIRES
TO EXERCISE THE WARRANTS EVIDENCED HEREBY

The undersigned hereby irrevocably elects to exercise, on , (the "**Exercise Date**"), Warrants, evidenced by this Warrant Certificate, to purchase, shares of Common Stock (each a "**Share**") of LM Funding America, Inc., a Delaware corporation (the "**Company**"), and represents that:

____ this exercise is intended to be a Cash Exercise and that such holder has, on or before the Exercise Date, tendered payment for such Shares by certified or official bank check or bank wire transfer in immediately available funds to the order of the Company c/o American Stock Transfer & Trust Company, LLC, in the amount of $ in accordance with the terms hereof; or

____ this exercise is intended to be a Cashless Exercise.

The undersigned requests that said number of Shares be in fully registered form, registered in such names and delivered, all as specified in accordance with the instructions set forth below.

If said number of Shares is less than all of the Shares purchasable hereunder, the undersigned requests that a new Warrant Certificate evidencing the remaining balance of the Warrants evidenced hereby be issued and delivered to the holder of the Warrant Certificate unless otherwise specified in the instructions below.

Dated: _____, ____

Name: _____ (Please Print)

_____
(Insert Social Security or Other Identifying
Number of Holder)

Address: _____

_____

_____

Signature: _____

This Warrant may only be exercised by presentation to the Warrant Agent.

The method of delivery of this Warrant Certificate is at the option and risk of the exercising holder and the delivery of this Warrant Certificate will be deemed to be made only when actually received by the Warrant Agent. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to assure timely delivery.

(Instructions as to form and delivery of Shares and/or Warrant Certificates)

Name in which Shares are to be registered if other than in the name of the registered holder of this Warrant Certificate: _____

Address to which Shares are to be mailed if other than to the address of the registered holder of this Warrant Certificate as shown on the books of the Warrant Agent: _____
(Street Address)

_____
(City and State) (Zip Code)

Name in which Warrant Certificate evidencing unexercised Warrants, if any, are to be registered if other than in the name of the registered holder of this Warrant Certificate: _____

Address to which certificate representing unexercised Warrants, if any, are to be mailed if other than to the address of the registered holder of this Warrant Certificate as shown on the books of the Warrant Agent:

(Street Address)

(City and State) (Zip Code)

Dated:

Signature

Signature must conform in all respects to the name of the holder as specified on the face of this Warrant Certificate. If Shares, or a Warrant Certificate evidencing unexercised Warrants, are to be issued in a name other than that of the registered holder hereof or are to be delivered to an address other than the address of such holder as shown on the books of the Warrant Agent, the above signature must be guaranteed by an Eligible Guarantor Institution (Banks, Stockbrokers, Savings and Loan Associations and Credit Unions with membership in an approved Signature Guarantee Medallion Program), pursuant to S.E.C. Rule 17Ad-15.

SIGNATURE GUARANTEE

Name of Firm: _____

Address: _____

Area Code and Number: _____

Authorized Signature: _____

Name: _____

Title: _____

Dated: _____

ASSIGNMENT

(FORM OF ASSIGNMENT TO BE EXECUTED IF WARRANT HOLDER
DESIRES TO TRANSFER WARRANTS EVIDENCED HEREBY)

FOR VALUE RECEIVED, HEREBY SELL(S), ASSIGN(S) AND TRANSFER(S) UNTO:

(Please print name and address including zip code of assignee)	(Please insert social security or other identifying number of assignee)

the rights represented by the within Warrant Certificate and does hereby irrevocably constitute and appoint Attorney to transfer said Warrant Certificate on the books of the Warrant Agent with full power of substitution in the premises.

Dated:

Signature

(Signature must conform in all respects to the name of the holder as specified on the face of this Warrant Certificate and must bear a signature guarantee by an Eligible Guarantor Institution (Banks, Stockbrokers, Savings and Loan Associations and Credit Unions with membership in an approved Signature Guarantee Medallion Program), pursuant to S.E.C. Rule 17Ad-15.

SIGNATURE GUARANTEE

Name of Firm: _____

Address: _____

Area Code and Number: _____

Authorized Signature: _____

Name: _____

Title: _____

Dated: _____

Exhibit 4.3

WARRANT AGREEMENT

This Warrant Agreement (the "Agreement") is made as of _____, 2015 between LM Funding America, Inc., a Delaware corporation, with offices at 302 Knights Run Avenue, Suite 1000, Tampa, Florida 33602 (the "Company"), and International Assets Advisory, LLC, a Florida limited liability company, with offices at 390 North Orange Avenue, #750, Orlando, Florida 32801 (the "Holder").

WHEREAS, the Company is engaged in a public offering (the "Public Offering") of units and, in connection therewith, has determined to issue and deliver an aggregate of up to _____ warrants to the Holder (the "Warrants") evidencing the right of the Holder to purchase shares of the Company's common stock, no par value per share (the "Common Stock"), as described herein;

WHEREAS, the Warrants are to be issued to the Holder concurrently with the execution of this Agreement in consideration of the payment by the Holder to the Company of the sum of $0.001 per share of Common Stock subject to the Warrants;

WHEREAS, the Company has filed with the Securities and Exchange Commission a Registration Statement on Form S-1, No. 333-_____, as amended, (the "Registration Statement"), for the registration, under the Securities Act of 1933, as amended (the "Act") of, among other securities, the Common Stock issuable upon exercise of the Warrants;

WHEREAS, the Company desires to provide for the form and provisions of the Warrants, the terms upon which they shall be issued and exercised, and the respective rights and limitation of rights of the Company and the Holder; and

WHEREAS, all acts and things have been done and performed which are necessary to make the Warrants, when executed on behalf of the Company, the valid, binding and legal obligations of the Company, and to authorize the execution and delivery of this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

1. **Warrants.**

1.1 **Form of Warrant.** Each Warrant shall be issued in registered form only, shall be in substantially the form of Exhibit A hereto, the provisions of which are incorporated herein, and shall be signed by, or bear the facsimile signature of, the President and the Secretary of the Company or such other officer(s) of the Company designated by its board of directors. In the event the person whose facsimile signature has been placed upon any Warrant shall have ceased to serve in the capacity in which such person signed the Warrant before such Warrant is issued, it may be issued with the same effect as if he or she had not ceased to be such at the date of issuance.

1.2 **Issuance of Warrants.** The Warrants shall be issued to the Holder concurrently with the execution of this Agreement in consideration of the payment by the Holder to the Company of the sum of $0.001 per share of Common Stock subject to the Warrants, the receipt and sufficiency of which are hereby acknowledged.

1.3 **Registered Holder.** Prior to due presentment for registration of transfer of any Warrant, the Company may deem and treat the Holder as the absolute owner of such Warrant and of each Warrant represented thereby (notwithstanding any notation of ownership or other writing on the Warrant made by anyone other than the Company), for the purpose of any exercise thereof, and for all other purposes, and the Company shall not be affected by any notice to the contrary.

2. **Terms and Exercise of Warrants.**

2.1 **Warrant Price.** Each Warrant shall entitle the Holder, subject to the provisions of such Warrant and of this Agreement, to purchase from the Company one share of Common Stock, at the price of $_____ per whole share, subject to the adjustments provided in Section 3 hereof and in the last sentence of this Section 2.1. The term "Warrant Price" as used in this Agreement refers to the price per share at which Common Stock may be purchased at the time a Warrant is exercised. The Company in its sole discretion may lower the Warrant Price at any time prior to the Expiration Date.

2.2 **Duration of Warrants.** A Warrant may be exercised only during the period (the "Exercise Period") commencing on _____, 2015 and terminating at 5:00 p.m., New York City time on the earlier to occur of (i) _____, 2015 and (ii) the day prior to the date fixed for cancellation of the Warrants as provided in Section 5 of this Agreement ("Expiration Date"). For the avoidance of doubt, notwithstanding any other agreement or understanding, no Warrant may be exercisable or convertible more than five (5) years after the effective date of the Form S-1 Registration Statement, File No. 333-_____, or _____, 2020, in accordance with FINRA Rule 5110(f)(2)(G)(i). Each Warrant not exercised on or before the Expiration Date shall become void, and all rights thereunder and all rights in respect thereof under this Agreement shall cease at the close of business on the Expiration Date. The Company in its sole discretion may extend the duration of the Warrants by delaying the Expiration Date.

2.3 **Restrictive Legend.** Executed copies of this Agreement shall be filed in the office of the Company located at 302 Knights Run Avenue, Suite 1000, Tampa, Florida 33602. Instruments evidencing all or part of the Warrant shall contain the legend shown on Exhibit A until one hundred eighty (180) days after the closing of the Public Offering, after which time such legend may be removed at the request of the Holder.

2.4 **Exercise of Warrants.**

2.4.1 **Exercise for Cash.** Subject to the provisions of the Warrant and this Agreement, a Warrant may be exercised by the Holder by surrendering it, at the office of the Company located at 302 Knights Run Avenue, Suite 1000, Tampa, Florida 33602, Attn: _____, _____, with the subscription form, as set forth in the Warrant, duly executed, and by paying in full, in lawful money of the United States, in cash, good certified check or good bank draft payable to the order of the Company (or as otherwise agreed to by the Company), the Warrant Price for each full share of Common Stock as to which the Warrant is exercised and any and all applicable taxes due in connection with the exercise of the Warrant, the exchange of the Warrant for the Common Stock, and the issuance of the Common Stock.

2.4.2 **Issuance of Certificates.** As soon as practicable after the exercise of any Warrant and the clearance of the funds in payment of the Warrant Price, if applicable, the Company shall issue to the Holder a certificate or certificates for the number of full shares of Common Stock to which such Holder is entitled, registered in such name or names as may be directed by such Holder, and if such Warrant shall not have been exercised in full, a new Warrant for the number of shares as to which such Warrant shall not have been exercised. Notwithstanding the foregoing, the Company shall not be obligated to deliver any securities pursuant to the exercise of a Warrant unless a registration statement under the Act with respect to the Common Stock is effective. Warrants may not be exercised by, or securities issued to, the Holder in any state in which such exercise would be unlawful.

2.4.3 **Valid Issuance.** All shares of Common Stock issued upon the proper exercise of a Warrant in conformity with this Agreement shall be validly issued, fully paid and nonassessable.

2.4.4 **Date of Issuance.** Each person in whose name any such certificate for shares of Common Stock is issued shall for all purposes be deemed to have become the holder of record of such shares on the date on which the Warrant was surrendered and payment of the Warrant Price was made, irrespective of the date of delivery of such certificate, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the stock transfer books are open.

3. **Adjustments.**

3.1 **Stock Dividends — Split-Ups.** If after the date hereof, and subject to the provisions of Section 3.6 below, the number of outstanding shares of Common Stock is increased by a stock dividend payable in shares of Common Stock, or by a split-up of shares of Common Stock, or other similar event, then, on the effective date of such stock dividend, split-up or similar event, the number of shares of Common Stock issuable upon exercise of each Warrant shall be increased in proportion to such increase in outstanding shares of Common Stock.

3.2 **Aggregation of Shares.** If after the date hereof, and subject to the provisions of Section 3.6, the number of outstanding shares of Common Stock is decreased by a consolidation, combination, reverse stock split or reclassification of shares of Common Stock or other similar event, then, on the effective date of such consolidation, combination, reverse stock split, reclassification or similar event, the number of shares of Common Stock issuable upon exercise of each Warrant shall be decreased in proportion to such decrease in outstanding shares of Common Stock.

3.3 **Adjustments in Warrant Price**. Whenever the number of shares of Common Stock purchasable upon the exercise of the Warrants is adjusted, as provided in Section 3.1 and 3.2 above, the Warrant Price shall be adjusted (to the nearest cent) by multiplying such Warrant Price immediately prior to such adjustment by a fraction (x) the numerator of which shall be the number of shares of Common Stock purchasable upon the exercise of the Warrants immediately prior to such adjustment, and (y) the denominator of which shall be the number of shares of Common Stock so purchasable immediately thereafter.

3.4 **Replacement of Securities Upon Reorganization, Etc.** In case of any reclassification or reorganization of the outstanding shares of Common Stock (other than a change covered by Section 3.1 or 3.2 hereof or that solely affects the par value of such shares of Common Stock), or in the case of any merger or consolidation of the Company with or into another corporation (other than a consolidation or merger in which the Company is the continuing corporation and that does not result in any reclassification or reorganization of the outstanding shares of Common Stock), or in the case of any sale or conveyance to another corporation or entity of the assets or other property of the Company as an entirety or substantially as an entirety in connection with which the Company is dissolved, the Holder shall thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the Warrants and in lieu of the shares of Common Stock of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of shares of stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, that the Holder would have received if the Holder had exercised its Warrant(s) immediately prior to such event; and if any reclassification also results in a change in shares of Common Stock covered by Section 3.1 or 3.2, then such adjustment shall be made pursuant to Sections 3.1, 3.2, 3.3 and this Section 3.4. The provisions of this Section 3.4 shall similarly apply to successive reclassifications, reorganizations, mergers or consolidations, sales or other transfers.

3.5 **Notices of Changes in Warrant**. Upon every adjustment of the Warrant Price or the number of shares issuable upon exercise of a Warrant, the Company shall give written notice thereof to the Holder, which notice shall state the Warrant Price resulting from such adjustment and the increase or decrease, if any, in the number of shares purchasable at such price upon the exercise of a Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such event.

3.6 **No Fractional Shares**. Notwithstanding any provision contained in this Agreement to the contrary, the Company shall not issue fractional shares upon exercise of Warrants and no payment will be made with respect to any fractional share of Common Stock to which the Holder might otherwise be entitled upon exercise of Warrants.

3.7 **Form of Warrant**. The form of Warrant need not be changed because of any adjustment pursuant to this Section 3, and Warrants issued after such adjustment may state the same Warrant Price and the same number of shares as is stated in the Warrants initially issued pursuant to this Agreement. However, the Company may at any time in its sole discretion make any change in the form of Warrant that the Company may deem appropriate and that does not affect the substance thereof, and any Warrant thereafter issued, whether in exchange or substitution for an outstanding Warrant or otherwise, may be in the form as so changed.

4. **Assignment and Transfer of Warrants**.

4.1 **Assignment; Replacement of Warrant**. The Warrant and the shares underlying the Warrant may be sold, transferred, assigned, pledged or hypothecated or be the subject of any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of the securities by the Holder prior to one hundred eighty (180) days after the closing of the Public Offering only to *bona fide* officers of

the Holder, who in turn shall be subject to the same restriction. Any assignment shall be effected in accordance with the Form of Assignment which is attached (along with the Form of Warrant) as Exhibit A hereto. If the Warrant is assigned, in whole or in part, the Warrant shall be surrendered at the office of the Company located at 302 Knights Run Avenue, Suite 1000, Tampa, Florida 33602, Attn: _____, _____, and thereupon, in the case of a partial assignment, a new Warrant shall be issued to the Holder covering the number of shares not assigned, and the assignee shall be entitled to receive a new Warrant covering the number of shares so assigned. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of any Warrant and appropriate bond or indemnification protection, the Company shall issue a new Warrant of like tenor.

4.2 **Fractional Warrants**. The Company shall not be required to effect any transfer, assignment or exchange which will result in the issuance of a warrant certificate for a fraction of a warrant.

5. **Cancellation of Warrants**.

5.1 **Cancellation**. Subject to Section 5.4 hereof, the outstanding Warrants may be cancelled in whole or in part (and if in part, by lot) at the option of the Company, at any time before the expiration of the Warrants and after _____ ____, _____, upon the notice referred to in Section 5.2, provided that the closing price per share of the Common Stock has exceeded $_____ for at least ten (10) trading days within any period of twenty (20) consecutive trading days, including the last trading day of the period.

5.2 **Date Fixed for, and Notice of, Cancellation**. In the event that the Company shall elect to cancel all or a portion of the Warrants, the Company shall fix a date for the cancellation. The date of cancellation shall be a date which is more than 30 calendar days, but less than 60 calendar days after a notice of cancellation is mailed by the Company by first class mail to the Holder at its last address as it shall appear in the Company's warrant ledger. Any notice mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the Holder receives such notice.

5.3 **Exercise After Notice of Cancellation**. The Warrants may be exercised at any time after notice of cancellation has been given by the Company pursuant to Section 5.2 hereof and prior to the close of business on the business day that is one day prior to the date fixed for cancellation. On and after the cancellation date, the Holder shall have no further rights under the Warrants.

5.4 **Outstanding Warrants Only**. The Company understands that the cancellation rights provided for by this Section 5 apply only to outstanding Warrants.

6. **Other Provisions Relating to Rights of Holder of Warrant**.

6.1 **No Rights As Shareholder**. A Warrant does not entitle the Holder to any of the rights of a shareholder of the Company, including, without limitation, the right to receive dividends, or other distributions, to exercise any preemptive rights to vote or to consent or to receive notice as a shareholder in respect of the meetings of shareholders or the election of directors of the Company or any other matter.

6.2 **Lost, Stolen, Mutilated, or Destroyed Warrants**. If any Warrant is lost, stolen, mutilated, or destroyed, the Company may on such terms as to indemnity or otherwise as it may in its discretion impose (which shall, in the case of a mutilated Warrant, include the surrender thereof), issue a new Warrant of like denomination, tenor, and date as the Warrant so lost, stolen, mutilated, or destroyed. Any such new Warrant shall constitute a substitute contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated, or destroyed Warrant shall be at any time enforceable by anyone.

6.3 **Reservation of Common Stock**. The Company shall at all times reserve and keep available a number of its authorized but unissued shares of Common Stock that will be sufficient to permit the exercise in full of all outstanding Warrants issued pursuant to this Agreement.

6.4 **Registration of Common Stock**. The Company has filed with the Securities and Exchange Commission a Registration Statement for the registration, under the Act, of, and it shall take such action as is necessary to qualify for sale, in those states in which the Warrants were initially offered by the Company, the Common Stock issuable upon exercise of the Warrants. The Company will use its best efforts to maintain the effectiveness of such Registration Statement until the expiration of the Warrants.

7. **Miscellaneous Provisions.**

7.1 **Successors**. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Holder shall bind and inure to the benefit of their respective successors and assigns.

7.2 **Definition**. All references to the "Holder" in this Agreement shall be deemed to apply with equal effect to any persons or entities to whom a Warrant has been transferred in accordance with the terms hereof, and, where appropriate, to any persons or entities holding shares issuable upon exercise of a Warrant.

7.3 **Notices**. Any notice, statement or demand authorized by this Agreement to be given or made by the Holder to or on the Company shall be sufficiently given when so delivered if by hand or overnight delivery or if sent by certified mail or private courier service within five days after deposit of such notice, postage prepaid, addressed, as follows:

LM Funding America, Inc.
302 Knights Run Avenue, Suite 1000
Tampa, Florida 33602
Attn: _____

with a copy to:

Foley & Lardner LLP
100 North Tampa Street, Suite 2700
Tampa, Florida 33602
Attn: Martin A. Traber and Curt Creely

Any notice, statement or demand authorized by this Agreement to be given or made by the Company to or on the Holder shall be sufficiently given when so delivered if by hand or overnight delivery or if sent by certified mail or private courier service within five days after deposit of such notice, postage prepaid, to the Holder's address shown in the warrant ledger of the Company, provided that the Holder may at any time on three (3) days' written notice to the Company designate or substitute another address where notice is to be given.

7.4 **Applicable Law**. The validity, interpretation, and performance of this Agreement and of the Warrants shall be governed in all respects by the laws of the State of Florida, without giving effect to conflicts of law principles that would result in the application of the substantive laws of another jurisdiction. The Company and the Holder hereby agree that any action, proceeding or claim arising out of or relating in any way to this Agreement shall be brought and enforced in the courts of the State of Florida or the United States District Court for the Middle District of Florida, and irrevocably submit to such jurisdiction, which jurisdiction shall be exclusive. The Holder hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Any such process or summons to be served upon the Holder may be served by transmitting a copy thereof by registered or certified mail, return receipt requested, postage prepaid, addressed to it at the address set forth in the warrant ledger of the Company. Such mailing shall be deemed personal service and shall be legal and binding upon the Holder in any action, proceeding or claim.

7.5 **Persons Having Rights Under This Agreement**. Nothing in this Agreement expressed and nothing that may be implied from any of the provisions hereof is intended, or shall be construed, to confer upon, or give to, any person or corporation other than the parties hereto, any right, remedy, or claim under or by reason of this Agreement or any covenant, condition, stipulation, promise, or agreement herein. All covenants, conditions, stipulations, promises, and agreements contained in this Agreement shall be for the sole and exclusive benefit of the parties hereto and their successors and assigns.

7.6 **Counterparts**. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

7.7 **Effect of Headings**. The Section headings herein are for convenience only and are not part of this Agreement and shall not affect the interpretation thereof.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the day and year first above written.

LM FUNDING AMERICA, INC.

By: _____

Name: _____

Title: _____

INTERNATIONAL ASSETS ADVISORY, LLC

By: _____

Name: _____

Title: _____

EXHIBIT A

FORM OF WARRANT CERTIFICATE

UNTIL ONE HUNDRED EIGHTY (180) DAYS AFTER THE INITIAL PUBLIC OFFERING OF THE COMMON STOCK OF LM FUNDING AMERICA, INC., NEITHER INTERNATIONAL ASSETS ADVISORY, LLC NOR ANY ASSIGNEE OF ALL OR A PORTION OF THE RIGHTS PURSUANT TO THIS WARRANT MAY SELL, TRANSFER, ASSIGN, PLEDGE OR HYPOTHECATE ANY OF ITS RIGHTS OR BE THE SUBJECT OF ANY HEDGING, SHORT SALE, DERIVATIVE, PUT OR CALL TRANSACTION THAT WOULD RESULT IN THE EFFECTIVE ECONOMIC DISPOSITION OF THE SECURITIES PURSUANT TO THIS WARRANT OTHER THAN TO BONA FIDE OFFICERS OF INTERNATIONAL ASSETS ADVISORY, LLC.

Warrant Certificate evidencing
Warrants to Purchase Common Stock, no par value, as described herein.

LM Funding America, Inc.

No._____ CUSIP No._____

VOID AFTER 5:00 P.M., NEW YORK CITY TIME,
ON _____, 2020, OR UPON EARLIER CANCELLATION

This certifies that _____, or its registered assigns, is the registered holder of _____ warrants to purchase certain securities (each a "**Warrant**"). Each Warrant entitles the holder thereof, subject to the provisions contained herein and in the Warrant Agreement (as defined below), to purchase from LM Funding America, a Delaware corporation (the "**Company**"), one share of the Company's Common Stock (each, a "**Share**") at an initial Exercise Price (the "**Exercise Price**") of $_____ per Share, subject to adjustments as set forth in the Warrant Agreement (as defined below).

Subject to the terms of the Warrant Agreement, each Warrant evidenced hereby may be exercised in whole, but not in part, at any time, as specified herein, on any Business Day (as defined below) occurring during the period (the "**Exercise Period**") commencing on _____, 200__ and ending at 5:00 P.M., New York City time, on the earlier to occur of (i) _____, 2020 and (ii) the day prior to the date fixed for cancellation of the Warrants as provided in Section 5 of the Warrant Agreement (the "**Expiration Date**"). For the avoidance of doubt, notwithstanding any other agreement or understanding, no Warrant may be exercisable or convertible more than five (5) years after the effective date of the Form S-1 Registration Statement, File No. 333-_____, or _____, 2020, in accordance with FINRA Rule 5110(f)(2)(G)(i). Each Warrant remaining unexercised after 5:00 P.M., New York City time on the Expiration Date shall become void, and all rights of the holder of this Warrant Certificate evidencing such Warrant shall cease.

The holder of the Warrants represented by this Warrant Certificate may exercise any Warrants by delivering, not later than 5:00 P.M., New York City time, on any Business Day during the Exercise Period (the "**Exercise Date**") to the Company at its office located at 302 Knights Run Avenue, Suite 1000, Tampa, Florida 33602, (i) this Warrant Certificate, (ii) an election to purchase ("**Election to Purchase**"), properly executed by the holder hereof on the reverse of this Warrant Certificate or substantially in the form included on the reverse hereof, as applicable and (iii) the Exercise Price for each of the Warrants to be exercised in lawful money of the United States of America by certified or official bank check.

If any of (a) this Warrant Certificate, (b) the Election to Purchase, or (c) the Exercise Price therefore, is received by the Company after 5:00 P.M., New York City time, the Warrants will be deemed to be received and exercised on the Business Day next succeeding the date such items are received and such date shall be the Exercise Date for purposes hereof. If the date such items are received is not a Business Day, the Warrants will be deemed to be received and exercised on the next succeeding day which is a Business Day and such date shall be the Exercise Date. If the Warrants to be exercised are received or deemed to be received after the Expiration Date, the exercise thereof will be null and void and any funds delivered to the Company will be returned to the holder as soon as

practicable. In no event will interest accrue on funds deposited with the Company in respect of an exercise or attempted exercise of Warrants. The validity of any exercise of Warrants will be determined by the Company in its sole discretion and such determination will be final and binding upon the holder of the Warrants. The Company shall not have any obligation to inform a holder of Warrants of the invalidity of any exercise of Warrants.

As used herein, the term "**Business Day**" means any day that is not a Saturday or Sunday and is not a United States federal holiday or a day on which banking institutions generally are authorized or obligated by law or regulation to close in New York City.

Warrants may be exercised only in whole numbers of Warrants. No fractional shares of Common Stock are to be issued upon the exercise of any Warrant and no payment will be made with respect to any fractional share of Common Stock to which any holder of Warrants might otherwise be entitled upon exercise of Warrants. If fewer than all of the Warrants evidenced by this Warrant Certificate are exercised, a new Warrant Certificate for the number of Warrants remaining unexercised shall be executed by the Company as provided in Section 1 of the Warrant Agreement, and delivered to the holder of this Warrant Certificate at the address specified in the warrant ledger or as otherwise specified by such registered holder.

This Warrant Certificate is issued under and in accordance with the Warrant Agreement, dated as of _____, 2015 (the "**Warrant Agreement**"), between the Company and International Assets Advisory, LLC and is subject to the terms and provisions contained in the Warrant Agreement, to all of which terms and provisions the holder of this Warrant Certificate and the beneficial owners of the Warrants represented by this Warrant Certificate consent by acceptance hereof. Copies of the Warrant Agreement are on file and can be inspected at the office of the Company at 302 Knights Run Avenue, Suite 1000, Tampa, Florida 33602.

After _____, _____, the Company may, at its option, cancel in whole or in part (and if in part, by lot) the then outstanding Warrants upon giving notice in accordance with the terms of the Warrant Agreement (the "**Cancellation Notice**"), provided, that the closing price per share of the Company's common stock has exceeded $_____ for at least ten (10) trading days within any period of twenty (20) consecutive trading days, including the last trading day of the period. In the event that the Company shall elect to cancel all or a portion of the then outstanding Warrants, the Company shall fix a date for the cancellation (the "**Cancellation Date**"). The Warrants may be exercised in accordance with the terms of this Agreement at any time after a Cancellation Notice shall have been given by the Company; provided, however, that no Warrants may be exercised subsequent to the expiration of the Exercise Period; provided, further, that all rights whatsoever with respect to the Warrants shall cease on the Cancellation Date.

The accrual of dividends, if any, on the Shares issued upon the valid exercise of any Warrant will be governed by the terms generally applicable to such Shares. From and after the issuance of such Shares, the former holder of the Warrants exercised will be entitled to the benefits generally available to other holders of Shares and such former holder's right to receive payments of dividends and any other amounts payable in respect of the Shares shall be governed by, and shall be subject to, the terms and provisions generally applicable to such Shares.

The Exercise Price and the number of Shares purchasable upon the exercise of each Warrant shall be subject to adjustment as provided pursuant to Section 3 of the Warrant Agreement.

Neither this Warrant Certificate nor the Warrants evidenced hereby shall entitle the holder hereof or thereof to any of the rights of a holder of the Shares, including, without limitation, the right to receive dividends, if any, or payments upon the liquidation, dissolution or winding up of the Company or to exercise voting rights, if any.

The Warrant Agreement and this Warrant Certificate may be amended as provided in the Warrant Agreement including, under certain circumstances described therein, without the consent of the holder of this Warrant Certificate or the Warrants evidenced thereby.

THIS WARRANT CERTIFICATE AND ALL RIGHTS HEREUNDER AND UNDER THE WARRANT AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF FLORIDA APPLICABLE TO CONTRACTS FORMED AND TO BE PERFORMED ENTIRELY WITHIN THE STATE OF FLORIDA, WITHOUT REGARD TO THE CONFLICTS OF LAW PROVISIONS THEREOF TO THE EXTENT SUCH PRINCIPLES OR RULES WOULD REQUIRE OR PERMIT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated as of _____, 2015

LM FUNDING AMERICA, INC.

By: _____

Name: _____

Title: _____

[REVERSE]

Instructions for Exercise of Warrant

To exercise the Warrants evidenced hereby, the holder must, by 5:00 P.M., New York City time, on the specified Exercise Date, deliver to the Company, a certified or official bank check, in each case payable to the Company, in an amount equal to the Exercise Price in full for the Warrants exercised. In addition, the Warrant holder must provide the information required below and deliver this Warrant Certificate to the Company at the address set forth below. The Warrant Certificate and this Election to Purchase must be received by the Company by 5:00 P.M., New York time, on the specified Exercise Date.

ELECTION TO PURCHASE
TO BE EXECUTED IF WARRANT HOLDER DESIRES
TO EXERCISE THE WARRANTS EVIDENCED HEREBY

The undersigned hereby irrevocably elects to exercise, on _____, _____ (the "**Exercise Date**"), _____ Warrants, evidenced by this Warrant Certificate, to purchase, _____ of the shares of Common Stock (each a "**Share**") of LM Funding America, Inc., a Delaware corporation (the "**Company**"), and represents that, on or before the Exercise Date, such holder has tendered payment for such Shares by certified or official bank check to the order of the Company, in the amount of $_____ in accordance with the terms hereof. The undersigned requests that said number of Shares be in fully registered form, registered in such names and delivered, all as specified in accordance with the instructions set forth below.

If said number of Shares is less than all of the Shares purchasable hereunder, the undersigned requests that a new Warrant Certificate evidencing the remaining balance of the Warrants evidenced hereby be issued and delivered to the holder of the Warrant Certificate unless otherwise specified in the instructions below.

Dated: _____, 2015

Name: (Please Print)

(Insert Social Security or Other Identifying
Number of Holder)

Address:

Signature:

This Warrant may only be exercised by presentation to the Company at the following location:

By hand at: 302 Knights Ron Avenue, Suite 1000, Tampa, Florida 33602

By mail at: 302 Knights Ron Avenue, Suite 1000, Tampa, Florida 33602, Attn: _____

The method of delivery of this Warrant Certificate is at the option and risk of the exercising holder and the delivery of this Warrant Certificate will be deemed to be made only when actually received by the Company. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to assure timely delivery.

(Instructions as to form and delivery of Shares and/or Warrant Certificates)

Name in which Shares are to be registered if other than in the name of the registered holder of this Warrant Certificate:

Address to which Shares are to be mailed if other than to the address of the registered holder of this Warrant Certificate as shown on the warrant ledger:

(Street Address)

(City and State) (Zip Code)

Name in which Warrant Certificate evidencing unexercised Warrants, if any, are to be registered if other than in the name of the registered holder of this Warrant Certificate:

Address to which certificate representing unexercised Warrants, if any, are to be mailed if other than to the address of the registered holder of this Warrant Certificate as shown on the warrant ledger:

(Street Address)

(City and State) (Zip Code)

Dated:

Signature

Signature must conform in all respects to the name of the holder as specified on the face of this Warrant Certificate. If Shares, or a Warrant Certificate evidencing unexercised Warrants, are to be issued in a name other than that of the registered holder hereof or are to be delivered to an address other than the address of such holder as shown on the warrant ledger, the above signature must be guaranteed by a an Eligible Guarantor Institution (as that term is defined in Rule 17Ad-15 of the Securities Exchange Act of 1934, as amended).

SIGNATURE GUARANTEE

Name of Firm:

Address:

Area Code and Number:

Authorized Signature:

Name:

Title:

Dated:

ASSIGNMENT

(FORM OF ASSIGNMENT TO BE EXECUTED IF WARRANT HOLDER
DESIRES TO TRANSFER WARRANTS EVIDENCED HEREBY)

FOR VALUE RECEIVED, HEREBY SELL(S), ASSIGN(S) AND TRANSFER(S) UNTO:

(Please print name and address including zip code of assignee)	(Please insert social security or other identifying number of assignee)

the rights represented by the within Warrant Certificate and does hereby irrevocably constitute and appoint Attorney to transfer said Warrant Certificate on the books of the Company with full power of substitution in the premises.

Dated:

Signature

(Signature must conform in all respects to the name of the holder as specified on the face of this Warrant Certificate and must bear a signature guarantee by an Eligible Guarantor Institution (as that term is defined in Rule 17Ad-15 of the Securities Exchange Act of 1934, as amended).

SIGNATURE GUARANTEE

Name of Firm:

Address:

Area Code and Number:

Authorized Signature:

Name:

Title:

Dated:

Exhibit 5.1

ATTORNEYS AT LAW

100 NORTH TAMPA STREET,
SUITE 2700
TAMPA, FL 33602-5810
P.O. BOX 3391
TAMPA, FL 33601-3391
813.229.2300 TEL
813.221.4210 FAX
foley.com

CLIENT/MATTER NUMBER
098929-0103

June 25, 2015

LM Funding America, Inc.
302 Knights Run Avenue
Suite 1000
Tampa, Florida 33602

Ladies and Gentlemen:

We have acted as counsel to LM Funding America, Inc., a Delaware corporation (the "Company") in connection with the preparation of a Registration Statement (No. 333-[ ]) on Form S-1 (as amended, the "Registration Statement") relating to the offer and sale of (1) $[45,000,000] of units (the "Units"), with each unit consisting of one share of the Company's common stock, par value $0.001 per share (collectively, the "Shares"), and one warrant (collectively, the "Warrants"), (2) the Shares and the Warrants, (3) shares of the Company's common stock, par value $0.001 per share, to be issued upon the exercise of the Warrants and upon the exercise of warrants to be issued to the Company's placement agents (the "Placement Agent Warrants").

In connection with this opinion, we have examined and relied upon the Registration Statement and related Prospectus; the Company's Articles of Incorporation (as amended); the Company's Bylaws (as amended); proceedings of and actions taken by the Company's Board of Directors relating to the issuance of the securities covered by the Registration Statement, and such other records, certificates and documents as in our judgment are necessary or appropriate to enable us to render the opinion expressed below. We have assumed the genuineness and authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as copies thereof, and the due execution and delivery of all documents where due execution and delivery are a prerequisite to the effectiveness thereof.

The opinions set forth in this letter are limited solely to the laws of the State of Delaware, and we express no opinion as to the laws of any other jurisdiction.

Based upon the foregoing, and in reliance thereon, we are of the opinion that when the Registration Statement becomes effective under the Securities Act of 1933, as amended, the Units, the Shares, the Warrants, and the shares of the Company's common stock to be issued upon the exercise of the Warrants and the Placement Agent Warrants when issued by the Company in accordance with and in the manner described in the Registration Statement, including the exhibits thereto, and related Prospectus will be duly authorized, validly issued, fully paid and nonassessable.

We consent to the reference to our firm under the caption “Legal Matters” in the Prospectus included in the Registration Statement and to the filing of this opinion as an exhibit to the Registration Statement. In giving our consent, we do not admit that we are “experts” within the meaning of Section 11 of the Securities Act or within the category of persons whose consent is required by Section 7 of the Securities Act.

Very truly yours,

FOLEY & LARDNER LLP

Exhibit 10.1

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "**Agreement**") is dated as of April , 2015 (the "**Effective Date**"), by and between LM Funding America, Inc., Delaware incorporated corporation (the "**Company**"), and Bruce M. Rodgers ("**Executive**").

Recitals

A. Upon completion of its initial public offering, the Company desires to hire Executive, and Executive desires to be hired by the Company, upon the terms and conditions set forth herein; and

B. The Company and Executive agree to protect the interests of the Company and Company's customers and Confidential Information (as defined below) that may have been or that may be disclosed to Executive as set forth herein.

Agreement

NOW, THEREFORE, in consideration of the mutual promises made herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

Section 1. ***Employment, Duties and Acceptance***.

(a) The Company shall employ Executive during the Term (as defined below) as Chief Executive Officer. Executive shall be responsible for performing the duties and exercising the powers which the Board of Directors of the Company (the "**Board**") may from time-to-time assign to him in his capacity as Chief Executive Officer of the Company in connection with the conduct and management of the business of the Company and its subsidiaries and affiliates.

(b) Executive hereby accepts such employment and agrees, during the Term, to render Executive's services to the Company on a full-time basis and to devote Executive's full business time and attention to the business and affairs of the Company and any subsidiary or affiliate of the Company. Executive agrees that at all times during the Term, Executive will faithfully perform the duties so assigned to him to the best of Executive's ability. Executive further

agrees to accept election and to serve during all or any part of the Term as an officer, director or representative of any subsidiary or affiliate of the Company, without any compensation therefor other than that specified in this Agreement. Executive shall report directly to the Board.

(c) The duties to be performed by Executive hereunder shall be principally performed at the Company's offices located in Tampa, Florida, subject to reasonable travel requirements on behalf of the Company. Executive shall be entitled to an annual paid time off of 30 days on the same terms that the Company provides to other similarly situated senior Company executives in accordance with the Company's policies and practices; provided that Executive shall schedule the timing and duration of Executive's vacations in a reasonable manner taking into account the needs of the business of the Company.

(d) Executive acknowledges that from time to time the Company may promulgate workplace policies and rules. Executive agrees to fully comply with all such policies and rules, and understands that failure to do so may result in a disciplinary action up to and including immediate discharge for Cause.

Section 2. ***Term.*** As used herein, the "**Term**" means the period commencing on the Effective Date of the Company's initial public offering and ending on July 1, 2018. The Term shall be for three years and is automatically renewed each year unless Executive or the Company gives written notice of termination on or before the 30th day prior to the annual anniversary of the Effective Date of its desire not to renew the Term. Any such renewal shall be upon the terms and conditions set forth herein unless otherwise agreed between the Company and Executive. In the event that the Company gives written notice that it does not intend to renew the Term, Executive shall be entitled to the benefits set forth in Section 4(b)(iii).

Section 3. ***Compensation.*** Executive shall be entitled to the following compensation:

(a) The Company agrees to pay to Executive a salary in cash (the "**Salary**"), as compensation for the services to be performed by Executive, at the rate of $385,000 per calendar year, paid in accordance with the Company's customary payroll procedures and subject to applicable withholding. Upon completion of the initial public offering, Executive shall be eligible for a bonus as determined by the Board. Based on Executive's performance, Executive will receive

a merit increase for calendar year 2016, effective January 1, 2016, in an amount to be determined by the Board in its sole discretion. During the Term, the Board shall have the right to increase, but not decrease, the Salary, except the Board may decrease the Salary in connection with a base salary decrease that is generally applicable to all members of the Company's senior management. Without limiting the generality of the foregoing, Executive will be eligible for additional annual salary merit increases during the Term beginning in 2016 based on the evaluation of Executive's performance as determined by the Board in its sole discretion. Executive's salary as in effect from time to time shall constitute the "**Salary**" for purposes of this Agreement.

(b) The Company shall reimburse Executive for all reasonable expenses incurred by Executive in the course of performing Executive's duties under this Agreement that are consistent with the Company's policies in effect from time to time with respect to travel, entertainment and other business expenses, subject to the Company's requirements with respect to reporting and documentation of such expenses.

(c) Executive shall be eligible to participate in any equity incentive plan, restricted share plan, share award plan, stock appreciation rights plan, stock option plan or similar plan adopted by the Company on the same terms and conditions applicable to other senior Company executives, with the amount of such awards to be determined by the Board in its sole discretion. Executive shall be eligible for an annual bonus and long term incentive awards as determined at the sole discretion of the Board.

(d) Executive shall be entitled to all rights and benefits for which Executive shall be eligible under any retirement, retirement savings, profit-sharing, pension or welfare benefit plan, life, disability, health, dental, hospitalization and other forms of insurance and all other so-called "fringe" benefits or perquisites (except for with respect to any plan that provides severance or other similar benefits), on the same terms that the Company provides to other similarly situated senior Company executives (subject to all restrictions on participation that may apply under federal and state tax laws).

Section 4. ***Termination***.

(a) *Events of Termination.* Executive's employment with the Company shall terminate (the date of such termination being the "**Termination Date**") immediately upon any of the following:

(i) Executive's death ("**Termination Upon Death**");

(ii) the effective date of a written notice sent to Executive stating the Company's determination, made in good faith, that due to a mental or physical condition, Executive has been unable and failed to substantially render the services to be provided by Executive to the Company for a period of at least 180 days out of any consecutive 360 days ("**Termination For Disability**");

(iii) the effective date of a written notice sent to Executive stating the Company's determination, made in good faith, that it is terminating Executive's employment for Cause (as defined below) ("**Termination For Cause**");

(iv) the effective date of a notice sent to Executive stating that the Company is terminating Executive's employment without Cause (including any notice from the Company to Executive pursuant to Section 2 that the Company has decided not to renew the Term), which notice can be given by the Company at any time after the Effective Date at the Company's sole discretion, for any reason or for no reason ("**Termination Without Cause**");

(v) the effective date of a notice (other than a notice delivered pursuant to Section 4(a)(vi) of this Agreement) sent to the Company from Executive stating that Executive is electing to terminate Executive's employment with the Company without Good Reason ("**Resignation Without Good Reason**"); or

(vi) the effective date of a written notice to Company stating Executive's determination, made in good faith, that a Good Reason Event (as defined below) has occurred within 30 days preceding such notice and as a consequence Executive is electing to terminate Executive's employment hereunder for a Good Reason Event ("**Resignation For Good Reason**");

provided, *however*, that Executive will give the Company 30 days to cure such Good Reason Event, and if the Company fails to cure such Good Reason Event within 30 days after Executive gives written notice of resignation hereunder, then Executive may immediately terminate Executive's employment with the Company, and such termination will be a Resignation For Good Reason hereunder; provided, further, that Executive's termination shall be deemed a Termination For Cause if the Company has delivered to Executive written notice of any act or omission that, if not cured, would constitute Cause at any time preceding the notice provided by Executive hereunder.

As used herein, the term "**Cause**" shall mean (i) commission of a willful act of dishonesty in the course of Executive's duties hereunder, (ii) conviction by a court of competent jurisdiction of, or plea of no contest to, a crime constituting a felony or conviction in respect of, or plea of no contest to, any act involving fraud, dishonesty or moral turpitude, (iii) Executive's performance under the influence of controlled substances (other than those taken pursuant to a medical doctor's orders), (iv) frequent or extended, and unjustifiable, absenteeism, (v) Executive's personal misconduct or refusal to perform duties and responsibilities or to carry out the lawful directives of the Board, which, if capable of being cured shall not have been cured, within 30 days after the Company shall have advised Executive in writing of its intention to terminate Executive's employment, or (vi) Executive's material non-compliance with the terms of this Agreement, which, if capable of being cured, shall not have been cured within 30 days after the Company shall have advised Executive in writing of its intention to terminate Executive's employment for such reason.

As used herein, the term "**Good Reason Event**" shall mean (i) a material adverse change in the responsibilities or duties of Executive as set forth in this Agreement (including a change in reporting where Executive no longer reports directly to the Board, or a change in Executive's capacity as Chief Executive Officer) without Executive's prior consent at a time when there are no circumstances pending that would permit the Board to terminate Executive for Cause, such that Executive is no longer acting as part of the senior management team of the Company, (ii) any reduction in the Salary or a material reduction in Executive's benefits (other than (x) a reduction in Salary that is the result of an administrative or clerical error, and which is cured within 15 business days after the Company receives notice of such failure or (y) a reduction in Salary or benefits that are generally applicable to all members of the Company's senior management), (iii) a material breach by the Company of this Agreement that is not cured within 30 days following the

Company's receipt of written notice of such breach from Executive, or (iv) without Executive's prior written consent, the relocation of Executive's principal place of employment outside of a 30 mile radius from the location of the Company's offices in Tampa, Florida as of the Effective Date. With regard to clause (i), Executive acknowledges that the Company has flexibility under Section 1(a) to assign Executive a broad range of responsibilities and duties that are consistent with him being a member of the senior management team and such assignments will not constitute a "Good Reason Event."

(b) *Effect of Termination.*

(i) *Death or Disability*. In the event of Termination Upon Death or Termination For Disability pursuant to Sections 4(a)(i) or 4(a)(ii) of this Agreement:

(A) Executive (or Executive's legal representative) shall be entitled to receive in cash an amount equal to any earned but unpaid Salary owing by the Company to Executive as of the Termination Date (the "**Accrued Salary**");

(B) Executive (or Executive's legal representative) shall be entitled to receive in cash, to the extent provided under any management bonus plan, an amount equal to the pro rata portion, determined as of the Termination Date, of any bonus to which Executive would have been entitled had Executive been employed by the Company at the time such bonus would have otherwise been paid (the "**Accrued Bonus**"); and

(C) all unvested Restricted Shares, Options, and Warrants granted to Executive during the Term of this Agreement shall become fully vested and non-forfeitable as of the Termination Date.

(ii) *Termination For Cause*. In the event of a Termination For Cause pursuant to Section 4(a)(iii) of this Agreement, Executive shall be entitled to receive in cash an amount equal to any Accrued Salary.

(iii) *Termination Without Cause and Resignation For Good Reason and Termination Upon Non-renewal*. In the event of Termination Without Cause or Resignation For Good Reason pursuant to Sections 4(a)(iv) or 4(a)(vi) of this Agreement, subject to Section 4(c)(ii) of this Agreement:

(A) a Executive (or Executive's legal representative) shall be entitled to receive in cash an amount equal to the Accrued Salary;

(B) Executive (or Executive's legal representative) shall be entitled to receive in cash an amount equal to the Accrued Bonus;

(C) Executive (or Executive's legal representative) shall be entitled to receive in cash an amount equal to Executive's Salary (at the rate then in effect, and without taking into account any reductions that would have given rise to Good Reason termination by Executive), payable in equal installments in accordance with the Company's customary payroll procedures commencing on the Termination Date and ending 36 months thereafter;

(D) all unvested Restricted Shares, Options and Warrants granted to Executive during the Term of this Agreement shall become fully vested and non-forfeitable as of the Termination Date.

(iv) *Resignation Without Good Reason*. In the event of Resignation Without Good Reason pursuant to Section 4(a)(v) of this Agreement, Executive shall be entitled to receive in cash an amount equal to any Accrued Salary.

(v) *Upon Termination For Any Reason*. In the event of any termination, Executive shall be entitled to receive:

(A) any unpaid reasonable, reimbursable business expenses incurred by Executive in the course of performing Executive's duties under this Agreement that were incurred in a manner consistent with the Company's policies in effect from time to time with respect to travel, entertainment and other business expenses, subject to the Company's requirements with respect to incurring, reporting and documenting such expenses; and

(B) benefits under the Company's benefit plans of general application as shall be determined under the provisions of those plans.

(c) *Additional Provisions*.

(i) Any amounts to be paid pursuant to this Section 4 shall be paid in accordance with the Company's existing payroll or bonus payment practices, as applicable.

(ii) As a condition to the Company's obligations, if any, to make any Accrued Bonus and severance payments provided under Section 4(b)(iii)(B) and (C), Executive shall have executed, delivered and not revoked a general release in the form attached hereto as Exhibit A.

(iii) Notwithstanding any provision of this Agreement, the obligations and commitments under Section 5 of this Agreement shall survive and continue in full force and effect in accordance with their terms notwithstanding any termination of Executive's employment for any reason or termination of this Agreement for any reason.

(iv) Notwithstanding anything in this Agreement to the contrary, the Company shall have no obligation to pay any amounts payable under Sections 4(b)(i)(B), 4(b)(iii)(B) or 4(b)(iii)(C) of this Agreement during such times as Executive is in breach of Section 5 of this Agreement, after the Company provides Executive with notice of such breach.

(v) Executive agrees that termination of Executive's employment for any reason shall, with no further action by Executive required, constitute Executive's resignation, as of the Termination Date and to the extent applicable, from all positions as an officer, director or representative of the Company and any subsidiary or affiliate of the Company.

Section 5. ***Noncompetition, Nonsolicitation And Confidentiality***.

(a) *Definitions*.

"**Company's Business**" means the business of providing specialty financial products to nonprofit incorporated community associations in the states in which the Company has conducted business.

"**Competitor**" means any company, other entity or association or individual that directly or indirectly is engaged in the Company's Business.

"**Confidential Information**" means any confidential information with respect to the Company's Business and/or the businesses of its clients or customers, including, but not limited to: the trade secrets of the Company; products or services; standard proposals; standard submissions, surveys and analyses; policy forms; fees, costs and pricing structures; marketing information; advertising and pricing strategies; analyses; reports; computer software, including operating systems, applications and program listings; flow charts; manuals and documentation; data bases; all copyrightable works; the Company's existing and prospective clients and customers, their addresses or other contact information and/or their confidential information; existing and prospective client and customer lists and other related data; expiration periods; policy numbers; coverage specifications; daily reports and related correspondence; premium renewal notices; and all similar and related information in whatever form. The term Confidential Information does not include, and there shall be no obligation hereunder with respect to, information that (i) is generally available to the public on the date of this Agreement, (ii) becomes generally available to the public other than as a result of a disclosure by Executive not otherwise permissible hereunder or (iii) Executive has learned or learns from other sources where, to Executive's knowledge, such sources have not violated their confidentiality obligation to the Company or any other applicable obligation of confidentiality.

(b) *Noncompetition.* Executive covenants and agrees that during the period commencing on the Effective Date and ending two years following the Termination Date (the "**Restricted Period**"), Executive will not, directly or indirectly, own, manage, operate, control,

render service to, or participate in the ownership, management, operation or control of any Competitor anywhere in the United States of America; provided, however, that Executive shall be entitled to own shares of stock of any corporation having a class of equity securities actively traded on a national securities exchange or on the Nasdaq Stock Market which represent, in the aggregate, not more than 1% of such corporation's fully-diluted shares.

(c) *Nonsolicitation of Employees*. Executive covenants and agrees that during the Restricted Period, Executive will not, directly or indirectly, employ or solicit, or receive or accept the performance of services by any then current officer, manager, employee or independent contractor of the Company or any subsidiary or affiliate of the Company, or in any way interfere with the relationship between the Company or any subsidiary or affiliate of the Company, on the one hand, and any such officer, manager, employee or independent contractor, on the other hand.

(d) *Nonsolicitation of Customers and Vendors.* Executive covenants and agrees that during the Restricted Period, Executive will not, directly or indirectly, knowingly induce, or attempt to induce, any customer, salesperson, distributor, supplier, vendor, manufacturer, representative, agent, jobber, licensee or other person known by Executive to be transacting business with the Company or any subsidiary or affiliate of the Company (collectively the "**Customers**" and "**Vendors**") to reduce or cease doing business with the Company or any such subsidiary or affiliate of the Company, or in any way to interfere with the relationship between any such Customer or Vendor, on the one hand, and the Company or any subsidiary or affiliate of the Company, on the other hand.

(e) *Representations and Covenants by Executive*. Executive represents and warrants that: (i) Executive's execution, delivery and performance of this Agreement do not and will not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Executive is a party or by which Executive is bound; (ii) Executive is not a party to or bound by any employment agreement, noncompete agreement or confidentiality agreement with any other person or entity (other than the Company) and Executive is not subject to any other agreement that would prevent Executive from performing Executive's duties for the Company or otherwise complying with this Agreement; (iii) Executive is not subject to or in breach of any nondisclosure agreement, including any agreement concerning trade secrets or

confidential information owned by any other party; and (iv) upon the execution and delivery of this Agreement by the Company, this Agreement shall be the valid and binding obligation of Executive, enforceable in accordance with its terms.

(f) *Nondisclosure of Confidential Information.* Executive hereby acknowledges and represents that Executive has consulted with independent legal counsel regarding Executive's rights and obligations under this Agreement and that Executive fully understands the terms and conditions contained herein and Executive agrees that Executive will not, directly or indirectly: (i) use, disclose, reverse engineer or otherwise exploit for Executive's own benefit or for the benefit of anyone other than the Company the Confidential Information except as authorized by the Company; (ii) during Executive's employment with the Company, use, disclose, or reverse engineer (x) any confidential information or trade secrets of any former employer or third party, or (y) any works of authorship developed in whole or in part by Executive during any former employment or for any other party, unless authorized in writing by the former employer or third party; or (iii) upon Executive's resignation or termination (x) retain Confidential Information, including any copies existing in any form (including electronic form), that are in Executive's possession or control, or (y) destroy, delete or alter the Confidential Information without the Company's consent. Notwithstanding the foregoing, Executive may use the Confidential Information in the course of performing Executive's duties on behalf of the Company or any subsidiary or affiliate of the Company as described hereunder, provided that such use is made in good faith. Executive will immediately surrender possession of all Confidential Information to Company upon any suspension or termination of Executive's employment with Company for any reason.

(g) *Inventions and Patents*. Executive acknowledges that all (i) inventions, innovations, improvements, developments, methods, designs, analysis, drawings, reports, processes, novel concepts and all similar or related information (whether or not patentable) that relate to the Company's or any of its subsidiaries' or affiliates' actual or anticipated businesses, (ii) research and development and (iii) existing or future products or services that are, to any extent, conceived, developed or made by Executive while employed by the Company or any subsidiary or affiliate of the Company ("**Work Product**") belong to the Company or such subsidiary or affiliate. Executive shall promptly disclose such Work Product to the Board and, at the cost and expense of the Company, perform all actions reasonably necessary or requested by the Board (whether during or after the Term) to establish and confirm such ownership (including, without limitation, executing assignments, consents, powers of attorney and other instruments).

(h) *Miscellaneous*.

(i) Executive acknowledges that (x) Executive's position is a position of trust and responsibility with access to Confidential Information of the Company, (y) the Confidential Information, and the relationship between the Company and each of its employees, Customers and Vendors, are valuable assets of the Company and may not be converted to Executives own use and (z) the restrictions contained in this Section 5 are reasonable and necessary to protect the legitimate business interests of the Company and will not impair or infringe upon Executive's right to work or earn a living after Executive's employment with the Company ends.

(ii) Each of the foregoing obligations shall be enforceable independent of any other obligation, and the existence of any claim or cause of action that Executive may have against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of these obligations.

(iii) Executive acknowledges that monetary damages will not be an adequate remedy for the Company in the event of a breach of this Agreement and that it would be impossible for the Company to measure damages in the event of such a breach. Therefore, Executive agrees that, in addition to other rights that the Company may have at law or equity, the Company is entitled, without posting bond, to seek an injunction preventing Executive from any breach of this Agreement.

(iv) In the event of a breach or violation by Executive during the Restricted Period of any restriction in Section 5(b), (b) or (d) of this Agreement, the Restricted Period shall be tolled until such breach or violation has been cured.

(v) The parties intend to provide the Company with the maximum protection possible with respect to its Customers and Vendors. The parties, however, do not intend to include a provision that contravenes the public policy of any state. Therefore, if any provision of this Section 5 is unlawful, against public policy or otherwise declared void, such provision shall not be deemed part of this Agreement, which otherwise shall remain in full force and effect. If, at the

time of enforcement of this Agreement, a court or other tribunal holds that the duration, scope or area restriction stated herein is unreasonable under the circumstances then existing, the parties agree that the court should enforce the restrictions to the extent it deems reasonable.

(vi) Executive hereby agrees that prior to accepting employment with any other person or entity during the Term or during the Restricted Period following the Termination Date, Executive will provide such prospective employer with written notice of the existence of this Agreement and the provisions of this Section 5 of this Agreement, with a copy of such notice delivered simultaneously to the Company in accordance with Section 10 of this Agreement.

(vii) Notwithstanding any provision of this Agreement, the obligations and commitments of this Section 5 shall survive and continue in full force and effect in accordance with their terms notwithstanding any termination of Executive's employment for any reason or termination of this Agreement for any reason.

Section 6. ***Withholding Taxes.*** Prior to making any payments required to be made pursuant to this Agreement, the Company may require that the Company be reimbursed in cash for any taxes required by any government to be withheld or otherwise deducted and paid by the Company in respect of such payment by the Company. In lieu thereof, the Company shall have the right to withhold the amount of such taxes from any sums due or to become due from it to Executive.

Section 7. ***Expenses.*** In the event of any legal action to enforce Executive's or the Company's rights under this Agreement, each party will be responsible for that party's reasonable attorneys' fees, expenses and disbursements.

Section 8. ***Assignment.*** This Agreement is binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Executive shall not assign or transfer any rights or obligations hereunder. The Company shall have the right to assign or transfer any rights or obligations hereunder only to (a) a successor entity in the event of a merger, consolidation, or transfer or sale of all or substantially all the assets of the Company or (b) a subsidiary or affiliate of the Company. Any purported assignment, other than as provided above, shall be null and void.

Section 9. ***Indemnification*****.** The Company shall indemnify Executive for any act or omission done or not done in performance of Executive's duties hereunder in accordance with the Company's certificate of incorporation, by-laws and any other constituent document to the extent provided for any other officer or member of the Board. The Company's obligations under this Section 9 shall survive any termination of this Agreement or Executive's employment hereunder.

Section 10. ***Notices.*** All notices, requests, consents and other communications required or permitted to be given hereunder, shall be in writing and shall be delivered personally or sent by prepaid telegram, telex, facsimile transmission, overnight courier or mailed, first class, postage prepaid by registered or certified mail, as follows:

If to the Company: LM Funding America, Inc., Sean Galaris, President

If to Executive: To Executive's address as reflected on the payroll records of the Company

or such other address as either party shall designate by notice in writing to the other in accordance herewith. Any such notice shall be deemed given when so delivered personally, by telex, facsimile transmission or telegram, or if sent by overnight courier, one day after delivery to such courier by the sender or if mailed, five days after deposit by the sender in the U.S. mails.

Section 11. ***Entire Agreement.*** This Agreement shall constitute the entire agreement between Executive and the Company concerning the subject matter hereof. This Agreement supersedes and preempts any prior employment agreement or other understandings, agreements or representations by or among the parties, written or oral, that may have related to the subject matter hereof. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing, signed by Executive and an authorized officer of the Company.

Section 12. ***Governing Law*****.** This Agreement shall be subject to and governed by the laws of the State of Florida, without giving effect to the principles of conflicts of law under Florida law that would require or permit the application of the laws of a jurisdiction other than the State of Florida and irrespective of the fact that the parties now or at any time may be residents of or engage in activities in a different state. Employee agrees that in the event of any dispute or claim arising

under this Agreement, jurisdiction and venue shall be vested and proper, and Employee hereby consents to the jurisdiction of any court sitting in Tampa, Florida, including the United States District Court for the Middle District of Florida.

Section 13. ***Full Settlement.*** Executive acknowledges and agrees that, subject to the payment by the Company of the benefits provided in this Agreement to Executive, in no event will the Company nor any subsidiary or affiliate thereof be liable to Executive for damages under any claim of breach of contract as a result of the termination of Executive's employment. In the event of any such termination, the Company shall be liable only to provide to Executive, or Executive's heirs or beneficiaries, the benefits specified in this Agreement.

Section 14. ***Strict Compliance.*** Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right Executive or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement. The waiver, whether express or implied, by either party of a violation of any of the provisions of this Agreement shall not operate or be construed as a waiver of any subsequent violation of any such provision.

Section 15. ***Creditor Status.*** No benefit or promise hereunder shall be secured by any specific assets of the Company. Executive shall have only the rights of an unsecured general creditor of the Company in seeking satisfaction of such benefits or promises.

Section 16. ***Section 409A.*** This Agreement is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("**Section 409A**"), and shall be construed accordingly. Any payments or distributions to be made to Executive under this Agreement upon a separation from service of amounts classified as "nonqualified deferred compensation" for purposes of Section 409A, shall in no event be made or commence until six months after such separation from service if Executive is determined to be a specified Executive of a public company (all as determined under Section 409A). Each payment of nonqualified deferred compensation under this Agreement shall be treated as a separate payment for purposes of Section 409A. Any reimbursements made pursuant to this Agreement shall be paid as soon as practicable but no later than 90 days after Executive submits evidence of such expenses to the Company (which payment date shall in no event be later than the last day of the calendar incurred).

The amount of such reimbursements paid and any in-kind benefits the year following the calendar year in which the expense was provided during any calendar year shall not affect the reimbursements paid or in-kind benefits provided in any other calendar year, and the right to any such payments and benefits shall not be subject to liquidation or exchange for another payment or benefit.

Section 17. ***Cooperation.*** Executive agrees to provide assistance to and cooperate with the Company upon its reasonable request with respect to matters within the scope of Executive's duties and responsibilities during the Restricted Period. During such Period, the Company shall, to the maximum extent coordinate or cause any such request with Executive's other commitments and responsibilities to minimize the degree to which such request interferes with such commitments and responsibilities. The Company agrees that it will reimburse Executive for reasonable documented travel expenses (i.e., travel, meals and lodging) that Executive may incur in providing assistance to the Company hereunder.

Section 18. ***Non-disparagement.*** Executive agrees to not make any statements, written or oral, while employed by the Company and thereafter, which would be reasonably likely to disparage or damage the Company, its affiliates or subsidiaries or the personal or professional reputation of any present or former employees, officers or members of the managing or directorial boards or committees of the Company or its affiliates or subsidiaries. The Company agrees that it will instruct each of its and its affiliates' and subsidiaries' members, directors, managers, officers and employees not to make any disparaging communication regarding Executive, and no such person or entity will be authorized on the Company's or any affiliate's or subsidiary's behalf to make any such disparaging communications regarding Executive.

Section 19. ***Recoupment.*** Executive agrees to reimburse the Company for all or a portion, as determined below, of any bonus or incentive or equity-based compensation paid or awarded to Executive by the Company, if the Board determines that (a) the payment, award or vesting thereof was predicated upon the achievement of certain financial results that were subsequently the subject of a material financial restatement, (b) Executive engaged in fraud or misconduct that caused, in whole or in part, the need for the material financial restatement, and (c) a lower payment, award or vesting would have occurred based upon the restated financial results. In

such event, Executive agrees to reimburse (in the manner determined by the Board, including cancellation of options or other stock awards) any bonus or incentive or equity-based compensation previously paid, awarded or vested in the amount by which such bonus or incentive or equity-based compensation actually paid, awarded or vested exceeds the lower payment, award or vesting that would have occurred based upon the restated financial result; provided that no reimbursement shall be required if the payment, award or vesting otherwise subject to reimbursement hereunder occurred more than three (3) years prior to the date the applicable reinstatement is disclosed. In addition, notwithstanding anything to the contrary, any bonus or incentive or equity-based compensation, or other compensation, payable to Executive pursuant to this Agreement or any other agreement, plan or arrangement of the Company shall be subject to repayment or recoupment (clawback) by the Company to the extent applicable under Section 304 of the Sarbanes-Oxley Act of 2002 (and not otherwise exempted) and in accordance with such policies and procedures as the Board or the Compensation Committee of the Board may adopt from time to time, including policies and procedures to implement applicable law (including, but not limited to, Section 954 of the Dodd-Frank Act), stock market or exchange rules and regulations or accounting or tax rules and regulations.

Section 20. ***Survival.*** Any provision of this Agreement that is expressly or by implication intended to survive the termination of this Agreement shall survive or remain in effect after the termination of this Agreement.

Section 21. ***Counterparts.*** This Agreement may be executed in two or more counterparts, anyone of which need not contain the signature of more than one party, but all such counterparts taken together shall constitute one and the same agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

LM FUNDING AMERICA, INC.

By: _____
Sean Galaris, President

EXECUTIVE

_____
Bruce M. Rodgers

EXHIBIT A
FORM OF RELEASE

This RELEASE ("**Release**") is granted effective as of the [●] day of [●], 20[●] by [ ] (the "**Executive**") in favor of [ ] (the "**Company**") and the other Released Parties (as defined below). This is the Release referred to in the Employment Agreement, dated as of September 2, 2014, between the Company and the Executive (the "**Employment Agreement**"). The Executive gives this Release in consideration of the Company's promises and covenants contained in the Employment Agreement, with respect to which this Release is an integral part.

1. *Release of the Company*. The Executive, for himself, his successors, assigns, attorneys, and all those entitled to assert his rights, now and forever hereby releases and discharges the Company and its respective officers, directors, stockholders, trustees, Executives, agents, parent corporations, subsidiaries, affiliates, estates, successors, assigns and attorneys (the "**Released Parties**"), from any and all claims, actions, causes of action, sums of money due, suits, debts, liens, covenants, contracts, obligations, costs, expenses, damages, judgments, agreements, promises, demands, claims for attorney's fees and costs, or liabilities whatsoever, in law or in equity, which the Executive ever had or now has against the Released Parties, arising by reason of or in any way connected with or which may be traced either directly or indirectly to the employment relationship which existed between the Company or any of its parents, subsidiaries, affiliates, or predecessors and the Executive, or the termination of that relationship, that the Executive has, had or purports to have, from the beginning of time to the date of this Release, whether known or unknown, that now exists, no matter how remotely they may be related to the aforesaid employment relationship including but not limited to claims for employment discrimination under federal or state law, except as provided in Paragraph 2; claims arising under Title VII of the Civil Rights Act, 42 U.S.C. § 2000(e), *et seq*. or the Americans With Disabilities Act, 42 U.S.C. § 12101, *et seq*.; claims for statutory or common law wrongful discharge, including any claims arising under the Fair Labor Standards Act, 29 U.S.C. § 201, *et seq*.; claims for attorney's fees, expenses and costs; claims for defamation; claims for wages or vacation pay; claims for benefits, including any claims arising under the Executive Retirement Income Security Act, 29 U.S.C. § 1001, *et seq*.; and provided, however, that nothing herein shall release the Company of its obligations to the Executive under the

Employment Agreement between the Company and the Executive or any other contractual obligations between the Company or its subsidiaries or affiliates and the Executive (including, without limitation, any equity award agreement or indemnification agreement), or any indemnification obligations to the Executive under the Company's certificate of incorporation, bylaws, operating agreement or other constituent document or any federal, state or local law or otherwise.

2. *Release of Claims Under Age Discrimination in Employment Act*. Without limiting the generality of the foregoing, the Executive agrees that by executing this Release, he has released and waived any and all claims he has or may have as of the date of this Release for age discrimination under the Age Discrimination in Employment Act, 29 U.S.C. § 621, *et seq*. It is understood that the Executive has been advised to consult with an attorney prior to executing this Release; that he in fact has consulted a knowledgeable, competent attorney regarding this Release; that he may, before executing this Release, consider this Release for a period of 21 calendar days; and that the consideration he receives for this Release is in addition to amounts to which he was already entitled. It is further understood that this Release is not effective until seven calendar days after the execution of this Release and that the Executive may revoke this Release within seven calendar days from the date of execution hereof.

The Executive agrees that he has carefully read this Release and is signing it voluntarily. The Executive acknowledges that he has had 21 days from receipt of this Release to review it prior to signing or that, if the Executive is signing this Release prior to the expiration of such 21-day period, the Executive is waiving his right to review the Release for such full 21-day period prior to signing it. The Executive has the right to revoke this release within seven days following the date of its execution by him. However, if the Executive revokes this Release within such seven-day period, no severance benefit will be payable to him under the Employment Agreement and he shall return to the Company any such payment received prior to that date.

THE EXECUTIVE HAS CAREFULLY READ THIS RELEASE AND ACKNOWLEDGES THAT IT CONSTITUTES A GENERAL RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS AGAINST THE COMPANY UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT. THE EXECUTIVE ACKNOWLEDGES THAT HE HAS HAD A FULL

OPPORTUNITY TO CONSULT WITH AN ATTORNEY OR OTHER ADVISOR OF HIS CHOOSING CONCERNING HIS EXECUTION OF THIS RELEASE AND THAT HE IS SIGNING THIS RELEASE VOLUNTARILY AND WITH THE FULL INTENT OF RELEASING THE COMPANY FROM ALL SUCH CLAIMS.

Name of Executive: [ ]
Date: [●], 20[●]

Exhibit 10.2

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "**Agreement**") is dated as of April , 2015 (the "**Effective Date**"), by and between LM Funding America, Inc., Delaware incorporated corporation (the "**Company**"), and Carollinn Gould ("**Executive**").

Recitals

A. Upon completion of its initial public offering, the Company desires to hire Executive, and Executive desires to be hired by the Company, upon the terms and conditions set forth herein; and

B. The Company and Executive agree to protect the interests of the Company and Company's customers and Confidential Information (as defined below) that may have been or that may be disclosed to Executive as set forth herein.

Agreement

NOW, THEREFORE, in consideration of the mutual promises made herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

Section 1. ***Employment, Duties and Acceptance***.

(a) The Company shall employ Executive during the Term (as defined below) as Vice President and General Manager. Executive shall be responsible for performing the duties and exercising the powers which the Chief Executive Officer and Board of Directors of the Company (the "**Board**") may from time-to-time assign to her in his capacity as Vice President and General Manager of the Company in connection with the conduct and management of the business of the Company and its subsidiaries and affiliates.

(b) Executive hereby accepts such employment and agrees, during the Term, to render Executive's services to the Company and to devote on a part time basis the Executive's attention to the business and affairs of the Company and any subsidiary or affiliate of the Company. Executive agrees that at all times during the Term, Executive will faithfully perform the duties so

assigned to her to the best of Executive's ability. Executive further agrees to accept election and to serve during all or any part of the Term as an officer, director or representative of any subsidiary or affiliate of the Company, without any compensation therefor other than that specified in this Agreement. Executive shall report directly to the Board. Notwithstanding the foregoing, Company acknowledges and agrees that Executive may accept employment by Business Law Group, P.A. or any other law firms engaged to service the Company's Businesses.

(c) The duties to be performed by Executive hereunder shall be principally performed at the Company's offices located in Tampa, Florida, subject to reasonable travel requirements on behalf of the Company. Executive shall be entitled to an annual paid time off of 30 days on the same terms that the Company provides to other similarly situated senior Company executives in accordance with the Company's policies and practices; provided that Executive shall schedule the timing and duration of Executive's vacations in a reasonable manner taking into account the needs of the business of the Company.

(d) Executive acknowledges that from time to time the Company may promulgate workplace policies and rules. Executive agrees to fully comply with all such policies and rules, and understands that failure to do so may result in a disciplinary action up to and including immediate discharge for Cause.

Section 2. ***Term.*** As used herein, the "**Term**" means the period commencing on the Effective Date of the Company's initial public offering and ending on July 1, 2018. The Term shall be for three years and is automatically renewed each year unless Executive or the Company gives written notice of termination on or before the 30th day prior to the annual anniversary of the Effective Date of its desire not to renew the Term. Any such renewal shall be upon the terms and conditions set forth herein unless otherwise agreed between the Company and Executive. In the event that the Company gives written notice that it does not intend to renew the Term, Executive shall be entitled to the benefits set forth in Section 4(b)(iii).

Section 3. ***Compensation.*** Executive shall be entitled to the following compensation:

(a) The Company agrees to pay to Executive a salary in cash (the "**Salary**"), as compensation for the services to be performed by Executive, at the rate of $150,000 per calendar

year, paid in accordance with the Company's customary payroll procedures and subject to applicable withholding. Based on Executive's performance, Executive will receive a merit increase for calendar year 2016, effective January 1, 2016, in an amount to be determined by the Board in its sole discretion. During the Term, the Board shall have the right to increase, but not decrease, the Salary, except the Board may decrease the Salary in connection with a base salary decrease that is generally applicable to all members of the Company's senior management. Without limiting the generality of the foregoing, Executive will be eligible for additional annual salary merit increases during the Term beginning in 2016 based on the evaluation of Executive's performance as determined by the Board in its sole discretion. Executive's salary as in effect from time to time shall constitute the "**Salary**" for purposes of this Agreement.

(b) The Company shall reimburse Executive for all reasonable expenses incurred by Executive in the course of performing Executive's duties under this Agreement that are consistent with the Company's policies in effect from time to time with respect to travel, entertainment and other business expenses, subject to the Company's requirements with respect to reporting and documentation of such expenses.

(c) Executive shall be eligible to participate in any equity incentive plan, restricted share plan, share award plan, stock appreciation rights plan, stock option plan or similar plan adopted by the Company on the same terms and conditions applicable to other senior Company executives, with the amount of such awards to be determined by the Board in its sole discretion. Executive shall be eligible for an annual bonus and long term incentive awards as determined at the sole discretion of the Board.

(d) Executive shall be entitled to all rights and benefits for which Executive shall be eligible under any retirement, retirement savings, profit-sharing, pension or welfare benefit plan, life, disability, health, dental, hospitalization and other forms of insurance and all other so-called "fringe" benefits or perquisites (except for with respect to any plan that provides severance or other similar benefits), on the same terms that the Company provides to other similarly situated senior Company executives (subject to all restrictions on participation that may apply under federal and state tax laws).

Section 4. ***Termination***.

(a) *Events of Termination.* Executive's employment with the Company shall terminate (the date of such termination being the "**Termination Date**") immediately upon any of the following:

(i) Executive's death ("**Termination Upon Death**");

(ii) the effective date of a written notice sent to Executive stating the Company's determination, made in good faith, that due to a mental or physical condition, Executive has been unable and failed to substantially render the services to be provided by Executive to the Company for a period of at least 180 days out of any consecutive 360 days ("**Termination For Disability**");

(iii) the effective date of a written notice sent to Executive stating the Company's determination, made in good faith, that it is terminating Executive's employment for Cause (as defined below) ("**Termination For Cause**");

(iv) the effective date of a notice sent to Executive stating that the Company is terminating Executive's employment without Cause (including any notice from the Company to Executive pursuant to Section 2 that the Company has decided not to renew the Term), which notice can be given by the Company at any time after the Effective Date at the Company's sole discretion, for any reason or for no reason ("**Termination Without Cause**");

(v) the effective date of a notice (other than a notice delivered pursuant to Section 4(a)(vi) of this Agreement) sent to the Company from Executive stating that Executive is electing to terminate Executive's employment with the Company without Good Reason ("**Resignation Without Good Reason**"); or

(vi) the effective date of a written notice to Company stating Executive's determination, made in good faith, that a Good Reason Event (as defined below) has occurred within 30 days preceding such notice and as a consequence Executive is electing to terminate Executive's employment hereunder for a Good Reason Event ("**Resignation For Good Reason**");

provided, however, that Executive will give the Company 30 days to cure such Good Reason Event, and if the Company fails to cure such Good Reason Event within 30 days after Executive gives written notice of resignation hereunder, then Executive may immediately terminate Executive's employment with the Company, and such termination will be a Resignation For Good Reason hereunder; provided, further, that Executive's termination shall be deemed a Termination For Cause if the Company has delivered to Executive written notice of any act or omission that, if not cured, would constitute Cause at any time preceding the notice provided by Executive hereunder.

As used herein, the term "**Cause**" shall mean (i) commission of a willful act of dishonesty in the course of Executive's duties hereunder, (ii) conviction by a court of competent jurisdiction of, or plea of no contest to, a crime constituting a felony or conviction in respect of, or plea of no contest to, any act involving fraud, dishonesty or moral turpitude, (iii) Executive's performance under the influence of controlled substances (other than those taken pursuant to a medical doctor's orders), (iv) frequent or extended, and unjustifiable, absenteeism, (v) Executive's personal misconduct or refusal to perform duties and responsibilities or to carry out the lawful directives of the Board, which, if capable of being cured shall not have been cured, within 30 days after the Company shall have advised Executive in writing of its intention to terminate Executive's employment, or (vi) Executive's material non-compliance with the terms of this Agreement, which, if capable of being cured, shall not have been cured within 30 days after the Company shall have advised Executive in writing of its intention to terminate Executive's employment for such reason.

As used herein, the term "**Good Reason Event**" shall mean (i) a material adverse change in the responsibilities or duties of Executive as set forth in this Agreement (including a change in reporting where Executive no longer reports directly to the Board, or a change in Executive's capacity as Vice President and General manager) without Executive's prior consent at a time when there are no circumstances pending that would permit the Board to terminate Executive for Cause, such that Executive is no longer acting as part of the senior management team of the Company, (ii) any reduction in the Salary or a material reduction in Executive's benefits (other than (x) a reduction in Salary that is the result of an administrative or clerical error, and which is cured within 15 business days after the Company receives notice of such failure or (y) a reduction in Salary or benefits that are generally applicable to all members of the Company's senior management), (iii) a material breach by the Company of this Agreement that is not cured within 30 days following the

Company's receipt of written notice of such breach from Executive, or (iv) without Executive's prior written consent, the relocation of Executive's principal place of employment outside of a 30 mile radius from the location of the Company's offices in Tampa, Florida as of the Effective Date. With regard to clause (i), Executive acknowledges that the Company has flexibility under Section 1(a) to assign Executive a broad range of responsibilities and duties that are consistent with her being a member of the senior management team and such assignments will not constitute a "Good Reason Event."

(b) *Effect of Termination.*

(i) *Death or Disability*. In the event of Termination Upon Death or Termination For Disability pursuant to Sections 4(a)(i) or 4(a)(ii) of this Agreement:

(A) Executive (or Executive's legal representative) shall be entitled to receive in cash an amount equal to any earned but unpaid Salary owing by the Company to Executive as of the Termination Date (the "**Accrued Salary**");

(B) Executive (or Executive's legal representative) shall be entitled to receive in cash, to the extent provided under any management bonus plan, an amount equal to the pro rata portion, determined as of the Termination Date, of any bonus to which Executive would have been entitled had Executive been employed by the Company at the time such bonus would have otherwise been paid (the "**Accrued Bonus**"); and

(C) all unvested Restricted Shares, Options, and Warrants granted to Executive during the Term of this Agreement shall become fully vested and non-forfeitable as of the Termination Date.

(ii) *Termination For Cause*. In the event of a Termination For Cause pursuant to Section 4(a)(iii) of this Agreement, Executive shall be entitled to receive in cash an amount equal to any Accrued Salary.

(iii) *Termination Without Cause and Resignation For Good Reason and Termination Upon Non-renewal*. In the event of Termination Without Cause or Resignation For Good Reason pursuant to Sections 4(a)(iv) or 4(a)(vi) of this Agreement, subject to Section 4(c)(ii) of this Agreement:

(A) a Executive (or Executive's legal representative) shall be entitled to receive in cash an amount equal to the Accrued Salary;

(B) Executive (or Executive's legal representative) shall be entitled to receive in cash an amount equal to the Accrued Bonus;

(C) Executive (or Executive's legal representative) shall be entitled to receive in cash an amount equal to Executive's Salary (at the rate then in effect, and without taking into account any reductions that would have given rise to Good Reason termination by Executive), payable in equal installments in accordance with the Company's customary payroll procedures commencing on the Termination Date and ending 36 months thereafter;

(D) all unvested Restricted Shares, Options and Warrants granted to Executive during the Term of this Agreement shall become fully vested and non-forfeitable as of the Termination Date.

(iv) *Resignation Without Good Reason*. In the event of Resignation Without Good Reason pursuant to Section 4(a)(v) of this Agreement, Executive shall be entitled to receive in cash an amount equal to any Accrued Salary.

(v) *Upon Termination For Any Reason*. In the event of any termination, Executive shall be entitled to receive:

(A) any unpaid reasonable, reimbursable business expenses incurred by Executive in the course of performing Executive's duties under this Agreement that were incurred in a manner consistent with the Company's policies in effect from time to time with respect to travel, entertainment and other business expenses, subject to the Company's requirements with respect to incurring, reporting and documenting such expenses; and

(B) benefits under the Company's benefit plans of general application as shall be determined under the provisions of those plans.

(c) *Additional Provisions*.

(i) Any amounts to be paid pursuant to this Section 4 shall be paid in accordance with the Company's existing payroll or bonus payment practices, as applicable.

(ii) As a condition to the Company's obligations, if any, to make any Accrued Bonus and severance payments provided under Section 4(b)(iii)(B) and (C), Executive shall have executed, delivered and not revoked a general release in the form attached hereto as Exhibit A.

(iii) Notwithstanding any provision of this Agreement, the obligations and commitments under Section 5 of this Agreement shall survive and continue in full force and effect in accordance with their terms notwithstanding any termination of Executive's employment for any reason or termination of this Agreement for any reason.

(iv) Notwithstanding anything in this Agreement to the contrary, the Company shall have no obligation to pay any amounts payable under Sections 4(b)(i)(B), 4(b)(iii)(B) or 4(b)(iii)(C) of this Agreement during such times as Executive is in breach of Section 5 of this Agreement, after the Company provides Executive with notice of such breach.

(v) Executive agrees that termination of Executive's employment for any reason shall, with no further action by Executive required, constitute Executive's resignation, as of the Termination Date and to the extent applicable, from all positions as an officer, director or representative of the Company and any subsidiary or affiliate of the Company.

Section 5. ***Noncompetition, Nonsolicitation And Confidentiality***.

(a) *Definitions*.

"**Company's Business**" means the business of providing specialty financial products to nonprofit incorporated community associations in the states in which the Company has conducted business.

"**Competitor**" means any company, other entity or association or individual that directly or indirectly is engaged in the Company's Business.

"**Confidential Information**" means any confidential information with respect to the Company's Business and/or the businesses of its clients or customers, including, but not limited to: the trade secrets of the Company; products or services; standard proposals; standard submissions, surveys and analyses; policy forms; fees, costs and pricing structures; marketing information; advertising and pricing strategies; analyses; reports; computer software, including operating systems, applications and program listings; flow charts; manuals and documentation; data bases; all copyrightable works; the Company's existing and prospective clients and customers, their addresses or other contact information and/or their confidential information; existing and prospective client and customer lists and other related data; expiration periods; policy numbers; coverage specifications; daily reports and related correspondence; premium renewal notices; and all similar and related information in whatever form. The term Confidential Information does not include, and there shall be no obligation hereunder with respect to, information that (i) is generally available to the public on the date of this Agreement, (ii) becomes generally available to the public other than as a result of a disclosure by Executive not otherwise permissible hereunder or (iii) Executive has learned or learns from other sources where, to Executive's knowledge, such sources have not violated their confidentiality obligation to the Company or any other applicable obligation of confidentiality.

(b) *Noncompetition.* Executive covenants and agrees that during the period commencing on the Effective Date and ending two years following the Termination Date (the "**Restricted Period**"), Executive will not, directly or indirectly, own, manage, operate, control,

render service to, or participate in the ownership, management, operation or control of any Competitor anywhere in the United States of America; provided, however, that Executive shall be entitled to own shares of stock of any corporation having a class of equity securities actively traded on a national securities exchange or on the Nasdaq Stock Market which represent, in the aggregate, not more than 1% of such corporation's fully-diluted shares.

(c) *Nonsolicitation of Employees*. Executive covenants and agrees that during the Restricted Period, Executive will not, directly or indirectly, employ or solicit, or receive or accept the performance of services by any then current officer, manager, employee or independent contractor of the Company or any subsidiary or affiliate of the Company, or in any way interfere with the relationship between the Company or any subsidiary or affiliate of the Company, on the one hand, and any such officer, manager, employee or independent contractor, on the other hand.

(d) *Nonsolicitation of Customers and Vendors.* Executive covenants and agrees that during the Restricted Period, Executive will not, directly or indirectly, knowingly induce, or attempt to induce, any customer, salesperson, distributor, supplier, vendor, manufacturer, representative, agent, jobber, licensee or other person known by Executive to be transacting business with the Company or any subsidiary or affiliate of the Company (collectively the "**Customers**" and "**Vendors**") to reduce or cease doing business with the Company or any such subsidiary or affiliate of the Company, or in any way to interfere with the relationship between any such Customer or Vendor, on the one hand, and the Company or any subsidiary or affiliate of the Company, on the other hand.

(e) *Representations and Covenants by Executive*. Executive represents and warrants that: (i) Executive's execution, delivery and performance of this Agreement do not and will not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Executive is a party or by which Executive is bound; (ii) Executive is not a party to or bound by any employment agreement, noncompete agreement or confidentiality agreement with any other person or entity (other than the Company) and Executive is not subject to any other agreement that would prevent Executive from performing Executive's duties for the Company or otherwise complying with this Agreement; (iii) Executive is not subject to or in breach of any nondisclosure agreement, including any agreement concerning trade secrets or

confidential information owned by any other party; and (iv) upon the execution and delivery of this Agreement by the Company, this Agreement shall be the valid and binding obligation of Executive, enforceable in accordance with its terms.

(f) *Nondisclosure of Confidential Information.* Executive hereby acknowledges and represents that Executive has consulted with independent legal counsel regarding Executive's rights and obligations under this Agreement and that Executive fully understands the terms and conditions contained herein and Executive agrees that Executive will not, directly or indirectly: (i) use, disclose, reverse engineer or otherwise exploit for Executive's own benefit or for the benefit of anyone other than the Company the Confidential Information except as authorized by the Company; (ii) during Executive's employment with the Company, use, disclose, or reverse engineer (x) any confidential information or trade secrets of any former employer or third party, or (y) any works of authorship developed in whole or in part by Executive during any former employment or for any other party, unless authorized in writing by the former employer or third party; or (iii) upon Executive's resignation or termination (x) retain Confidential Information, including any copies existing in any form (including electronic form), that are in Executive's possession or control, or (y) destroy, delete or alter the Confidential Information without the Company's consent. Notwithstanding the foregoing, Executive may use the Confidential Information in the course of performing Executive's duties on behalf of the Company or any subsidiary or affiliate of the Company as described hereunder, provided that such use is made in good faith. Executive will immediately surrender possession of all Confidential Information to Company upon any suspension or termination of Executive's employment with Company for any reason.

(g) *Inventions and Patents*. Executive acknowledges that all (i) inventions, innovations, improvements, developments, methods, designs, analysis, drawings, reports, processes, novel concepts and all similar or related information (whether or not patentable) that relate to the Company's or any of its subsidiaries' or affiliates' actual or anticipated businesses, (ii) research and development and (iii) existing or future products or services that are, to any extent, conceived, developed or made by Executive while employed by the Company or any subsidiary or affiliate of the Company ("**Work Product**") belong to the Company or such subsidiary or affiliate. Executive shall promptly disclose such Work Product to the Board and, at the cost and expense of the Company, perform all actions reasonably necessary or requested by the Board (whether during or after the Term) to establish and confirm such ownership (including, without limitation, executing assignments, consents, powers of attorney and other instruments).

(h) *Miscellaneous*.

(i) Executive acknowledges that (x) Executive's position is a position of trust and responsibility with access to Confidential Information of the Company, (y) the Confidential Information, and the relationship between the Company and each of its employees, Customers and Vendors, are valuable assets of the Company and may not be converted to Executives own use and (z) the restrictions contained in this Section 5 are reasonable and necessary to protect the legitimate business interests of the Company and will not impair or infringe upon Executive's right to work or earn a living after Executive's employment with the Company ends.

(ii) Each of the foregoing obligations shall be enforceable independent of any other obligation, and the existence of any claim or cause of action that Executive may have against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of these obligations.

(iii) Executive acknowledges that monetary damages will not be an adequate remedy for the Company in the event of a breach of this Agreement and that it would be impossible for the Company to measure damages in the event of such a breach. Therefore, Executive agrees that, in addition to other rights that the Company may have at law or equity, the Company is entitled, without posting bond, to seek an injunction preventing Executive from any breach of this Agreement.

(iv) In the event of a breach or violation by Executive during the Restricted Period of any restriction in Section 5(b), (b) or (d) of this Agreement, the Restricted Period shall be tolled until such breach or violation has been cured.

(v) The parties intend to provide the Company with the maximum protection possible with respect to its Customers and Vendors. The parties, however, do not intend to include a provision that contravenes the public policy of any state. Therefore, if any provision of this Section 5 is unlawful, against public policy or otherwise declared void, such provision shall not be deemed part of this Agreement, which otherwise shall remain in full force and effect. If, at the

time of enforcement of this Agreement, a court or other tribunal holds that the duration, scope or area restriction stated herein is unreasonable under the circumstances then existing, the parties agree that the court should enforce the restrictions to the extent it deems reasonable.

(vi) Executive hereby agrees that prior to accepting employment with any other person or entity, other than Business Law Group, P.A., during the Term or during the Restricted Period following the Termination Date, Executive will provide such prospective employer with written notice of the existence of this Agreement and the provisions of this Section 5 of this Agreement, with a copy of such notice delivered simultaneously to the Company in accordance with Section 10 of this Agreement.

(vii) Notwithstanding any provision of this Agreement, the obligations and commitments of this Section 5 shall survive and continue in full force and effect in accordance with their terms notwithstanding any termination of Executive's employment for any reason or termination of this Agreement for any reason.

Section 6. ***Withholding Taxes.*** Prior to making any payments required to be made pursuant to this Agreement, the Company may require that the Company be reimbursed in cash for any taxes required by any government to be withheld or otherwise deducted and paid by the Company in respect of such payment by the Company. In lieu thereof, the Company shall have the right to withhold the amount of such taxes from any sums due or to become due from it to Executive.

Section 7. ***Expenses.*** In the event of any legal action to enforce Executive's or the Company's rights under this Agreement, each party will be responsible for that party's reasonable attorneys' fees, expenses and disbursements.

Section 8. ***Assignment.*** This Agreement is binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Executive shall not assign or transfer any rights or obligations hereunder. The Company shall have the right to assign or transfer any rights or obligations hereunder only to (a) a successor entity in the event of a merger, consolidation, or transfer or sale of all or substantially all the assets of the Company or (b) a subsidiary or affiliate of the Company. Any purported assignment, other than as provided above, shall be null and void.

Section 9. ***Indemnification.*** The Company shall indemnify Executive for any act or omission done or not done in performance of Executive's duties hereunder in accordance with the Company's certificate of incorporation, by-laws and any other constituent document to the extent provided for any other officer or member of the Board. The Company's obligations under this Section 9 shall survive any termination of this Agreement or Executive's employment hereunder.

Section 10. ***Notices.*** All notices, requests, consents and other communications required or permitted to be given hereunder, shall be in writing and shall be delivered personally or sent by prepaid telegram, telex, facsimile transmission, overnight courier or mailed, first class, postage prepaid by registered or certified mail, as follows:

If to the Company: LM Funding America, Inc., Sean Galaris, President

If to Executive: To Executive's address as reflected on the payroll records of the Company

or such other address as either party shall designate by notice in writing to the other in accordance herewith. Any such notice shall be deemed given when so delivered personally, by telex, facsimile transmission or telegram, or if sent by overnight courier, one day after delivery to such courier by the sender or if mailed, five days after deposit by the sender in the U.S. mails.

Section 11. ***Entire Agreement.*** This Agreement shall constitute the entire agreement between Executive and the Company concerning the subject matter hereof. This Agreement supersedes and preempts any prior employment agreement or other understandings, agreements or representations by or among the parties, written or oral, that may have related to the subject matter hereof. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing, signed by Executive and an authorized officer of the Company.

Section 12. ***Governing Law.*** This Agreement shall be subject to and governed by the laws of the State of Florida, without giving effect to the principles of conflicts of law under Florida

law that would require or permit the application of the laws of a jurisdiction other than the State of Florida and irrespective of the fact that the parties now or at any time may be residents of or engage in activities in a different state. Employee agrees that in the event of any dispute or claim arising under this Agreement, jurisdiction and venue shall be vested and proper, and Employee hereby consents to the jurisdiction of any court sitting in Tampa, Florida, including the United States District Court for the Middle District of Florida.

Section 13. ***Full Settlement.*** Executive acknowledges and agrees that, subject to the payment by the Company of the benefits provided in this Agreement to Executive, in no event will the Company nor any subsidiary or affiliate thereof be liable to Executive for damages under any claim of breach of contract as a result of the termination of Executive's employment. In the event of any such termination, the Company shall be liable only to provide to Executive, or Executive's heirs or beneficiaries, the benefits specified in this Agreement.

Section 14. ***Strict Compliance.*** Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right Executive or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement. The waiver, whether express or implied, by either party of a violation of any of the provisions of this Agreement shall not operate or be construed as a waiver of any subsequent violation of any such provision.

Section 15. ***Creditor Status.*** No benefit or promise hereunder shall be secured by any specific assets of the Company. Executive shall have only the rights of an unsecured general creditor of the Company in seeking satisfaction of such benefits or promises.

Section 16. ***Section 409A.*** This Agreement is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("**Section 409A**"), and shall be construed accordingly. Any payments or distributions to be made to Executive under this Agreement upon a separation from service of amounts classified as "nonqualified deferred compensation" for purposes of Section 409A, shall in no event be made or commence until six months after such separation from service if Executive is determined to be a specified Executive of a public company (all as determined under Section 409A). Each payment of nonqualified deferred compensation under this Agreement shall be treated as a separate payment for purposes of

Section 409A. Any reimbursements made pursuant to this Agreement shall be paid as soon as practicable but no later than 90 days after Executive submits evidence of such expenses to the Company (which payment date shall in no event be later than the last day of the calendar incurred). The amount of such reimbursements paid and any in-kind benefits the year following the calendar year in which the expense was provided during any calendar year shall not affect the reimbursements paid or in-kind benefits provided in any other calendar year, and the right to any such payments and benefits shall not be subject to liquidation or exchange for another payment or benefit.

Section 17. ***Cooperation.*** Executive agrees to provide assistance to and cooperate with the Company upon its reasonable request with respect to matters within the scope of Executive's duties and responsibilities during the Restricted Period. During such Period, the Company shall, to the maximum extent coordinate or cause any such request with Executive's other commitments and responsibilities to minimize the degree to which such request interferes with such commitments and responsibilities. The Company agrees that it will reimburse Executive for reasonable documented travel expenses (i.e., travel, meals and lodging) that Executive may incur in providing assistance to the Company hereunder.

Section 18. ***Non-disparagement.*** Executive agrees to not make any statements, written or oral, while employed by the Company and thereafter, which would be reasonably likely to disparage or damage the Company, its affiliates or subsidiaries or the personal or professional reputation of any present or former employees, officers or members of the managing or directorial boards or committees of the Company or its affiliates or subsidiaries. The Company agrees that it will instruct each of its and its affiliates' and subsidiaries' members, directors, managers, officers and employees not to make any disparaging communication regarding Executive, and no such person or entity will be authorized on the Company's or any affiliate's or subsidiary's behalf to make any such disparaging communications regarding Executive.

Section 19. ***Recoupment.*** Executive agrees to reimburse the Company for all or a portion, as determined below, of any bonus or incentive or equity-based compensation paid or awarded to Executive by the Company, if the Board determines that (a) the payment, award or vesting thereof was predicated upon the achievement of certain financial results that were

subsequently the subject of a material financial restatement, (b) Executive engaged in fraud or misconduct that caused, in whole or in part, the need for the material financial restatement, and (c) a lower payment, award or vesting would have occurred based upon the restated financial results. In such event, Executive agrees to reimburse (in the manner determined by the Board, including cancellation of options or other stock awards) any bonus or incentive or equity-based compensation previously paid, awarded or vested in the amount by which such bonus or incentive or equity-based compensation actually paid, awarded or vested exceeds the lower payment, award or vesting that would have occurred based upon the restated financial result; provided that no reimbursement shall be required if the payment, award or vesting otherwise subject to reimbursement hereunder occurred more than three (3) years prior to the date the applicable reinstatement is disclosed. In addition, notwithstanding anything to the contrary, any bonus or incentive or equity-based compensation, or other compensation, payable to Executive pursuant to this Agreement or any other agreement, plan or arrangement of the Company shall be subject to repayment or recoupment (clawback) by the Company to the extent applicable under Section 304 of the Sarbanes-Oxley Act of 2002 (and not otherwise exempted) and in accordance with such policies and procedures as the Board or the Compensation Committee of the Board may adopt from time to time, including policies and procedures to implement applicable law (including, but not limited to, Section 954 of the Dodd-Frank Act), stock market or exchange rules and regulations or accounting or tax rules and regulations.

Section 20. ***Survival.*** Any provision of this Agreement that is expressly or by implication intended to survive the termination of this Agreement shall survive or remain in effect after the termination of this Agreement.

Section 21. ***Counterparts.*** This Agreement may be executed in two or more counterparts, anyone of which need not contain the signature of more than one party, but all such counterparts taken together shall constitute one and the same agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

LM FUNDING AMERICA, INC.

By: _____
Bruce M. Rodgers, Chief Executive Officer

EXECUTIVE

_____
Carollinn Gould

EXHIBIT A
FORM OF RELEASE

This RELEASE ("**Release**") is granted effective as of the **[●]** day of **[●]**, 20**[●]** by [ ] (the "**Executive**") in favor of [ ] (the "**Company**") and the other Released Parties (as defined below). This is the Release referred to in the Employment Agreement, dated as of September 2, 2014, between the Company and the Executive (the "**Employment Agreement**"). The Executive gives this Release in consideration of the Company's promises and covenants contained in the Employment Agreement, with respect to which this Release is an integral part.

1. *Release of the Company*. The Executive, for herself, his successors, assigns, attorneys, and all those entitled to assert his rights, now and forever hereby releases and discharges the Company and its respective officers, directors, stockholders, trustees, Executives, agents, parent corporations, subsidiaries, affiliates, estates, successors, assigns and attorneys (the "**Released Parties**"), from any and all claims, actions, causes of action, sums of money due, suits, debts, liens, covenants, contracts, obligations, costs, expenses, damages, judgments, agreements, promises, demands, claims for attorney's fees and costs, or liabilities whatsoever, in law or in equity, which the Executive ever had or now has against the Released Parties, arising by reason of or in any way connected with or which may be traced either directly or indirectly to the employment relationship which existed between the Company or any of its parents, subsidiaries, affiliates, or predecessors and the Executive, or the termination of that relationship, that the Executive has, had or purports to have, from the beginning of time to the date of this Release, whether known or unknown, that now exists, no matter how remotely they may be related to the aforesaid employment relationship including but not limited to claims for employment discrimination under federal or state law, except as provided in Paragraph 2; claims arising under Title VII of the Civil Rights Act, 42 U.S.C. § 2000(e), *et seq*. or the Americans With Disabilities Act, 42 U.S.C. § 12101, *et seq*.; claims for statutory or common law wrongful discharge, including any claims arising under the Fair Labor Standards Act, 29 U.S.C. § 201, *et seq*.; claims for attorney's fees, expenses and costs; claims for defamation; claims for wages or vacation pay; claims for benefits, including any claims arising under the Executive Retirement Income Security Act, 29 U.S.C. § 1001, *et seq*.; and provided, however, that nothing herein shall release the Company of its obligations to the Executive under the

Employment Agreement between the Company and the Executive or any other contractual obligations between the Company or its subsidiaries or affiliates and the Executive (including, without limitation, any equity award agreement or indemnification agreement), or any indemnification obligations to the Executive under the Company's certificate of incorporation, bylaws, operating agreement or other constituent document or any federal, state or local law or otherwise.

2. *Release of Claims Under Age Discrimination in Employment Act.* Without limiting the generality of the foregoing, the Executive agrees that by executing this Release, he has released and waived any and all claims he has or may have as of the date of this Release for age discrimination under the Age Discrimination in Employment Act, 29 U.S.C. § 621, *et seq.* It is understood that the Executive has been advised to consult with an attorney prior to executing this Release; that he in fact has consulted a knowledgeable, competent attorney regarding this Release; that he may, before executing this Release, consider this Release for a period of 21 calendar days; and that the consideration he receives for this Release is in addition to amounts to which he was already entitled. It is further understood that this Release is not effective until seven calendar days after the execution of this Release and that the Executive may revoke this Release within seven calendar days from the date of execution hereof.

The Executive agrees that he has carefully read this Release and is signing it voluntarily. The Executive acknowledges that he has had 21 days from receipt of this Release to review it prior to signing or that, if the Executive is signing this Release prior to the expiration of such 21-day period, the Executive is waiving his right to review the Release for such full 21-day period prior to signing it. The Executive has the right to revoke this release within seven days following the date of its execution by her. However, if the Executive revokes this Release within such seven-day period, no severance benefit will be payable to her under the Employment Agreement and he shall return to the Company any such payment received prior to that date.

THE EXECUTIVE HAS CAREFULLY READ THIS RELEASE AND ACKNOWLEDGES THAT IT CONSTITUTES A GENERAL RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS AGAINST THE COMPANY UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT. THE EXECUTIVE ACKNOWLEDGES THAT HE HAS HAD A FULL

OPPORTUNITY TO CONSULT WITH AN ATTORNEY OR OTHER ADVISOR OF HIS CHOOSING CONCERNING HIS EXECUTION OF THIS RELEASE AND THAT HE IS SIGNING THIS RELEASE VOLUNTARILY AND WITH THE FULL INTENT OF RELEASING THE COMPANY FROM ALL SUCH CLAIMS.

Name of Executive: [ ]
Date: [●], 20[●]

Exhibit 10.3

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "**Agreement**") is dated as of April , 2015 (the "**Effective Date**"), by and between LM Funding America, Inc., Delaware incorporated corporation (the "**Company**"), and Sean Galaris ("**Executive**").

Recitals

A. Upon completion of its initial public offering, the Company desires to hire Executive, and Executive desires to be hired by the Company, upon the terms and conditions set forth herein; and

B. The Company and Executive agree to protect the interests of the Company and Company's customers and Confidential Information (as defined below) that may have been or that may be disclosed to Executive as set forth herein.

Agreement

NOW, THEREFORE, in consideration of the mutual promises made herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

Section 1. ***Employment, Duties and Acceptance***.

(a) The Company shall employ Executive during the Term (as defined below) as President. Executive shall be responsible for performing the duties and exercising the powers which the Chief Executive Officer and Board of Directors of the Company (the "**Board**") may from time-to-time assign to him in his capacity as President of the Company in connection with the conduct and management of the business of the Company and its subsidiaries and affiliates.

(b) Executive hereby accepts such employment and agrees, during the Term, to render Executive's services to the Company on a full-time basis and to devote Executive's full business time and attention to the business and affairs of the Company and any subsidiary or affiliate of the Company. Executive agrees that at all times during the Term, Executive will faithfully perform the duties so assigned to him to the best of Executive's ability. Executive further

agrees to accept election and to serve during all or any part of the Term as an officer, director or representative of any subsidiary or affiliate of the Company, without any compensation therefor other than that specified in this Agreement. Executive shall report directly to the Board.

(c) The duties to be performed by Executive hereunder shall be principally performed at the Company's offices located in Tampa, Florida, subject to reasonable travel requirements on behalf of the Company. Executive shall be entitled to an annual paid time off of 30 days on the same terms that the Company provides to other similarly situated senior Company executives in accordance with the Company's policies and practices; provided that Executive shall schedule the timing and duration of Executive's vacations in a reasonable manner taking into account the needs of the business of the Company.

(d) Executive acknowledges that from time to time the Company may promulgate workplace policies and rules. Executive agrees to fully comply with all such policies and rules, and understands that failure to do so may result in a disciplinary action up to and including immediate discharge for Cause.

Section 2. ***Term.*** As used herein, the "**Term**" means the period commencing on the Effective Date of the Company's initial public offering and ending on July 1, 2016. Prior to the Effective Date, or if the Company fails to complete its initial public offering, Executive shall remain employed pursuant to Executive's Employment Agreement with LM Funding, LLC. The Term shall be for one year and is automatically renewed each successive year unless Executive or the Company gives written notice of termination on or before the 30th day prior to the annual anniversary of the Effective Date of its desire not to renew the Term. Any such renewal shall be upon the terms and conditions set forth herein unless otherwise agreed between the Company and Executive. In the event that the Company gives written notice that it does not intend to renew the Term, Executive shall be entitled to the benefits set forth in Section 4(b)(iii).

Section 3. ***Compensation.*** Executive shall be entitled to the following compensation:

(a) The Company agrees to pay to Executive a salary in cash (the "**Salary**"), as compensation for the services to be performed by Executive, at the rate of $250,000 per calendar year, paid in accordance with the Company's customary payroll procedures and subject to

applicable withholding. During the Term, the Board shall have the right to increase, but not decrease, the Salary, except the Board may decrease the Salary in connection with a base salary decrease that is generally applicable to all members of the Company's senior management. Without limiting the generality of the foregoing, Executive will be eligible for additional annual salary merit increases during the Term beginning in 2016 based on the evaluation of Executive's performance as determined by the Board in its sole discretion. Executive's salary as in effect from time to time shall constitute the "**Salary**" for purposes of this Agreement.

(b) On the Effective Date, the Company shall execute and deliver to the Executive a Stock Option Agreement evidencing a grant to Executive Stock Options to purchase 3% of the outstanding and issued shares of the Company as of the Effective Date at a price equal to the offering price of the Company's initial public offering. During the Term, additional merit grants of stock options may be made to Executive based on the evaluation of Executive's performance as determined by the Board in its sole discretion.

(c) The Company shall reimburse Executive for all reasonable expenses incurred by Executive in the course of performing Executive's duties under this Agreement that are consistent with the Company's policies in effect from time to time with respect to travel, entertainment and other business expenses, subject to the Company's requirements with respect to reporting and documentation of such expenses.

(d) Executive shall be eligible to participate in any equity incentive plan, restricted share plan, share award plan, stock appreciation rights plan, stock option plan or similar plan adopted by the Company on the same terms and conditions applicable to other senior Company executives, with the amount of such awards to be determined by the Board in its sole discretion. Executive shall be eligible for an annual bonus and long term incentive awards as determined at the sole discretion of the Board.

(e) Executive shall be entitled to all rights and benefits for which Executive shall be eligible under any retirement, retirement savings, profit-sharing, pension or welfare benefit plan, life, disability, health, dental, hospitalization and other forms of insurance and all other so-called "fringe" benefits or perquisites (except for with respect to any plan that provides severance or other similar benefits), on the same terms that the Company provides to other similarly situated senior Company executives (subject to all restrictions on participation that may apply under federal and state tax laws).

Section 4. ***Termination***.

(a) *Events of Termination.* Executive's employment with the Company shall terminate (the date of such termination being the "**Termination Date**") immediately upon any of the following:

(i) Executive's death ("**Termination Upon Death**");

(ii) the effective date of a written notice sent to Executive stating the Company's determination, made in good faith, that due to a mental or physical condition, Executive has been unable and failed to substantially render the services to be provided by Executive to the Company for a period of at least 180 days out of any consecutive 360 days ("**Termination For Disability**");

(iii) the effective date of a written notice sent to Executive stating the Company's determination, made in good faith, that it is terminating Executive's employment for Cause (as defined below) ("**Termination For Cause**");

(iv) the effective date of a notice sent to Executive stating that the Company is terminating Executive's employment without Cause (including any notice from the Company to Executive pursuant to Section 2 that the Company has decided not to renew the Term), which notice can be given by the Company at any time after the Effective Date at the Company's sole discretion, for any reason or for no reason ("**Termination Without Cause**");

(v) the effective date of a notice (other than a notice delivered pursuant to Section 4(a)(vi) of this Agreement) sent to the Company from Executive stating that Executive is electing to terminate Executive's employment with the Company without Good Reason ("**Resignation Without Good Reason**"); or

(vi) the effective date of a written notice to Company stating Executive's determination, made in good faith, that a Good Reason Event (as defined below) has occurred within 30 days preceding such notice and as a consequence Executive is electing to terminate Executive's employment hereunder for a Good Reason Event ("**Resignation For Good Reason**");

provided, however, that Executive will give the Company 30 days to cure such Good Reason Event, and if the Company fails to cure such Good Reason Event within 30 days after Executive gives written notice of resignation hereunder, then Executive may immediately terminate Executive's employment with the Company, and such termination will be a Resignation For Good Reason hereunder; provided, further, that Executive's termination shall be deemed a Termination For Cause if the Company has delivered to Executive written notice of any act or omission that, if not cured, would constitute Cause at any time preceding the notice provided by Executive hereunder.

As used herein, the term "**Cause**" shall mean (i) commission of a willful act of dishonesty in the course of Executive's duties hereunder, (ii) conviction by a court of competent jurisdiction of, or plea of no contest to, a crime constituting a felony or conviction in respect of, or plea of no contest to, any act involving fraud, dishonesty or moral turpitude, (iii) Executive's performance under the influence of controlled substances (other than those taken pursuant to a medical doctor's orders), (iv) frequent or extended, and unjustifiable, absenteeism, (v) Executive's personal misconduct or refusal to perform duties and responsibilities or to carry out the lawful directives of the Board, which, if capable of being cured shall not have been cured, within 30 days after the Company shall have advised Executive in writing of its intention to terminate Executive's employment, or (vi) Executive's material non-compliance with the terms of this Agreement, which, if capable of being cured, shall not have been cured within 30 days after the Company shall have advised Executive in writing of its intention to terminate Executive's employment for such reason.

As used herein, the term "**Good Reason Event**" shall mean (i) a material adverse change in the responsibilities or duties of Executive as set forth in this Agreement (including a change in reporting where Executive no longer reports directly to the Chief Executive Officer, or a change in Executive's capacity as President) without Executive's prior consent at a time when there are no circumstances pending that would permit the Board to terminate Executive for Cause, such that Executive is no longer acting as part of the senior management team of the Company, (ii) any reduction in the Salary or a material reduction in Executive's benefits (other than (x) a reduction in Salary that is the result of an administrative or clerical error, and which is cured within 15 business days after the Company receives notice of such failure or (y) a reduction in Salary or benefits that are generally applicable to all members of the Company's senior management), (iii) a material breach by the Company of this Agreement that is not cured within 30 days following the

Company's receipt of written notice of such breach from Executive, or (iv) without Executive's prior written consent, the relocation of Executive's principal place of employment outside of a 50 mile radius from the location of the Company's offices in Tampa, Florida as of the Effective Date. With regard to clause (i), Executive acknowledges that the Company has flexibility under Section 1(a) to assign Executive a broad range of responsibilities and duties that are consistent with him being a member of the senior management team and such assignments will not constitute a "Good Reason Event."

(b) *Effect of Termination.*

(i) *Death or Disability*. In the event of Termination Upon Death or Termination For Disability pursuant to Sections 4(a)(i) or 4(a)(ii) of this Agreement:

(A) Executive (or Executive's legal representative) shall be entitled to receive in cash an amount equal to any earned but unpaid Salary owing by the Company to Executive as of the Termination Date (the "**Accrued Salary**");

(B) Executive (or Executive's legal representative) shall be entitled to receive in cash, to the extent provided under any management bonus plan, an amount equal to the pro rata portion, determined as of the Termination Date, of any bonus to which Executive would have been entitled had Executive been employed by the Company at the time such bonus would have otherwise been paid (the "**Accrued Bonus**"); and

(C) all unvested Restricted Shares, Options, and Warrants granted to Executive during the Term of this Agreement shall become fully vested and non-forfeitable as of the Termination Date.

(ii) *Termination For Cause*. In the event of a Termination For Cause pursuant to Section 4(a)(iii) of this Agreement, Executive shall be entitled to receive in cash an amount equal to any Accrued Salary.

(iii) *Termination Without Cause and Resignation For Good Reason and Termination Upon Non-renewal*. In the event of Termination Without Cause or Resignation For Good Reason pursuant to Sections 4(a)(iv) or 4(a)(vi) of this Agreement, subject to Section 4(c)(ii) of this Agreement:

(A) a Executive (or Executive's legal representative) shall be entitled to receive in cash an amount equal to the Accrued Salary;

(B) Executive (or Executive's legal representative) shall be entitled to receive in cash an amount equal to the Accrued Bonus;

(C) Executive (or Executive's legal representative) shall be entitled to receive in cash an amount equal to Executive's Salary (at the rate then in effect, and without taking into account any reductions that would have given rise to Good Reason termination by Executive), payable in equal installments in accordance with the Company's customary payroll procedures commencing on the Termination Date and ending 12 months thereafter;

(D) all unvested Restricted Shares, Options and Warrants granted to Executive during the Term of this Agreement shall become fully vested and non-forfeitable as of the Termination Date.

(iv) *Resignation Without Good Reason*. In the event of Resignation Without Good Reason pursuant to Section 4(a)(v) of this Agreement, Executive shall be entitled to receive in cash an amount equal to any Accrued Salary.

(v) *Upon Termination For Any Reason*. In the event of any termination, Executive shall be entitled to receive:

(A) any unpaid reasonable, reimbursable business expenses incurred by Executive in the course of performing Executive's duties under this Agreement that were incurred in a manner consistent with the Company's policies in effect from time to time with respect to travel, entertainment and other business expenses, subject to the Company's requirements with respect to incurring, reporting and documenting such expenses; and

(B) benefits under the Company's benefit plans of general application as shall be determined under the provisions of those plans.

(c) *Additional Provisions*.

(i) Any amounts to be paid pursuant to this Section 4 shall be paid in accordance with the Company's existing payroll or bonus payment practices, as applicable.

(ii) As a condition to the Company's obligations, if any, to make any Accrued Bonus and severance payments provided under Section 4(b)(iii)(B) and (C), Executive shall have executed, delivered and not revoked a general release in the form attached hereto as Exhibit A.

(iii) Notwithstanding any provision of this Agreement, the obligations and commitments under Section 5 of this Agreement shall survive and continue in full force and effect in accordance with their terms notwithstanding any termination of Executive's employment for any reason or termination of this Agreement for any reason.

(iv) Notwithstanding anything in this Agreement to the contrary, the Company shall have no obligation to pay any amounts payable under Sections 4(b)(i)(B), 4(b)(iii)(B) or 4(b)(iii)(C) of this Agreement during such times as Executive is in breach of Section 5 of this Agreement, after the Company provides Executive with notice of such breach.

(v) Executive agrees that termination of Executive's employment for any reason shall, with no further action by Executive required, constitute Executive's resignation, as of the Termination Date and to the extent applicable, from all positions as an officer, director or representative of the Company and any subsidiary or affiliate of the Company.

Section 5. ***Noncompetition, Nonsolicitation And Confidentiality***.

(a) *Definitions*.

"**Company's Business**" means the business of providing specialty financial products to nonprofit incorporated community associations in the states in which the Company has conducted business.

"**Competitor**" means any company, other entity or association or individual that directly or indirectly is engaged in the Company's Business.

"**Confidential Information**" means any confidential information with respect to the Company's Business and/or the businesses of its clients or customers, including, but not limited to: the trade secrets of the Company; products or services; standard proposals; standard submissions, surveys and analyses; policy forms; fees, costs and pricing structures; marketing information; advertising and pricing strategies; analyses; reports; computer software, including operating systems, applications and program listings; flow charts; manuals and documentation; data bases; all copyrightable works; the Company's existing and prospective clients and customers, their addresses or other contact information and/or their confidential information; existing and prospective client and customer lists and other related data; expiration periods; policy numbers; coverage specifications; daily reports and related correspondence; premium renewal notices; and all similar and related information in whatever form. The term Confidential Information does not include, and there shall be no obligation hereunder with respect to, information that (i) is generally available to the public on the date of this Agreement, (ii) becomes generally available to the public other than as a result of a disclosure by Executive not otherwise permissible hereunder or (iii) Executive has learned or learns from other sources where, to Executive's knowledge, such sources have not violated their confidentiality obligation to the Company or any other applicable obligation of confidentiality.

(b) *Noncompetition.* Executive covenants and agrees that during the period commencing on the Effective Date and ending two years following the Termination Date (the "**Restricted Period**"), Executive will not, directly or indirectly, own, manage, operate, control,

render service to, or participate in the ownership, management, operation or control of any Competitor anywhere in the United States of America; provided, however, that Executive shall be entitled to own shares of stock of any corporation having a class of equity securities actively traded on a national securities exchange or on the Nasdaq Stock Market which represent, in the aggregate, not more than 1% of such corporation's fully-diluted shares.

(c) *Nonsolicitation of Employees*. Executive covenants and agrees that during the Restricted Period, Executive will not, directly or indirectly, employ or solicit, or receive or accept the performance of services by any then current officer, manager, employee or independent contractor of the Company or any subsidiary or affiliate of the Company, or in any way interfere with the relationship between the Company or any subsidiary or affiliate of the Company, on the one hand, and any such officer, manager, employee or independent contractor, on the other hand.

(d) *Nonsolicitation of Customers and Vendors.* Executive covenants and agrees that during the Restricted Period, Executive will not, directly or indirectly, knowingly induce, or attempt to induce, any customer, salesperson, distributor, supplier, vendor, manufacturer, representative, agent, jobber, licensee or other person known by Executive to be transacting business with the Company or any subsidiary or affiliate of the Company (collectively the "**Customers**" and "**Vendors**") to reduce or cease doing business with the Company or any such subsidiary or affiliate of the Company, or in any way to interfere with the relationship between any such Customer or Vendor, on the one hand, and the Company or any subsidiary or affiliate of the Company, on the other hand.

(e) *Representations and Covenants by Executive*. Executive represents and warrants that: (i) Executive's execution, delivery and performance of this Agreement do not and will not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Executive is a party or by which Executive is bound; (ii) Executive is not a party to or bound by any employment agreement, noncompete agreement or confidentiality agreement with any other person or entity (other than the Company) and Executive is not subject to any other agreement that would prevent Executive from performing Executive's duties for the Company or otherwise complying with this Agreement; (iii) Executive is not subject to or in breach of any nondisclosure agreement, including any agreement concerning trade secrets or

confidential information owned by any other party; and (iv) upon the execution and delivery of this Agreement by the Company, this Agreement shall be the valid and binding obligation of Executive, enforceable in accordance with its terms.

(f) *Nondisclosure of Confidential Information.* Executive hereby acknowledges and represents that Executive has consulted with independent legal counsel regarding Executive's rights and obligations under this Agreement and that Executive fully understands the terms and conditions contained herein and Executive agrees that Executive will not, directly or indirectly: (i) use, disclose, reverse engineer or otherwise exploit for Executive's own benefit or for the benefit of anyone other than the Company the Confidential Information except as authorized by the Company; (ii) during Executive's employment with the Company, use, disclose, or reverse engineer (x) any confidential information or trade secrets of any former employer or third party, or (y) any works of authorship developed in whole or in part by Executive during any former employment or for any other party, unless authorized in writing by the former employer or third party; or (iii) upon Executive's resignation or termination (x) retain Confidential Information, including any copies existing in any form (including electronic form), that are in Executive's possession or control, or (y) destroy, delete or alter the Confidential Information without the Company's consent. Notwithstanding the foregoing, Executive may use the Confidential Information in the course of performing Executive's duties on behalf of the Company or any subsidiary or affiliate of the Company as described hereunder, provided that such use is made in good faith. Executive will immediately surrender possession of all Confidential Information to Company upon any suspension or termination of Executive's employment with Company for any reason.

(g) *Inventions and Patents*. Executive acknowledges that all (i) inventions, innovations, improvements, developments, methods, designs, analysis, drawings, reports, processes, novel concepts and all similar or related information (whether or not patentable) that relate to the Company's or any of its subsidiaries' or affiliates' actual or anticipated businesses, (ii) research and development and (iii) existing or future products or services that are, to any extent, conceived, developed or made by Executive while employed by the Company or any subsidiary or affiliate of the Company ("**Work Product**") belong to the Company or such subsidiary or affiliate. Executive shall promptly disclose such Work Product to the Board and, at the cost and expense of the Company, perform all actions reasonably necessary or requested by the Board (whether during or after the Term) to establish and confirm such ownership (including, without limitation, executing assignments, consents, powers of attorney and other instruments).

(h) *Miscellaneous*.

(i) Executive acknowledges that (x) Executive's position is a position of trust and responsibility with access to Confidential Information of the Company, (y) the Confidential Information, and the relationship between the Company and each of its employees, Customers and Vendors, are valuable assets of the Company and may not be converted to Executives own use and (z) the restrictions contained in this Section 5 are reasonable and necessary to protect the legitimate business interests of the Company and will not impair or infringe upon Executive's right to work or earn a living after Executive's employment with the Company ends.

(ii) Each of the foregoing obligations shall be enforceable independent of any other obligation, and the existence of any claim or cause of action that Executive may have against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of these obligations.

(iii) Executive acknowledges that monetary damages will not be an adequate remedy for the Company in the event of a breach of this Agreement and that it would be impossible for the Company to measure damages in the event of such a breach. Therefore, Executive agrees that, in addition to other rights that the Company may have at law or equity, the Company is entitled, without posting bond, to seek an injunction preventing Executive from any breach of this Agreement.

(iv) In the event of a breach or violation by Executive during the Restricted Period of any restriction in Section 5(b), (b) or (d) of this Agreement, the Restricted Period shall be tolled until such breach or violation has been cured.

(v) The parties intend to provide the Company with the maximum protection possible with respect to its Customers and Vendors. The parties, however, do not intend to include a provision that contravenes the public policy of any state. Therefore, if any provision of this Section 5 is unlawful, against public policy or otherwise declared void, such provision shall not be deemed part of this Agreement, which otherwise shall remain in full force and effect. If, at the

time of enforcement of this Agreement, a court or other tribunal holds that the duration, scope or area restriction stated herein is unreasonable under the circumstances then existing, the parties agree that the court should enforce the restrictions to the extent it deems reasonable.

(vi) Executive hereby agrees that prior to accepting employment with any other person or entity during the Term or during the Restricted Period following the Termination Date, Executive will provide such prospective employer with written notice of the existence of this Agreement and the provisions of this Section 5 of this Agreement, with a copy of such notice delivered simultaneously to the Company in accordance with Section 10 of this Agreement.

(vii) Notwithstanding any provision of this Agreement, the obligations and commitments of this Section 5 shall survive and continue in full force and effect in accordance with their terms notwithstanding any termination of Executive's employment for any reason or termination of this Agreement for any reason.

Section 6. ***Withholding Taxes.*** Prior to making any payments required to be made pursuant to this Agreement, the Company may require that the Company be reimbursed in cash for any taxes required by any government to be withheld or otherwise deducted and paid by the Company in respect of such payment by the Company. In lieu thereof, the Company shall have the right to withhold the amount of such taxes from any sums due or to become due from it to Executive.

Section 7. ***Expenses.*** In the event of any legal action to enforce Executive's or the Company's rights under this Agreement, each party will be responsible for that party's reasonable attorneys' fees, expenses and disbursements.

Section 8. ***Assignment.*** This Agreement is binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Executive shall not assign or transfer any rights or obligations hereunder. The Company shall have the right to assign or transfer any rights or obligations hereunder only to (a) a successor entity in the event of a merger, consolidation, or transfer or sale of all or substantially all the assets of the Company or (b) a subsidiary or affiliate of the Company. Any purported assignment, other than as provided above, shall be null and void.

Section 9. ***Indemnification.*** The Company shall indemnify Executive for any act or omission done or not done in performance of Executive's duties hereunder in accordance with the Company's certificate of incorporation, by-laws and any other constituent document to the extent provided for any other officer or member of the Board. The Company's obligations under this Section 9 shall survive any termination of this Agreement or Executive's employment hereunder.

Section 10. ***Notices.*** All notices, requests, consents and other communications required or permitted to be given hereunder, shall be in writing and shall be delivered personally or sent by prepaid telegram, telex, facsimile transmission, overnight courier or mailed, first class, postage prepaid by registered or certified mail, as follows:

If to the Company: LM Funding America, Inc., Bruce M. Rodgers, CEO

If to Executive: To Executive's address as reflected on the payroll records of the Company

or such other address as either party shall designate by notice in writing to the other in accordance herewith. Any such notice shall be deemed given when so delivered personally, by telex, facsimile transmission or telegram, or if sent by overnight courier, one day after delivery to such courier by the sender or if mailed, five days after deposit by the sender in the U.S. mails.

Section 11. ***Entire Agreement.*** This Agreement shall constitute the entire agreement between Executive and the Company concerning the subject matter hereof. This Agreement supersedes and preempts any prior employment agreement or other understandings, agreements or representations by or among the parties, written or oral, that may have related to the subject matter hereof. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing, signed by Executive and an authorized officer of the Company.

Section 12. ***Governing Law.*** This Agreement shall be subject to and governed by the laws of the State of Florida, without giving effect to the principles of conflicts of law under Florida law that would require or permit the application of the laws of a jurisdiction other than the State of Florida and irrespective of the fact that the parties now or at any time may be residents of or engage in activities in a different state. Employee agrees that in the event of any dispute or claim arising

under this Agreement, jurisdiction and venue shall be vested and proper, and Employee hereby consents to the jurisdiction of any court sitting in Tampa, Florida, including the United States District Court for the Middle District of Florida.

Section 13. ***Full Settlement.*** Executive acknowledges and agrees that, subject to the payment by the Company of the benefits provided in this Agreement to Executive, in no event will the Company nor any subsidiary or affiliate thereof be liable to Executive for damages under any claim of breach of contract as a result of the termination of Executive's employment. In the event of any such termination, the Company shall be liable only to provide to Executive, or Executive's heirs or beneficiaries, the benefits specified in this Agreement.

Section 14. ***Strict Compliance.*** Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right Executive or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement. The waiver, whether express or implied, by either party of a violation of any of the provisions of this Agreement shall not operate or be construed as a waiver of any subsequent violation of any such provision.

Section 15. ***Creditor Status.*** No benefit or promise hereunder shall be secured by any specific assets of the Company. Executive shall have only the rights of an unsecured general creditor of the Company in seeking satisfaction of such benefits or promises.

Section 16. ***Section 409A.*** This Agreement is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("**Section 409A**"), and shall be construed accordingly. Any payments or distributions to be made to Executive under this Agreement upon a separation from service of amounts classified as "nonqualified deferred compensation" for purposes of Section 409A, shall in no event be made or commence until six months after such separation from service if Executive is determined to be a specified Executive of a public company (all as determined under Section 409A). Each payment of nonqualified deferred compensation under this Agreement shall be treated as a separate payment for purposes of Section 409A. Any reimbursements made pursuant to this Agreement shall be paid as soon as practicable but no later than 90 days after Executive submits evidence of such expenses to the Company (which payment date shall in no event be later than the last day of the calendar incurred).

The amount of such reimbursements paid and any in-kind benefits the year following the calendar year in which the expense was provided during any calendar year shall not affect the reimbursements paid or in-kind benefits provided in any other calendar year, and the right to any such payments and benefits shall not be subject to liquidation or exchange for another payment or benefit.

Section 17. ***Cooperation.*** Executive agrees to provide assistance to and cooperate with the Company upon its reasonable request with respect to matters within the scope of Executive's duties and responsibilities during the Restricted Period. During such Period, the Company shall, to the maximum extent coordinate or cause any such request with Executive's other commitments and responsibilities to minimize the degree to which such request interferes with such commitments and responsibilities. The Company agrees that it will reimburse Executive for reasonable documented travel expenses (i.e., travel, meals and lodging) that Executive may incur in providing assistance to the Company hereunder.

Section 18. ***Non-disparagement.*** Executive agrees to not make any statements, written or oral, while employed by the Company and thereafter, which would be reasonably likely to disparage or damage the Company, its affiliates or subsidiaries or the personal or professional reputation of any present or former employees, officers or members of the managing or directorial boards or committees of the Company or its affiliates or subsidiaries. The Company agrees that it will instruct each of its and its affiliates' and subsidiaries' members, directors, managers, officers and employees not to make any disparaging communication regarding Executive, and no such person or entity will be authorized on the Company's or any affiliate's or subsidiary's behalf to make any such disparaging communications regarding Executive.

Section 19. ***Recoupment.*** Executive agrees to reimburse the Company for all or a portion, as determined below, of any bonus or incentive or equity-based compensation paid or awarded to Executive by the Company, if the Board determines that (a) the payment, award or vesting thereof was predicated upon the achievement of certain financial results that were subsequently the subject of a material financial restatement, (b) Executive engaged in fraud or misconduct that caused, in whole or in part, the need for the material financial restatement, and (c) a lower payment, award or vesting would have occurred based upon the restated financial results. In

such event, Executive agrees to reimburse (in the manner determined by the Board, including cancellation of options or other stock awards) any bonus or incentive or equity-based compensation previously paid, awarded or vested in the amount by which such bonus or incentive or equity-based compensation actually paid, awarded or vested exceeds the lower payment, award or vesting that would have occurred based upon the restated financial result; provided that no reimbursement shall be required if the payment, award or vesting otherwise subject to reimbursement hereunder occurred more than three (3) years prior to the date the applicable reinstatement is disclosed. In addition, notwithstanding anything to the contrary, any bonus or incentive or equity-based compensation, or other compensation, payable to Executive pursuant to this Agreement or any other agreement, plan or arrangement of the Company shall be subject to repayment or recoupment (clawback) by the Company to the extent applicable under Section 304 of the Sarbanes-Oxley Act of 2002 (and not otherwise exempted) and in accordance with such policies and procedures as the Board or the Compensation Committee of the Board may adopt from time to time, including policies and procedures to implement applicable law (including, but not limited to, Section 954 of the Dodd-Frank Act), stock market or exchange rules and regulations or accounting or tax rules and regulations.

Section 20. ***Survival.*** Any provision of this Agreement that is expressly or by implication intended to survive the termination of this Agreement shall survive or remain in effect after the termination of this Agreement.

Section 21. ***Counterparts.*** This Agreement may be executed in two or more counterparts, anyone of which need not contain the signature of more than one party, but all such counterparts taken together shall constitute one and the same agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

LM FUNDING AMERICA, INC.

By: _____
Bruce M. Rodgers, Chief Executive Officer

EXECUTIVE

_____
Sean Galaris

EXHIBIT A
FORM OF RELEASE

This RELEASE ("**Release**") is granted effective as of the [●] day of [●], 20[●] by [ ] (the "**Executive**") in favor of [ ] (the "**Company**") and the other Released Parties (as defined below). This is the Release referred to in the Employment Agreement, dated as of September 2, 2014, between the Company and the Executive (the "**Employment Agreement**"). The Executive gives this Release in consideration of the Company's promises and covenants contained in the Employment Agreement, with respect to which this Release is an integral part.

1. *Release of the Company*. The Executive, for himself, his successors, assigns, attorneys, and all those entitled to assert his rights, now and forever hereby releases and discharges the Company and its respective officers, directors, stockholders, trustees, Executives, agents, parent corporations, subsidiaries, affiliates, estates, successors, assigns and attorneys (the "**Released Parties**"), from any and all claims, actions, causes of action, sums of money due, suits, debts, liens, covenants, contracts, obligations, costs, expenses, damages, judgments, agreements, promises, demands, claims for attorney's fees and costs, or liabilities whatsoever, in law or in equity, which the Executive ever had or now has against the Released Parties, arising by reason of or in any way connected with or which may be traced either directly or indirectly to the employment relationship which existed between the Company or any of its parents, subsidiaries, affiliates, or predecessors and the Executive, or the termination of that relationship, that the Executive has, had or purports to have, from the beginning of time to the date of this Release, whether known or unknown, that now exists, no matter how remotely they may be related to the aforesaid employment relationship including but not limited to claims for employment discrimination under federal or state law, except as provided in Paragraph 2; claims arising under Title VII of the Civil Rights Act, 42 U.S.C. § 2000(e), *et seq.* or the Americans With Disabilities Act, 42 U.S.C. § 12101, *et seq*.; claims for statutory or common law wrongful discharge, including any claims arising under the Fair Labor Standards Act, 29 U.S.C. § 201, *et seq*.; claims for attorney's fees, expenses and costs; claims for defamation; claims for wages or vacation pay; claims for benefits, including any claims arising under the Executive Retirement Income Security Act, 29 U.S.C. § 1001, *et seq*.; and provided, however, that nothing herein shall release the Company of its obligations to the Executive under the

Employment Agreement between the Company and the Executive or any other contractual obligations between the Company or its subsidiaries or affiliates and the Executive (including, without limitation, any equity award agreement or indemnification agreement), or any indemnification obligations to the Executive under the Company's certificate of incorporation, bylaws, operating agreement or other constituent document or any federal, state or local law or otherwise.

2. *Release of Claims Under Age Discrimination in Employment Act*. Without limiting the generality of the foregoing, the Executive agrees that by executing this Release, he has released and waived any and all claims he has or may have as of the date of this Release for age discrimination under the Age Discrimination in Employment Act, 29 U.S.C. § 621, *et seq*. It is understood that the Executive has been advised to consult with an attorney prior to executing this Release; that he in fact has consulted a knowledgeable, competent attorney regarding this Release; that he may, before executing this Release, consider this Release for a period of 21 calendar days; and that the consideration he receives for this Release is in addition to amounts to which he was already entitled. It is further understood that this Release is not effective until seven calendar days after the execution of this Release and that the Executive may revoke this Release within seven calendar days from the date of execution hereof.

The Executive agrees that he has carefully read this Release and is signing it voluntarily. The Executive acknowledges that he has had 21 days from receipt of this Release to review it prior to signing or that, if the Executive is signing this Release prior to the expiration of such 21-day period, the Executive is waiving his right to review the Release for such full 21-day period prior to signing it. The Executive has the right to revoke this release within seven days following the date of its execution by him. However, if the Executive revokes this Release within such seven-day period, no severance benefit will be payable to him under the Employment Agreement and he shall return to the Company any such payment received prior to that date.

THE EXECUTIVE HAS CAREFULLY READ THIS RELEASE AND ACKNOWLEDGES THAT IT CONSTITUTES A GENERAL RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS AGAINST THE COMPANY UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT. THE EXECUTIVE ACKNOWLEDGES THAT HE HAS HAD A FULL

OPPORTUNITY TO CONSULT WITH AN ATTORNEY OR OTHER ADVISOR OF HIS CHOOSING CONCERNING HIS EXECUTION OF THIS RELEASE AND THAT HE IS SIGNING THIS RELEASE VOLUNTARILY AND WITH THE FULL INTENT OF RELEASING THE COMPANY FROM ALL SUCH CLAIMS.

Name of Executive: [ ]
Date: **[●]**, 20**[●]**

Exhibit 10.4

LM FUNDING AMERICA, INC.
2015 OMNIBUS INCENTIVE PLAN

1. Purpose, Effective Date and Definitions.

(a) *Purpose*. This LM Funding America, Inc. 2015 Omnibus Incentive Plan has two complementary purposes: (i) to attract, retain, focus and motivate executives and other selected employees, directors, consultants and advisors and (ii) to increase stockholder value. The Plan will accomplish these objectives by offering participants the opportunity to acquire shares of the Company's common stock, receive monetary payments based on the value of such common stock or receive other incentive compensation on the terms that this Plan provides.

(b) *Effective Date.* This Plan is effective as of , 2015 (the "Effective Date").

(c) *Definitions*. Capitalized terms used and not otherwise defined in various sections of the Plan have the meanings given in Section 18.

2. Administration.

(a) *Administration*. In addition to the authority specifically granted to the Administrator in this Plan, the Administrator has full discretionary authority to administer this Plan, including but not limited to the authority to: (i) interpret the provisions of this Plan or any agreement covering an Award; (ii) prescribe, amend and rescind rules and regulations relating to this Plan; (iii) correct any defect, supply any omission, or reconcile any inconsistency in the Plan, any Award or any agreement covering an Award in the manner and to the extent it deems desirable to carry this Plan or such Award into effect; and (iv) make all other determinations necessary or advisable for the administration of this Plan. All Administrator determinations shall be made in the sole discretion of the Administrator and are final and binding on all interested parties.

Notwithstanding any provision of the Plan to the contrary, the Administrator shall have the discretion to grant an Award with any vesting condition, any vesting period or any performance period if the Award is granted to a newly hired or promoted Participant, or accelerate or shorten the vesting or performance period of an Award, in connection with a Participant's death, Disability, Retirement or termination by the Company or an Affiliate without Cause or a Change of Control.

Notwithstanding the above statement or any other provision of the Plan, once established, the Administrator shall have no discretion to increase the amount of compensation payable under an Award that is intended to be performance-based compensation under Code Section 162(m), although the Administrator may decrease the amount of compensation a Participant may earn under such an Award.

(b) *Delegation to Other Committees or Officers*. To the extent applicable law permits, the Board may delegate to another committee of the Board, or the Committee may delegate to one or more officers of the Company, any or all of their respective authority and responsibility as an Administrator of the Plan; *provided* that no such delegation is permitted with respect to Stock-based Awards made to Section 16 Participants at the time any such delegated authority or responsibility is exercised unless the delegation is to another committee of the Board consisting entirely of Non-Employee Directors. If the Board or the Committee has made such a delegation, then all references to the Administrator in this Plan include such other committee or one or more officers to the extent of such delegation.

(c) *No Liability; Indemnification*. No member of the Board or the Committee, and no officer or member of any other committee to whom a delegation under Section 2(b) has been made, will be liable for any act done, or determination made, by the individual in good faith with respect to the Plan or any Award. The Company will indemnify and hold harmless each such individual as to any acts or omissions, or determinations made, with respect to this Plan or any Award to the maximum extent that the law and the Company's by-laws permit.

3. Eligibility. The Administrator may designate any of the following as a Participant from time to time, to the extent of the Administrator's authority: any officer or other employee of the Company or its Affiliates; any individual that the Company or an Affiliate has engaged to become an officer or employee; any consultant or advisor who provides services to the Company or its Affiliates; or any Director, including a Non-Employee Director. The Administrator's granting of an Award to a Participant will not require the Administrator to grant an Award to such individual at any future time. The Administrator's granting of a particular type of Award to a Participant will not require the Administrator to grant any other type of Award to such individual.

4. Types of Awards; Assistance to Participants.

(a) *Grants of Awards*. Subject to the terms of this Plan, the Administrator may grant any type of Award to any Participant it selects, but only employees of the Company or a Subsidiary (that qualifies under Code Section 422) may receive grants of incentive stock options within the meaning of Code Section 422. Awards may be granted alone or in addition to, in tandem with, or (subject to the prohibition on repricing set forth in Section 14(e)) in substitution for any other Award (or any other award granted under another plan of the Company or any Affiliate, including the plan of an acquired entity).

(b) *Assistance.* On such terms and conditions as shall be approved by the Administrator, the Company or any Subsidiary may directly or indirectly lend money to any Participant or other person to accomplish the purposes of the Plan, including to assist such Participant or other person to acquire Shares upon the exercise of Options, *provided* that such lending is not permitted to the extent it would violate terms of the Sarbanes-Oxley Act of 2002 or any other law, regulation or other requirement applicable to the Company or any Subsidiary.

5. Shares Reserved under this Plan.

(a) *Plan Reserve*. Subject to adjustment as provided in Section 16, an aggregate of Shares are reserved for issuance under this Plan, all of which may be issued upon the exercise of incentive stock options. The Shares reserved for issuance may be either authorized and unissued Shares or shares reacquired at any time and now or hereafter held as treasury stock. The aggregate number of Shares reserved under this Section 5(a) shall be depleted by the maximum number of Shares, if any, that may be issuable under an Award as determined at the time of grant. For purposes of determining the aggregate number of Shares reserved for issuance under this Plan, any fractional Share shall be rounded to the next highest full Share.

(b) *Replenishment of Shares Under this Plan*. If (i) an Award lapses, expires, terminates or is cancelled without the issuance of Shares under the Award (whether due currently or on a deferred basis), (ii) it is determined during or at the conclusion of the term of an Award that all or some portion of the Shares with respect to which the Award was granted will not be issuable, or that other compensation with respect to the Shares covered by the Award will not be payable, on the basis that the conditions for such issuance will not be satisfied, (iii) Shares are forfeited under an Award, (iv) Shares are issued under any Award and the Company subsequently reacquires them pursuant to rights reserved upon the issuance of the Shares or (v) Shares are tendered to satisfy the exercise price of an Award or federal, state or local tax withholding obligations, then such Shares shall be recredited to the Plan's reserve and may again be used for new Awards under this Plan, but Shares recredited to the Plan's reserve pursuant to clause (iv) or (v) may not be issued pursuant to incentive stock options.

6. Options. Subject to the terms of this Plan, the Administrator will determine all terms and conditions of each Option, including but not limited to: (a) whether the Option is an "incentive stock option" which meets the requirements of Code Section 422, or a "nonqualified stock option" which does not meet the requirements of Code Section 422; (b) the grant date, which may not be any day prior to the date that the Administrator approves the grant; (c) the number of Shares subject to the Option; (d) the exercise price, which may not be less than the Fair Market Value of the Shares subject to the Option as determined on the date of grant; (e) the terms and conditions of vesting and exercise; and (f) the term, except that an Option must terminate no later than ten (10) years after the date of grant. In all other respects, the terms of any incentive stock option should comply with the provisions of Code Section 422 except to the extent the Administrator determines otherwise. Except to the extent the Administrator determines otherwise, a Participant may exercise an Option in whole or part after the right to exercise the Option has accrued, *provided* that any partial exercise must be for one hundred (100) Shares or multiples thereof. If an Option that is intended to be an incentive stock option fails to meet the requirements thereof, the Option shall automatically be treated as a nonqualified stock option to the extent of such failure. Unless restricted by the Administrator, and subject to such procedures as the Administrator may specify, the payment of the exercise price of Options may be made by (x) delivery of cash or other Shares or other securities of the Company (including by attestation) having a then Fair Market Value equal to the purchase price of such Shares or (y) by delivery to the Company or its designated agent of an executed irrevocable option exercise form together with irrevocable instructions to a broker-dealer to sell or margin a sufficient portion of the Shares and deliver the sale or margin loan proceeds directly to the Company to pay for the exercise price. To the extent permitted by the Administrator, the payment of the exercise price of the Options may also be made by surrendering the right to receive Shares otherwise deliverable to the Participant upon exercise of the Award having a Fair Market Value at the time of exercise equal to the total exercise price or by any combination of such method and the methods described in the preceding sentence. Except to the extent otherwise set forth in an Award agreement, a Participant shall have no rights as a holder of Stock as a result of the grant of an Option until the Option is exercised, the exercise price and applicable withholding taxes are paid and the Shares subject to the Option are issued thereunder.

7. Stock Appreciation Rights. Subject to the terms of this Plan, the Administrator will determine all terms and conditions of each SAR, including but not limited to: (a) whether the SAR is granted independently of an Option or relates to an Option; (b) the grant date, which may not be any day prior to the date that the Administrator approves the grant; (c) the number of Shares to which the SAR relates; (d) the grant price, *provided* that the grant price shall not be less than the Fair Market Value of the Shares subject to the SAR as determined on the date of grant; (e) the terms and conditions of exercise or maturity, including vesting; (f) the term, *provided* that an SAR must terminate no later than ten (10) years after the date of grant; and (g) whether the SAR will be settled in cash, Shares or a combination thereof. If an SAR is granted

in relation to an Option, then unless otherwise determined by the Administrator, the SAR shall be exercisable or shall mature at the same time or times, on the same conditions and to the extent and in the proportion, that the related Option is exercisable and may be exercised or mature for all or part of the Shares subject to the related Option. Upon exercise of any number of SARs, the number of Shares subject to the related Option shall be reduced accordingly and such Option may not be exercised with respect to that number of Shares. The exercise of any number of Options that relate to an SAR shall likewise result in an equivalent reduction in the number of Shares covered by the related SAR.

8. Performance and Stock Awards. Subject to the terms of this Plan, the Administrator will determine all terms and conditions of each award of Shares, Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units, including but not limited to: (a) the number of Shares and/or units to which such Award relates; (b) whether, as a condition for the Participant to realize all or a portion of the benefit provided under the Award, one or more Performance Goals must be achieved during such period as the Administrator specifies; (c) whether the restrictions imposed on Restricted Stock or Restricted Stock Units shall lapse, and all or a portion of the Performance Goals subject to an Award shall be deemed achieved, upon a Participant's death, Disability or Retirement; (d) the length of the vesting and/or performance period and, if different, the date on which payment of the benefit provided under the Award will be made; (e) with respect to Performance Units, whether to measure the value of each unit in relation to a designated dollar value or the Fair Market Value of one or more Shares; and (f) with respect to Restricted Stock Units and Performance Units, whether to settle such Awards in cash, in Shares (including Restricted Stock), or a combination thereof.

9. Annual Incentive Awards. Subject to the terms of this Plan, the Administrator will determine all terms and conditions of an Annual Incentive Award, including but not limited to the Performance Goals, performance period, the potential amount payable, and the timing of payment; *provided* that the Administrator must require that payment of all or any portion of the amount subject to the Annual Incentive Award is contingent on the achievement of one or more Performance Goals during the period the Administrator specifies, although the Administrator may specify that all or a portion of the Performance Goals subject to an Award are deemed achieved upon a Participant's death, Disability or Retirement (except, in the case of an Award intended to constitute performance-based compensation under Code Section 162(m), to the extent inconsistent with the applicable requirements of Code Section 162(m)), or such other circumstances as the Administrator may specify.

10. Long-Term Incentive Awards. Subject to the terms of this Plan, the Administrator will determine all terms and conditions of a Long-Term Incentive Award, including but not limited to the Performance Goals, performance period (which must be more than one year), the potential amount payable, and the timing of payment; *provided* that the Administrator must require that payment of all or any portion of the amount subject to the Long-Term Incentive Award is contingent on the achievement of one or more Performance Goals during the period the Administrator specifies, although the Administrator may specify that all or a portion of the Performance Goals subject to an Award are deemed achieved upon a Participant's death, Disability or Retirement (except, in the case of an Award intended to constitute performance-based compensation under Code Section 162(m), to the extent inconsistent with the applicable requirements of Code Section 162(m)), or such other circumstances as the Administrator may specify.

11. Dividend Equivalent Units. Subject to the terms of this Plan, the Administrator will determine all terms and conditions of each award of Dividend Equivalent Units, including but not limited to whether: (a) such Award will be granted in tandem with another Award; (b) payment of the Award will be made concurrently with dividend payments or credited to an account for the Participant which provides for the deferral of such amounts until a stated time; (c) the Award will be settled in cash or Shares; and (d) as a condition for the Participant to realize all or a portion of the benefit provided under the Award, one or more Performance Goals must be achieved during such period as the Administrator specifies; *provided* that Dividend Equivalent Units may not be granted in connection with an Option, Stock Appreciation Right or other "stock right" within the meaning of Code Section 409A; and *provided further* that no Dividend Equivalent Unit granted in tandem with another Award shall include vesting provisions more favorable to the Participant than the vesting provisions, if any, to which the tandem Award is subject.

12. Other Stock-Based Awards. Subject to the terms of this Plan, the Administrator may grant to Participants other types of Awards, which may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, Shares, either alone or in addition to or in conjunction with other Awards, and payable in Stock or cash. Without limitation except as provided herein (and subject to the limitations of Section 14(e)), such Award may include the issuance of shares of unrestricted Stock, which may be awarded in payment of director fees, in lieu of cash compensation, in exchange for cancellation of a compensation right, as a bonus, or upon the attainment of Performance Goals or otherwise, or rights to acquire Stock from the Company. The Administrator shall determine all terms and conditions of the Award, including but not limited to, the time or times at which such Awards shall be made, and the number of Shares to be granted pursuant to such Awards or to which such Award shall relate; *provided* that any Award that provides for purchase rights shall be priced at 100% of Fair Market Value on the date of the Award.

13. Restrictions on Transfer, Encumbrance and Disposition. No Award granted under this Plan may be sold, assigned, mortgaged, pledged, exchanged, hypothecated or otherwise transferred, or encumbered or disposed of, by a Participant other than by will or the laws of descent and distribution, and during the lifetime of the Participant such Awards may be exercised only by the Participant or the Participant's legal representative or by the permitted transferee of such Participant as hereinafter provided (or by the legal representative of such permitted transferee). Notwithstanding the foregoing, a Participant may transfer an Award to the extent expressly permitted by the Administrator. Subsequent transfers of transferred Awards are prohibited except transfers otherwise made in accordance with this Section 13. Any attempted transfer not permitted by this Section 13 shall be null and void and have no legal effect. The restrictions set forth in this Section 13, and any risk of forfeiture applicable to an Award, shall be enforceable against any transferee of an Award.

14. Termination and Amendment of Plan; Amendment, Modification or Cancellation of Awards.

(a) *Term of Plan*. Unless the Board earlier terminates this Plan pursuant to Section 14(b), this Plan will terminate when all Shares reserved for issuance have been issued. If the term of this Plan extends beyond ten (10) years from the Effective Date, no incentive stock options may be granted after such time unless the stockholders of the Company have approved an extension of this Plan. In addition, no Award may constitute qualified performance-based compensation within the meaning of Code Section 162(m) unless, to the extent required by Code Section 162(m) for such Award to constitute qualified performance-based compensation, the material terms of the Performance Goals applicable to such Award are disclosed to and reapproved by the stockholders of the Company no later than the first stockholder meeting that occurs in the fifth (5th) year following the year in which the stockholders previously approved the Performance Goals.

(b) *Termination and Amendment*. The Board or the Administrator may amend, alter, suspend, discontinue or terminate this Plan at any time, subject to the following limitations:

(i) the Board must approve any amendment of this Plan to the extent the Company determines such approval is required by: (A) prior action of the Board, (B) applicable corporate law, or (C) any other applicable law;

(ii) stockholders must approve any amendment of this Plan to the extent the Company determines such approval is required by: (A) Section 16 of the Exchange Act, (B) the Code, (C) the listing requirements of any principal securities exchange or market on which the Shares are then traded, or (D) any other applicable law; and

(iii) stockholders must approve any of the following Plan amendments: (A) an amendment to materially increase any number of Shares specified in Section 5(a) (except as permitted by Section 16) or (B) an amendment that would diminish the protections afforded by Section 14(e).

(c) *Amendment, Modification, Cancellation and Disgorgement of Awards*.

(i) Except as provided in Section 14(e) and subject to the requirements of this Plan, the Administrator may modify, amend or cancel any Award, or waive any restrictions or conditions applicable to any Award or the exercise of the Award; *provided* that, except as otherwise provided in the Plan or the Award agreement, any modification or amendment that materially diminishes the rights of the Participant, or the cancellation of the Award, shall be effective only if agreed to by the Participant or any other person(s) as may then have an interest in the Award, but the Administrator need not obtain Participant (or other interested party) consent for the modification, amendment or cancellation of an Award pursuant to the provisions of subsection (ii) or Section 16 or as follows: (A) to the extent the Administrator deems such action necessary to comply with any applicable law or the listing requirements of any principal securities exchange or market on which the Shares are then traded; (B) to the extent the Administrator deems necessary to preserve favorable accounting or tax treatment of any Award for the Company; or (C) to the extent the Administrator determines that such action does not materially and adversely affect the value of an Award or that such action is in the best interest of the affected Participant (or any other person(s) as may then have an interest in the Award). Notwithstanding the foregoing, unless determined otherwise by the Administrator, any such amendment shall be made in a manner that will enable an Award intended to be exempt from Code Section 409A to continue to be so exempt, or to enable an Award intended to comply with Code Section 409A to continue to so comply.

(ii) Notwithstanding anything to the contrary in an Award agreement, the Administrator shall have full power and authority to terminate or cause the Participant to forfeit the Award, and require the Participant to disgorge to the Company any gains attributable to the Award, if the Participant engages in any action constituting, as determined by the Administrator in its discretion, Cause for termination, or a breach of any Award agreement or any other agreement between the Participant and the Company or an Affiliate concerning noncompetition, nonsolicitation, confidentiality, trade secrets, intellectual property, nondisparagement or similar obligations.

(iii) Any Awards granted pursuant to this Plan, and any Stock issued or cash paid pursuant to an Award, shall be subject to any recoupment or clawback policy that is adopted by, or any recoupment or similar requirement otherwise made applicable by law, regulation or listing standards to, the Company from time to time.

(d) *Survival of Authority and Awards*. Notwithstanding the foregoing, the authority of the Board and the Administrator under this Section 14 and to otherwise administer the Plan with respect to then-outstanding Awards will extend beyond the date of this Plan's termination. In addition, termination of this Plan will not affect the rights of Participants with respect to Awards previously granted to them, and all unexpired Awards will continue in force and effect after termination of this Plan except as they may lapse or be terminated by their own terms and conditions.

(e) *Repricing and Backdating Prohibited*. Notwithstanding anything in this Plan to the contrary, and except for the adjustments provided for in Section 16, neither the Administrator nor any other person may (i) amend the terms of outstanding Options or SARs to reduce the exercise or grant price of such outstanding Options or SARs; (ii) cancel outstanding Options or SARs in exchange for Options or SARs with an exercise or grant price that is less than the exercise or grant price of the original Options or SARs; or (iii) cancel outstanding Options or SARs with an exercise or grant price above the current Fair Market Value of a Share in exchange for cash or other securities. In addition, the Administrator may not make a grant of an Option or SAR with a grant date that is effective prior to the date the Administrator takes action to approve such Award.

(f) *Foreign Participation*. To assure the viability of Awards granted to Participants employed or residing in foreign countries, the Administrator may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy, accounting or custom. Moreover, the Administrator may approve such supplements to, or amendments, restatements or alternative versions of, this Plan as it determines is necessary or appropriate for such purposes. Any such amendment, restatement or alternative versions that the Administrator approves for purposes of using this Plan in a foreign country will not affect the terms of this Plan for any other country. In addition, all such supplements, amendments, restatements or alternative versions must comply with the provisions of Section 14(b)(ii).

(g) *Code Section 409A*. The provisions of Code Section 409A are incorporated herein by reference to the extent necessary for any Award that is subject to Code Section 409A to comply therewith.

15. Taxes.

(a) *Withholding*. In the event the Company or one of its Affiliates is required to withhold any Federal, state or local taxes or other amounts in respect of any income recognized by a Participant as a result of the grant, vesting, payment or settlement of an Award or disposition of any Shares acquired under an Award, the Company or its Affiliate may deduct (or require an Affiliate to deduct) from any cash payments of any kind otherwise due the Participant, or with the consent of the Administrator, Shares otherwise deliverable or vesting under an Award, to satisfy such tax or other obligations. Alternatively, the Company or its Affiliate may require such Participant to pay to the Company or its Affiliate, in cash, promptly on demand, or make other

arrangements satisfactory to the Company or its Affiliate regarding the payment to the Company or its Affiliate of the aggregate amount of any such taxes and other amounts. If Shares are deliverable upon exercise or payment of an Award, then, unless restricted by the Administrator and subject to such procedures as the Administrator may specify, a Participant may satisfy all or a portion of the Federal, state and local withholding tax obligations arising in connection with such Award by electing to deliver other previously owned Shares. To the extent expressly permitted by the Administrator, a Participant may satisfy all or a portion of the Federal, state and local withholding tax obligations arising in connection with an Award by having the Company or its Affiliate withhold Shares otherwise issuable under the Award or tendering back Shares received in connection with such Award. Notwithstanding anything to the contrary herein, the amount to be withheld may not exceed the total minimum federal, state and local tax withholding obligations associated with the transaction to the extent needed for the Company and its Affiliates to avoid an accounting charge. If an election is provided, the election must be made on or before the date as of which the amount of tax to be withheld is determined and otherwise as the Administrator requires. In any case, the Company and its Affiliates may defer making payment or delivery under any Award if any such tax may be pending unless and until indemnified to its satisfaction.

(b) *No Guarantee of Tax Treatment.* Notwithstanding any provisions of the Plan, the Company does not guarantee to any Participant or any other Person with an interest in an Award that (i) any Award intended to be exempt from Code Section 409A shall be so exempt, (ii) any Award intended to comply with Code Section 409A or Code Section 422 shall so comply, or (iii) any Award shall otherwise receive a specific tax treatment under any other applicable tax law, nor in any such case will the Company or any Affiliate be required to indemnify, defend or hold harmless any individual with respect to the tax consequences of any Award.

16. Adjustment Provisions; Change of Control.

(a) *Adjustment of Shares*. If: (i) the Company shall at any time be involved in a merger or other transaction in which the Shares are changed or exchanged; (ii) the Company shall subdivide or combine the Shares or the Company shall declare a dividend payable in Shares, other securities (other than stock purchase rights issued pursuant to a stockholder rights agreement) or other property; (iii) the Company shall effect a cash dividend the amount of which, on a per Share basis, exceeds ten percent (10%) of the Fair Market Value of a Share at the time the dividend is declared, or the Company shall effect any other dividend or other distribution on the Shares in the form of cash, or a repurchase of Shares, that the Board determines by resolution is special or extraordinary in nature or that is in connection with a transaction that the Company characterizes publicly as a recapitalization or reorganization involving the Shares; or (iv) any other event shall occur, which, in the case of this clause (iv), in the judgment of the Administrator necessitates an adjustment to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Plan, then the Administrator shall, in such manner as it may deem equitable to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Plan, adjust as applicable: (A) the number and type of shares subject to this Plan (including the number and type of shares described in Sections 5(a) and (b)) and which may after the event be made the subject of Awards; (B) the number and type of shares subject to outstanding Awards; (C) the grant, purchase, or exercise price with respect to any Award; and (D) to the extent such discretion does not cause an Award that is intended to qualify as performance-based compensation under Code Section 162(m) to lose its status as such, the Performance Goals of an Award. In any such case, the Administrator may also (or in lieu of the foregoing) make provision for a cash payment to the holder of an outstanding Award in exchange for the

cancellation of all or a portion of the Award (without the consent of the holder of an Award) in an amount determined by the Administrator effective at such time as the Administrator specifies (which may be the time such transaction or event is effective). However, in each case, with respect to Awards of incentive stock options, no such adjustment may be authorized to the extent that such authority would cause this Plan to violate Code Section 422(b). Further, the number of Shares subject to any Award payable or denominated in Shares must always be a whole number. In any event, previously granted Options or SARs are subject to only such adjustments as are necessary to maintain the relative proportionate interest the Options and SARs represented immediately prior to any such event and to preserve, without exceeding, the value of such Options or SARs.

Without limitation, in the event of any reorganization, merger, consolidation, combination or other similar corporate transaction or event, whether or not constituting a Change of Control (other than any such transaction in which the Company is the continuing corporation and in which the outstanding Stock is not being converted into or exchanged for different securities, cash or other property, or any combination thereof), the Administrator may substitute, on an equitable basis as the Administrator determines, for each Share then subject to an Award and the Shares subject to this Plan (if the Plan will continue in effect), the number and kind of shares of stock, other securities, cash or other property to which holders of Stock are or will be entitled in respect of each Share pursuant to the transaction.

Notwithstanding the foregoing, in the case of a stock dividend (other than a stock dividend declared in lieu of an ordinary cash dividend) or subdivision or combination of the Shares (including a reverse stock split), if no action is taken by the Administrator, adjustments contemplated by this subsection that are proportionate shall nevertheless automatically be made as of the date of such stock dividend or subdivision or combination of the Shares.

(b) *Issuance or Assumption*. Notwithstanding any other provision of this Plan, and without affecting the number of Shares otherwise reserved or available under this Plan, in connection with any merger, consolidation, acquisition of property or stock, or reorganization, the Administrator may authorize the issuance or assumption of awards under this Plan upon such terms and conditions as it may deem appropriate.

(c) *Change of Control.* Unless otherwise expressly provided in an Award agreement or another contract, including an employment agreement, or under the terms of a transaction constituting a Change of Control, the Administrator may provide for the acceleration of the vesting or earning and, if applicable, exercisability of any outstanding Award, or portion thereof, or the lapsing of any conditions or restrictions on or the time for payment in respect of any outstanding Award, or portion thereof, upon a Change of Control or the termination of the Participant's employment following a Change of Control. In addition, unless otherwise expressly provided in an Award agreement or another contract, including an employment agreement, or under the terms of a transaction constituting a Change of Control, without limitation of the foregoing, the Administrator may provide that any or all of the following shall occur in connection with a Change of Control: (a) the substitution for the Shares subject to any outstanding Award, or portion thereof, of stock or other securities of the surviving corporation or any successor corporation to the Company, or a parent or subsidiary thereof, in which event the aggregate purchase or exercise price, if any, of such Award, or portion thereof, shall remain the same, (b) the conversion of any outstanding Award, or portion thereof, into a right to receive cash or other property upon or following the consummation of the Change of Control in an amount equal to the value of the consideration to be received by holders of Shares in connection with such transaction for one Share, less the per share purchase or exercise price of such Award, if any,

multiplied by the number of Shares subject to such Award, or a portion thereof, (c) acceleration of the vesting (and, as applicable, the exercisability) of any and/or all outstanding Awards, (d) the cancellation of any outstanding and unexercised Awards upon or following the consummation of the Change of Control (without the consent of an Award holder or any person with an interest in an Award), (e) in the case of Options or SARs, the cancellation of all outstanding Options or SARs in exchange for a cash payment equal to the excess of the Change of Control Price over the exercise price of the Shares subject to such Option or SAR upon the Change of Control (or for no cash payment if such excess is zero), and/or (f) the cancellation of any Awards in exchange for a cash payment based on the value of the Award as of the date of the Change of Control (or for no payment if the Award has no value).

For purposes of this Section 16, the "value" of a Performance Share shall be equal to, and the "value" of a Performance Unit for which the value is equal to the Fair Market Value of Shares shall be based on, the Change of Control Price. Notwithstanding anything to the contrary in this Section 16(c), the terms of any Awards that are subject to Code Section 409A shall govern the treatment of such Awards upon a Change of Control, and the terms of this Section 16(c) shall not apply, to the extent required for such Awards to remain compliant with Code Section 409A, as applicable.

(d) *Application of Limits on Payments*.

(i) *Determination of Cap or Payment*. Except to the extent the Participant has in effect an employment or similar agreement with the Company or any Affiliate or is subject to a policy that provides for a more favorable result to the Participant upon a Change of Control, if any payments or benefits paid by the Company pursuant to this Plan, including any accelerated vesting or similar provisions ("Plan Payments"), would cause some or all of the Plan Payments in conjunction with any other payments made to or benefits received by a Participant in connection with a Change of Control (such payments or benefits, together with the Plan Payments, the "Total Payments") to be subject to the tax ("Excise Tax") imposed by Code Section 4999 but for this Section 16(d), then, notwithstanding any other provision of this Plan to the contrary, the Total Payments shall be delivered either (A) in full or (B) in an amount such that the value of the aggregate Total Payments that the Participant is entitled to receive shall be One Dollar ($1.00) less than the maximum amount that the Participant may receive without being subject to the Excise Tax, whichever of (A) or (B) results in the receipt by the Participant of the greatest benefit on an after-tax basis (taking into account applicable federal, state and local income taxes and the Excise Tax).

(ii) *Procedures*.

(A) If a Participant or the Company believes that a payment or benefit due the Participant will result in some or all of the Total Payments being subject to the Excise Tax, then the Company, at its expense, shall obtain the opinion (which need not be unqualified) of nationally recognized tax counsel ("National Tax Counsel") selected by the Company (which may be regular outside counsel to the Company), which opinion sets forth (1) the amount of the Base Period Income (as defined below), (2) the amount and present value of the Total Payments, (3) the amount and present value of any excess parachute payments determined without regard to any reduction of Total Payments pursuant to Section 6(a)(ii), and (4) the net after-tax proceeds to the Participant, taking into

account applicable federal, state and local income taxes and the Excise Tax if (x) the Total Payments were delivered in accordance with Section 16(d)(i)(A) or (y) the Total Payments were delivered in accordance with Section 16(d)(i)(B). The opinion of National Tax Counsel shall be addressed to the Company and the Participant and shall be binding upon the Company and the Participant. If such National Tax Counsel opinion determines that Section 16(d)(i)(B) applies, then the Plan Payments or any other payment or benefit determined by such counsel to be includable in the Total Payments shall be reduced or eliminated so that under the bases of calculations set forth in such opinion there will be no excess parachute payment. In such event, payments or benefits included in the Total Payments shall be reduced or eliminated by applying the following principles, in order: (1) the payment or benefit with the higher ratio of the parachute payment value to present economic value (determined using reasonable actuarial assumptions) shall be reduced or eliminated before a payment or benefit with a lower ratio; (2) the payment or benefit with the later possible payment date shall be reduced or eliminated before a payment or benefit with an earlier payment date; and (3) cash payments shall be reduced prior to non-cash benefits; *provided* that if the foregoing order of reduction or elimination would violate Code Section 409A, then the reduction shall be made pro rata among the payments or benefits included in the Total Payments (on the basis of the relative present value of the parachute payments).

(B) For purposes of this Section 16: (1) the terms “excess parachute payment” and “parachute payments” shall have the meanings given in Code Section 280G and such “parachute payments” shall be valued as provided therein; (2) present value shall be calculated in accordance with Code Section 280G(d)(4); (3) the term “Base Period Income” means an amount equal to the Participant’s “annualized includible compensation for the base period” as defined in Code Section 280G(d)(1); (4) for purposes of the opinion of National Tax Counsel, the value of any noncash benefits or any deferred payment or benefit shall be determined by the Company’s independent auditors in accordance with the principles of Code Sections 280G(d)(3) and (4); and (5) the Participant shall be deemed to pay federal income tax and employment taxes at the highest marginal rate of federal income and employment taxation, and state and local income taxes at the highest marginal rate of taxation in the state or locality of the Participant’s domicile, net of the maximum reduction in federal income taxes that may be obtained from the deduction of such state and local taxes.

(C) If National Tax Counsel so requests in connection with the opinion required by this Section 16(d)(ii), the Company shall obtain, at the Company’s expense, and the National Tax Counsel may rely on, the advice of a firm of recognized executive compensation consultants as to the reasonableness of any item of compensation to be received by the Participant solely with respect to its status under Code Section 280G.

(D) The Company agrees to bear all costs associated with, and to indemnify and hold harmless the National Tax Counsel from, any and all claims, damages and expenses resulting from or relating to its determinations pursuant to this Section 16, except for claims, damages or expenses resulting from the gross negligence or willful misconduct of such firm.

(E) This Section 16 shall be amended to comply with any amendment or successor provision to Code Section 280G or Code Section 4999. If such provisions are repealed without successor, then this Section 16(d) shall be cancelled without further effect.

17. Miscellaneous.

(a) *Other Terms and Conditions*. The Administrator may provide in any Award agreement such other provisions (whether or not applicable to the Award granted to any other Participant) as the Administrator determines appropriate to the extent not otherwise prohibited by the terms of the Plan.

(b) *Employment and Service*. The issuance of an Award shall not confer upon a Participant any right with respect to continued employment or service with the Company or any Affiliate, or the right to continue as a Director. Unless determined otherwise by the Administrator, for purposes of the Plan and all Awards, the following rules shall apply:

(i) a Participant who transfers employment between the Company and its Affiliates, or between Affiliates, will not be considered to have terminated employment;

(ii) a Participant who ceases to be a Non-Employee Director because he or she becomes an employee of the Company or an Affiliate shall not be considered to have ceased service as a Director with respect to any Award until such Participant's termination of employment with the Company and its Affiliates;

(iii) a Participant who ceases to be employed by the Company or an Affiliate and immediately thereafter becomes a Non-Employee Director, a non-employee director of an Affiliate, or a consultant to the Company or any Affiliate shall not be considered to have terminated employment until such Participant's service as a director of, or consultant to, the Company and its Affiliates has ceased; and

(iv) a Participant employed by an Affiliate will be considered to have terminated employment when such entity ceases to be an Affiliate.

Notwithstanding the foregoing, for purposes of an Award that is subject to Code Section 409A, if a Participant's termination of employment or service triggers the payment of compensation under such Award, then the Participant will be deemed to have terminated employment or service upon his or her "separation from service" within the meaning of Code Section 409A. Notwithstanding any other provision in this Plan or an Award to the contrary, if any Participant is a "specified employee" within the meaning of Code Section 409A as of the date of his or her "separation from service" within the meaning of Code Section 409A, then, to the extent required by Code Section 409A, any payment made to the Participant on account of such separation from service shall not be made before a date that is six months after the date of the separation from service.

(c) *No Fractional Shares*. No fractional Shares or other securities may be issued or delivered pursuant to this Plan, and the Administrator may determine whether cash, other securities or other property will be paid or transferred in lieu of any fractional Shares or other securities, or whether such fractional Shares or other securities or any rights to fractional Shares or other securities will be canceled, terminated or otherwise eliminated.

(d) *Unfunded Plan; Awards Not Includable for Benefits Purposes*. This Plan is unfunded and does not create, and should not be construed to create, a trust or separate fund with respect to this Plan's benefits. This Plan does not establish any fiduciary relationship between the Company and any Participant or other person. To the extent any person holds any rights by virtue of an Award granted under this Plan, such rights are no greater than the rights of the Company's general unsecured creditors. Income recognized by a Participant pursuant to an Award shall not be included in the determination of benefits under any employee pension benefit plan (as such term is defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended) or group insurance or other benefit plans applicable to the Participant which are maintained by the Company or any Affiliate, except as may be provided under the terms of such plans or determined by resolution of the Board.

(e) *Requirements of Law and Securities Exchange.* The granting of Awards and the issuance of Shares in connection with an Award are subject to all applicable laws, rules and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required. Notwithstanding any other provision of this Plan or any award agreement, the Company has no liability to deliver any Shares under this Plan or make any payment unless such delivery or payment would comply with all applicable laws and the applicable requirements of any securities exchange or similar entity, and unless and until the Participant has taken all actions required by the Company in connection therewith. The Company may impose such restrictions on any Shares issued under the Plan as the Company determines necessary or desirable to comply with all applicable laws, rules and regulations or the requirements of any national securities exchanges.

(f) *Governing Law; Venue*. This Plan, and all agreements under this Plan, will be construed in accordance with and governed by the laws of the State of Delaware, without reference to any conflict of law principles. Any legal action or proceeding with respect to this Plan, any Award or any award agreement, or for recognition and enforcement of any judgment in respect of this Plan, any Award or any award agreement, may only be brought and determined in (i) a court sitting in the State of Delaware, and (ii) a "bench" trial, and any party to such action or proceeding shall agree to waive its right to a jury trial.

(g) *Limitations on Actions*. Any legal action or proceeding with respect to this Plan, any Award or any award agreement, must be brought within one year (365 days) after the day the complaining party first knew or should have known of the events giving rise to the complaint.

(h) *Construction*. Whenever any words are used herein in the masculine, they shall be construed as though they were used in the feminine in all cases where they would so apply; and wherever any words are used in the singular or plural, they shall be construed as though they were used in the plural or singular, as the case may be, in all cases where they would so apply. Titles of sections are for general information only, and this Plan is not to be construed with reference to such titles.

(i) *Severability*. If any provision of this Plan or any award agreement or any Award (a) is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction, or as to any person or Award, or (b) would disqualify this Plan, any award agreement or any Award under any law the Administrator deems applicable, then such provision should be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Administrator, materially altering the intent of this Plan, award agreement or Award, then such provision should be stricken as to such jurisdiction, person or Award, and the remainder of this Plan, such award agreement and such Award will remain in full force and effect.

18. Definitions. Capitalized terms used in this Plan or any Award agreement have the following meanings, unless the Award agreement otherwise provides:

(a) "Administrator" means the Committee; *provided* that, to the extent the Board has retained authority and responsibility as an Administrator of the Plan, the term "Administrator" shall also mean the Board or, to the extent the Committee has delegated authority and responsibility as an Administrator of the Plan to one or more officers of the Company as permitted by Section 2(b), the term "Administrator" shall also mean such officer or officers.

(b) "Affiliate" shall have the meaning given in Rule 12b-2 under the Exchange Act. Notwithstanding the foregoing, for purposes of determining those individuals to whom an Option or Stock Appreciation Right may be granted, the term "Affiliate" means any entity that, directly or through one or more intermediaries, is controlled by, controls, or is under common control with, the Company within the meaning of Code Sections 414(b) or (c); *provided* that, in applying such provisions, the phrase "at least 20 percent" shall be used in place of "at least 80 percent" each place it appears therein.

(c) "Award" means a grant of Options, Stock Appreciation Rights, Performance Shares, Performance Units, Restricted Stock, Restricted Stock Units, Shares, an Annual Incentive Award, a Long-Term Incentive Award, Dividend Equivalent Units or any other type of award permitted under the Plan.

(d) "Board" means the Board of Directors of the Company.

(e) "Cause" means any of the following as determined by the Company: (i) with respect to Participants other than Non-Employee Directors, (A) the failure of the Participant to perform or observe any of the material terms or provisions of any written employment agreement between the Participant and the Company or its Affiliates or, if no written agreement exists, the gross dereliction of the Participant's duties (for reasons other than the Participant's Disability) with respect to the Company or its Affiliates; (B) the failure of the Participant to comply fully with the lawful directives of the Board or the board of directors of an Affiliate of the Company, as applicable, or the officers or supervisory employees to whom the Participant reports; (C) the Participant's dishonesty, misconduct, misappropriation of funds, or disloyalty or disparagement of the Company, any of its Affiliates or its management or employees; or (D) other proper cause determined in good faith by the Administrator; or (ii) with respect to Non-Employee Directors, (A) fraud or intentional misrepresentation; (B) embezzlement, misappropriation or conversion of assets or opportunities of the Company or any of its Affiliates; or (C) any other gross or willful misconduct as determined by the Committee, in its sole and conclusive discretion.

(f) “Change of Control” means the first to occur of the following with respect to the Company (which, for purposes of this definition, shall be included in references to “the Company”):

(i) Any “Person,” as that term is defined in Sections 13(d) and 14(d) of the Exchange Act (but excluding (A) the Company; (B) any trustee or other fiduciary holding securities under an employee benefit plan of the Company; (C) any corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as they own the stock of the Company; or (D) either of Bruce M. Rodgers or Carollinn Gould or any of their respective Affiliates or family members), is or becomes the “Beneficial Owner” (as that term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company’s then outstanding securities; or

(ii) The Company is merged or consolidated with any other corporation or other entity, other than: (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or (B) the Company engages in a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no “Person” (as defined above) acquires fifty percent (50%) or more of the combined voting power of the Company’s then outstanding securities. Notwithstanding the foregoing, a merger or consolidation involving the Company shall not be considered a “Change of Control” if the Company is the surviving corporation and shares of the Stock are not converted into or exchanged for stock or securities of any other corporation, cash or any other thing of value, unless persons who beneficially owned shares of the Stock outstanding immediately prior to such transaction own beneficially less than a majority of the outstanding voting securities of the Company immediately following the merger or consolidation;

(iii) The Company or any Affiliate sells, assigns or otherwise transfers assets in a transaction or series of related transactions, if the aggregate market value of the assets so sold, assigned or otherwise transferred exceeds fifty percent (50%) of the Company’s consolidated book value, determined by the Company in accordance with generally accepted accounting principles, measured at the time at which such transaction occurs or the first of such series of related transactions occurs; *provided* that such a transfer effected pursuant to a spin-off or split-up where stockholders of the Company retain ownership of the transferred assets proportionate to their pro rata ownership interest in the Company shall not be deemed a “Change of Control”;

(iv) The Company dissolves and liquidates substantially all of its assets; or

(v) At any time after the Effective Date when the “Continuing Directors” cease to constitute a majority of the Board. For this purpose, a “Continuing Director” shall mean: (A) the individuals who, at the Effective Date, constitute the Board; and (B) any new Directors (other than Directors designated by a person who has entered into an agreement with the Company to effect a transaction described in clause (i), (ii), or (iii) of this definition) whose appointment to the Board or nomination for election by Company stockholders was approved by a vote of at least two-thirds of the then-serving Continuing Directors.

If an Award is considered deferred compensation subject to the provisions of Code Section 409A, then the Administrator may include an amended definition of "Change of Control" in the Award agreement issued with respect to such Award as necessary to comply with, or as necessary to permit a deferral under, Code Section 409A.

(g) "Change of Control Price" means the highest of the following: (i) the Fair Market Value of the Shares, as determined on the date of the Change of Control; (ii) the highest price per Share paid in the Change of Control transaction; or (iii) the Fair Market Value of the Shares, calculated on the date of surrender of the relevant Award in accordance with Section 16(c), but this clause (iii) shall not apply if in the Change of Control transaction, or pursuant to an agreement to which the Company is a party governing the Change of Control transaction, all of the Shares are purchased for and/or converted into the right to receive a current payment of cash and no other securities or other property.

(h) "Code" means the Internal Revenue Code of 1986, as amended. Any reference to a specific provision of the Code includes any successor provision and the regulations promulgated under such provision.

(i) "Committee" means the Compensation Committee of the Board, or such other committee of the Board that is designated by the Board with the same or similar authority. The Committee shall consist only of Non-Employee Directors (not fewer than two (2)) who also qualify as Outside Directors to the extent necessary for the Plan to comply with Rule 16b-3 promulgated under the Exchange Act or any successor rule and to permit Awards that are otherwise eligible to qualify as "performance-based compensation" under Section 162(m) of the Code to so qualify.

(j) "Company" means LM Funding America, Inc., a Delaware corporation, or any successor thereto.

(k) "Director" means a member of the Board; "Non-Employee Director" means a Director who is not also an employee of the Company or its Subsidiaries; and "Outside Director" means a Director who qualifies as an outside director within the meaning of Code Section 162(m).

(l) "Disability" means disability as defined in the Company's long-term disability plan covering exempt salaried employees, except as otherwise determined by the Administrator and set forth in an Award agreement. The Administrator shall make the determination of Disability and may request such evidence of disability as it reasonably determines.

(m) "Dividend Equivalent Unit" means the right to receive a payment, in cash or Shares, equal to the cash dividends or other distributions paid with respect to a Share as described in Section 11.

(n) "Exchange Act" means the Securities Exchange Act of 1934, as amended. Any reference to a specific provision of the Exchange Act includes any successor provision and the regulations and rules promulgated under such provision.

(o) "Fair Market Value" means, per Share on a particular date, the last sales price on such date on the national securities exchange on which the Stock is then traded, as reported in The Wall Street Journal, or if no sales of Stock occur on the date in question, on the last preceding date on which there was a sale on such exchange. If the Shares are not listed on a national securities exchange, but are traded in an over-the-counter market, the last sales price (or, if there is no last sales price reported, the average of the closing bid and asked prices) for the Shares on the particular date, or on the last preceding date on which there was a sale of Shares on that market, will be used. If the Shares are neither listed on a national securities exchange nor traded in an over-the-counter market, the price determined by the Administrator, in its discretion, will be used. If an actual sale of a Share occurs on the market, then the Company may consider the sale price to be the Fair Market Value of such Share.

(p) “Incentive Award” means the right to receive a cash payment to the extent Performance Goals are achieved (or other requirements are met), and shall include “Annual Incentive Awards” as described in Section 9 and “Long-Term Incentive Awards” as described in Section 10.

(q) “Option” means the right to purchase Shares at a stated price for a specified period of time.

(r) “Participant” means an individual selected by the Administrator to receive an Award.

(s) “Performance Goals” means any goals the Administrator establishes that relate to one or more of the following with respect to the Company or any one or more of its Subsidiaries, Affiliates or other business units: book value; revenue; cash flow; total stockholder return; dividends; debt; net cash provided by operating activities; net cash provided by operating activities less net cash used in investing activities; ratio of debt to debt plus equity; profit before tax; gross profit; net profit; net operating profit; net operating profit after taxes; net sales; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; Fair Market Value of Shares; basic earnings per share; diluted earnings per share; return on stockholder equity; return on average equity; return on average total capital employed; return on net assets employed before interest and taxes; economic value added; return on year-end equity; capital; cost of capital; cost of equity; cost of debt; taxes; market share; operating ratios; combined ratio; loss ratio, net plus the expense ratio; customer satisfaction; customer retention; customer loyalty; strategic business criteria based on meeting specified revenue goals; market penetration goals; investment performance goals; business expansion goals or cost targets; accomplishment of mergers, acquisitions, dispositions or similar extraordinary business transactions; profit returns and margins; financial return ratios; market performance and/or goals or returns or a combination of the foregoing. As to each Performance Goal, the relevant measurement of performance shall be computed in accordance with generally accepted accounting principles to the extent applicable, but, unless otherwise determined by the Administrator, will exclude the effects of the following: (i) charges for reorganizing and restructuring; (ii) discontinued operations; (iii) asset write-downs; (iv) gains or losses on the disposition of a business; (v) changes in tax or accounting principles, regulations or laws; (vi) mergers, acquisitions, dispositions or recapitalizations; (vii) impacts on interest expense, preferred dividends and share dilution as a result of debt and capital transactions; and (viii) extraordinary, unusual and/or non-recurring items of income, expense, gain or loss, that, in case of each of the foregoing, the Company identifies in its publicly filed periodic or current reports, its audited financial statements, including notes to the financial statements, or the Management’s Discussion and Analysis section of the Company’s annual report. With respect to any Award intended to qualify as performance-based compensation under Code Section 162(m), such exclusions shall be made only to the extent consistent with Code Section 162(m). To the extent consistent with Code Section 162(m), the Administrator may also provide for other adjustments to Performance Goals in the Award agreement or plan document evidencing any Award. In addition, the Administrator may appropriately adjust any evaluation of performance under a Performance Goal to exclude any of the following events that occurs during a performance period: (i) litigation, claims, judgments or settlements; (ii) the effects of changes in other laws or regulations affecting reported results; and (iii) accruals of any amounts for

payment under this Plan or any other compensation arrangements maintained by the Company; *provided* that, with respect to any Award intended to qualify as performance-based compensation under Code Section 162(m), such adjustment may be made only to the extent consistent with Code Section 162(m). Where applicable, the Performance Goals may be expressed, without limitation, in terms of attaining a specified level of the particular criterion or the attainment of an increase or decrease (expressed as absolute numbers, averages and/or percentages) in the particular criterion or achievement in relation to a peer group or other index. The Performance Goals may include a threshold level of performance below which no payment will be made (or no vesting will occur), levels of performance at which specified payments will be paid (or specified vesting will occur), and a maximum level of performance above which no additional payment will be made (or at which full vesting will occur). In addition, in the case of Awards that the Administrator determines at the date of grant will not be considered "performance-based compensation" under Code Section 162(m), the Administrator may establish other Performance Goals and provide for other exclusions or adjustments not listed in this Plan.

(t) "Performance Shares" means the right to receive Shares to the extent Performance Goals are achieved (or other requirements are met) as described in Section 8.

(u) "Performance Unit" means the right to receive a cash payment and/or Shares valued in relation to a unit that has a designated dollar value or the value of which is equal to the Fair Market Value of one or more Shares, to the extent Performance Goals are achieved (or other requirements are met) as described in Section 8.

(v) "Person" has the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, or any group of Persons acting in concert that would be considered "persons acting as a group" within the meaning of Treas. Reg. § 1.409A-3(i)(5).

(w) "Plan" means this LM Funding America, Inc. 2015 Omnibus Incentive Plan, as may be amended from time to time.

(x) "Restricted Stock" means a Share that is subject to a risk of forfeiture or restrictions on transfer, or both a risk of forfeiture and restrictions on transfer, as described in Section 8.

(y) "Restricted Stock Unit" means the right to receive a cash payment and/or Shares equal to the Fair Market Value of one Share that is subject to a risk of forfeiture or restrictions on transfer, or both a risk of forfeiture and restrictions on transfer, as described in Section 8.

(z) "Retirement" means termination of employment or service with the Company and its Affiliates on or after the date the Participant has both attained age sixty (60) and completed ten (10) years of service with the Company and its Affiliates.

(aa) "Section 16 Participants" means Participants who are subject to the provisions of Section 16 of the Exchange Act.

(bb) "Share" means a share of Stock.

(cc) "Stock" means the Common Stock, par value $0.001, of the Company.

(dd) “Stock Appreciation Right” or “SAR” means the right to receive cash, and/or Shares with a Fair Market Value, equal to the appreciation of the Fair Market Value of a Share during a specified period of time.

(ee) “Subsidiary” means any corporation, limited liability company or other limited liability entity in an unbroken chain of entities beginning with the Company if each of the entities (other than the last entities in the chain) owns the stock or equity interest possessing more than fifty percent (50%) of the total combined voting power of all classes of stock or other equity interests in one of the other entities in the chain.

Exhibit 10.5

LM FUNDING AMERICA, INC.
2015 OMNIBUS INCENTIVE PLAN
STOCK OPTION AWARD AGREEMENT

_____
_____
_____

Dear _____
___:

You have been granted an option (this "Option") to purchase shares of the common stock of LM Funding America, Inc. (the "Company") pursuant to the Company's 2015 Omnibus Incentive Plan (the "Plan") and this Stock Option Award Agreement (this "Option Agreement"). This Option is granted under and governed by the terms and conditions of the Plan and this Option Agreement. Additional provisions regarding this Option and definitions of capitalized terms used and not defined in this Option Agreement can be found in the Plan.

Grant Date:	_____ ___, 20__
Type of Option:	€ Incentive Stock Option € Nonqualified Stock Option
Number of Option Shares:	_____
Exercise Price per Share:	$__.__
Term:	This Option shall expire on the tenth anniversary of the Grant Date (the "Expiration Date"), unless terminated earlier pursuant to the terms of this Option Agreement or the Plan. Notwithstanding the foregoing, if this Option is designated as an Incentive Stock Option and is granted to an employee who, at the time of the grant, owns (directly or indirectly, within the meaning of Code Section 424(d)) more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any Subsidiary, then the Expiration Date shall mean the fifth anniversary of the Grant Date. Upon termination or expiration of this Option, all your rights hereunder shall cease.
Vesting:	This Option will vest with respect to one third (1/3) of the total number of Option Shares on each of the first three (3) anniversaries of the Grant Date, provided that you are continuously employed with or in the service of the Company or its Affiliates through the applicable anniversary date. The vesting of this Option may be accelerated in the Administrator's sole discretion if it determines circumstances so warrant.

Termination of Employment: The following conditions apply in the event that your employment or service with the Company and its Affiliates is terminated prior to the Expiration Date of this Option. In no event, however, will the time periods described herein extend the term of this Option beyond its Expiration Date or beyond the date this Option is otherwise cancelled or terminates pursuant to the provisions of the Plan.

a. *Termination Other than As a Result of Death, Disability or Cause.* If your employment or service terminates (at a time when you could not have been terminated for Cause) other than by reason of your death or Disability and other than for Cause, then the unvested portion of this Option shall automatically terminate immediately and the vested portion of this Option shall automatically terminate 90 days after the date of such termination.

b. *Termination for Cause*. If your employment or service terminates for Cause, then this Option shall automatically terminate immediately on the date of such termination.

c. *Termination As a Result of Death or Disability.* If your employment or service terminates by reason of your death or Disability (at a time when you could not have been terminated for Cause), then the unvested portion of this Option shall automatically terminate immediately and the vested portion of this Option shall automatically terminate 12 months after such termination.

d. *Determination of Cause After Termination.* Notwithstanding the foregoing, if after your employment or service terminates the Company determines that it could have terminated you for Cause had all relevant facts been known at the time of your termination, then the Company may terminate this Option immediately upon such determination, and you will be prohibited from exercising this Option thereafter. In such event, you will be notified of the termination of this Option.

If the date this Option terminates as specified above (other than as a result of a termination for Cause) falls on a day on which the stock market is not open for trading or on a date on which you are prohibited by Company policy (such as an insider trading policy) from exercising the Option, the termination date shall be automatically extended to the first available trading day following the original termination date, but not beyond the Expiration Date.

Manner of Exercise: You may exercise this Option only if it has not been forfeited or has not otherwise expired, and only to the extent this Option is vested. To exercise this Option, you must comply with such exercise and notice procedures as the Administrator may establish from time to time, including, without limitation, payment of the exercise price and any applicable tax withholding amounts. Unless otherwise

determined by the Administrator, the payment of the exercise price and applicable tax withholding amounts may be made at your election (i) in cash or its equivalent (e.g., by check), (ii) in Shares having a Fair Market Value equal to the aggregate exercise price for the Shares being purchased and satisfying such other requirements as may be imposed by the Administrator (provided that such Shares have been held by the Participant for no less than six months or such other period, if any, as established from time to time by the Administrator to avoid adverse accounting treatment under generally accepted accounting principles) or (iii) partly in cash and partly in such Shares. To the extent expressly permitted by the Administrator, the payment of the exercise price and applicable tax withholding amounts may be made at your election by any of the foregoing methods or by having the Company withhold from the Shares otherwise issuable upon exercise a whole number of shares with a Fair Market Value equal to the exercise price and applicable tax withholding amounts and issuing the net number of remaining Shares to you. Notwithstanding anything to the contrary herein, the amount to be withheld may not exceed the total minimum federal, state and local tax withholding obligations associated with the transaction to the extent needed for the Company and its Affiliates to avoid an accounting charge.

A properly completed notice of stock option exercise (or such other notice as is prescribed) will become effective upon receipt of the notice and any required payment by the Company (or its designee); provided that the Company may suspend exercise of the Option pending its determination of whether your employment will be or could have been terminated for Cause and, if such a determination is made, your notice of stock option exercise (or such other notice as is prescribed) will automatically be rescinded.

If, following your death, your beneficiary or heir, or such other person or persons as may acquire your rights under this Option by will or by the laws of descent and distribution, wishes to exercise this Option, such person must contact the Company and prove to the Company's satisfaction that such person has the right and is entitled to exercise this Option.

Your ability to exercise this Option, or the manner of exercise or payment of withholding taxes, may be restricted by the Company if required by applicable law or by the Company's trading policies as in effect from time to time.

Restrictions on Resale

By accepting this Option, you agree not to sell any shares of Stock acquired under this Option at a time when applicable laws, Company policies or an agreement between the Company and its underwriters prohibit a sale.

Transferability:	You may not transfer or assign this Option for any reason, other than by will or the laws of descent and distribution or as otherwise set forth in the Plan. Any attempted transfer or assignment of this Option, other than as set forth in the preceding sentence or the Plan, will be null and void.
Market Stand-Off:	In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act of 1933, as amended (the "Securities Act"), you agree that you shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under this Option without the prior written consent of the Company and the Company's underwriters. Such restriction shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by the Company or such underwriters. In no event, however, shall such period exceed one hundred eighty (180) days.
Recoupment; Rescission of Exercise:	If the Administrator determines that recoupment of incentive compensation paid to you pursuant to this Option is required under any law or any recoupment policy of the Company, then this Option will terminate immediately on the date of such determination to the extent required by such law or recoupment policy, any prior exercise of this Option may be deemed to be rescinded, and the Administrator may recoup any such incentive compensation in accordance with such recoupment policy or as required by law. The Company shall have the right to offset against any other amounts due from the Company to you the amount owed by you hereunder and any exercise price and withholding amount tendered by you with respect to any such incentive compensation.
Notice of Disqualifying Disposition:	If this Option is designated as an Incentive Stock Option and you sell Shares that were acquired through the exercise of this Option within two years from the Grant Date or one year from the date of exercise, you must notify the Administrator of the sale to permit proper treatment of the compensation expense.
Restrictions on Exercise, Issuance and Transfer of Shares:	a. *General*. No individual may exercise this Option, and no shares of Stock subject to this Option will be issued, unless and until the Company has determined to its satisfaction that such exercise and issuance will comply with all applicable federal and state securities laws, rules and regulations of the Securities and Exchange Commission, rules of any stock exchange on which shares of Stock of the Company may then be traded, or any other applicable laws. In addition, if required by underwriters for the Company, you agree to enter into a lock-up agreement with respect to any shares of Stock acquired or to be acquired under this Option.

b. *Securities Laws*. You acknowledge that you are acquiring this Option, and the right to purchase the shares of Stock subject to this Option, for investment purposes only and not with a view toward resale or other distribution thereof to the public which would be in violation of the Securities Act. You agree and acknowledge with respect to any shares of Stock that have not been registered under the Securities Act, that: (i) you will not sell or otherwise dispose of such shares of Stock, except as permitted pursuant to a registration statement declared effective under the Securities Act and qualified under any applicable state securities laws, or in a transaction which in the opinion of counsel for the Company is exempt from such required registration, and (ii) that a legend containing a statement to such effect will be placed on the certificates evidencing such shares of Stock. Further, as additional conditions to the issuance of the shares of Stock subject to this Option, you agree (with such agreement being binding upon any of your beneficiaries, heirs, legatees and/or legal representatives) to do the following prior to any issuance of such shares of Stock: (i) to execute and deliver to the Company such investment representations and warranties as are required by the Company; (ii) to enter into a restrictive stock transfer agreement if required by the Board; and (iii) to take or refrain from taking such other actions as counsel for the Company may deem necessary or appropriate for compliance with the Securities Act, and any other applicable federal or state securities laws, regardless of whether the shares of Stock have at that time been registered under the Securities Act, or otherwise qualified under any applicable state securities laws.

Miscellaneous:

- This Option Agreement may be amended only by written consent signed by both you and the Company, unless the amendment is not to your detriment or the amendment is otherwise permitted without your consent by the Plan.
- The failure of the Company to enforce any provision of this Option Agreement at any time shall in no way constitute a waiver of such provision or of any other provision hereof.
- You will have none of the rights of a stockholder of the Company with respect to this Option until Shares are transferred to you upon exercise of the Option.
- In the event any provision of this Option Agreement is held illegal or invalid for any reason, such illegality or invalidity shall not affect the legality or validity of the remaining provisions of this Option Agreement, and this Option Agreement shall be construed and enforced as if the illegal or invalid provision had not been included in this Option Agreement.

- As a condition to the grant of this Option, you agree (with such agreement being binding upon your legal representatives, guardians, legatees or beneficiaries) that this Option Agreement shall be interpreted by the Administrator and that any interpretation by the Administrator of the terms of this Option Agreement or the Plan, and any determination made by the Administrator pursuant to this Option Agreement or the Plan, shall be final, binding and conclusive.
- This Option Agreement may be executed in counterparts.

BY SIGNING BELOW AND AGREEING TO THIS STOCK OPTION AWARD AGREEMENT, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED HEREIN AND IN THE PLAN. YOU ALSO ACKNOWLEDGE HAVING READ THIS AGREEMENT AND THE PLAN.

LM FUNDING AMERICA, INC.

By: _____ _____

[Name of Authorized Officer] [Name of Recipient]

Date: _____

LM FUNDING AMERICA, INC.
NOTICE OF STOCK OPTION EXERCISE

Your completed form should be delivered to: _____, _____.
Phone: _____
Fax: _____. ***Incomplete forms may cause a delay in processing your option exercise.***

OPTIONEE INFORMATION

Please complete the following. PLEASE WRITE YOUR FULL LEGAL NAME SINCE THIS NAME MAY BE ON YOUR STOCK CERTIFICATE OR APPEAR IN THE BOOK ENTRY FOR YOUR SHARES.

Name: _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

Work Phone #: (_____) - _____ - _____ Home Phone #: (_____) - _____ - _____

Social Security #: _____ - _____ - _____

DESCRIPTION OF OPTION(S) BEING EXERCISED

Please complete the following for each option that you wish to exercise.

Grant Date	Type of Option (specify ISO or NQSO)	Exercise Price Per Share	Number of Option Shares Being Purchased*	Total Exercise Price (multiply Exercise Price Per Share by Number of Option Shares Being Purchased)
		$		$
		$		$
		$		$
		$		$
		$		$
Aggregate Exercise Price				$

* Must be a whole number only. Exercise of fractional Option Shares is not permitted.

METHOD OF PAYMENT OF OPTION EXERCISE PRICE

Please select only one:

☐ Cash Exercise. I am enclosing a check or money order payable to "LM Funding America, Inc." for the Aggregate Exercise Price.

☐ Cashless Exercise *(Available Only to the Extent Expressly Permitted by the Company)*. I am exercising the Option pursuant to the cashless exercise provisions provided for by the Company. The Company will withhold from the Shares otherwise issuable upon exercise a whole number of shares with a Fair Market Value equal to (or less than) the Aggregate Exercise Price, and will then issue the net number of remaining Shares to me. If the whole number of Shares to be withheld does not exactly equal my Aggregate Exercise Price, then the Company

will withhold the whole number of Shares necessary to cover my Aggregate Exercise Price, and will issue a check to me equal to the Fair Market Value of any fractional Share not needed. If your option is designated in the Option agreement as an incentive stock option ("ISO"), then selecting this method of payment may result in the Option losing its ISO status and being treated as a nonqualified stock option for tax purposes.

☐ Share Delivery. I am enclosing the following certificate(s) for shares of LM Funding America, Inc. common stock to pay for all or a part of the Aggregate Exercise Price. The Fair Market Value of these shares will be determined as of the date this form is received by the Company.

Certificate Number	Certificate Date	Number of Shares

The Company is instructed to apply the number of shares indicated above towards the Aggregate Exercise Price. If the number of shares indicated above covers less than the Aggregate Exercise Price, I also have enclosed (or will promptly provide) a check or money order made payable to "LM Funding America, Inc." for the balance of the Aggregate Exercise Price. If the number of shares indicated above covers more than the Aggregate Exercise Price, the Company will issue to me a new stock certificate for the whole number of shares not needed to pay the purchase price, and if necessary, a check in the amount of the Fair Market Value of any fractional share.

☐ Cashless Exercise Through a Broker-Dealer. I have requested through the broker specified below to (*select only one*):

☐ Sell to Cover. Sell or margin only enough of the option being exercised to cover the Aggregate Exercise Price (and tax withholding, if elected below), deliver the sale or margin loan proceeds directly to LM Funding America, Inc., and deposit the remaining shares and any residual cash in my brokerage account.

☐ Same-Day-Sale. Sell or margin all of the shares of common stock issuable upon exercise of the options, deliver a portion of the sale or margin loan proceeds directly to LM Funding America, Inc. to pay the Aggregate Exercise Price (and tax withholding, if elected below), and deposit any remaining cash proceeds in my brokerage account.

Sale Price*: _____ Sale Date*: _____

* *The sale price and sale date are required in order to execute the cashless exercise.*

Broker-Dealer Name: _____

Contact Person: _____

DWAC – Depository Trust Company (DTC) #: _____

Brokerage Account #: _____

Broker Phone #: (_____) - _____ - _____ Broker Fax #: (_____) -_____ - _____

If your option is designated in the Option agreement as an ISO, then selecting this method of payment may result in the Option losing its ISO status and being treated as a nonqualified stock option for tax purposes.

*** It is your responsibility to contact a broker to open a brokerage account and sell your stock option shares. LM Funding America, Inc. WILL NOT send this form to your broker.**

CERTIFICATE OR BOOK ENTRY INSTRUCTIONS

Do not complete this portion if you elected a cashless exercise through a broker-dealer. (Shares issued pursuant to a cashless exercise through a broker-dealer will be automatically sent to your specified broker.)

Please select only one:
Name(s) in which the purchased shares will be issued:

☐ In my name only

☐ In the names of my spouse and myself as community property

☐ In the names of my spouse and myself as joint tenants with the rights of survivorship

Spouse's name (if applicable): _____

The certificate or notice of book entry for the purchased shares should be sent to the following address (*complete only if to be sent to a different address than specified in Part 1*):

Street Address: _____

City: _____ State: _____ Zip Code: _____

METHOD OF SATISFYING TAX WITHHOLDING OBLIGATION

*Please select only one**. **You do not need to complete this Part if you are exercising incentive stock options (ISOs)** or if you are a non-employee director or consultant.*

☐ Cash. I am enclosing a check or money order payable to "LM Funding America, Inc." for the withholding tax amount.

☐ Tax Amount Request. Please notify me of the amount of withholding taxes that will be due as a result of this option exercise. I understand that, after receiving notification of the withholding tax amount, I must immediately remit to the Company a check or money order payable to "LM Funding America, Inc." for that amount. I understand that the Company will not process my option exercise until it receives the check or money order covering the withholding tax amount due.

☐ Share Delivery. I am enclosing the following certificate(s) for shares of LM Funding America, Inc. common stock to pay for all or a part of the withholding tax amount. The Fair Market Value of these shares (as defined in the Plan) will be determined as of the date this form is received by the Company.

Certificate Number	Certificate Date	Number of Shares

The Company is instructed to apply the number of shares indicated above towards the withholding tax amount. If the number of shares indicated above covers less than the withholding tax amount, I also have enclosed (or will promptly provide) a check or money order made payable to "LM Funding America, Inc." for the balance of the withholding tax amount If the number of shares indicated above covers more than the withholding tax amount, the Company will issue to me a new stock certificate or create a new book entry for the whole number of shares not needed to pay the purchase price, and if necessary, a check in the amount of the Fair Market Value of any fractional share.

☐ Share Withholding *(Available Only to the Extent Expressly Permitted by the Company)*. The Company is instructed to withhold that number of whole shares otherwise issuable as a result of the exercise of the Option(s) having a Fair Market Value on the date of exercise equal to the aggregate minimum federal, state and local taxes required to be withheld. If such number of shares covers more than the aggregate minimum taxes required to be withheld, the Company will issue to me a check in the amount of the Fair Market Value of any fractional share.

☐ Broker Exercise. I have elected to exercise my option(s) through a broker. The broker will sell sufficient Shares to pay for the tax amount and will remit that amount to LM Funding America, Inc.

ACKNOWLEDGEMENTS AND SIGNATURE

1. I understand that all sales of LM Funding America, Inc. common stock received upon exercise of this option are subject to compliance with the company's policy on securities trades.

2. I hereby acknowledge that I have received and read a copy of the plan of LM Funding America, Inc. under which the Option(s) listed above were issued and a copy of the plan, and understand the tax consequences of an exercise.

3. I understand that this Notice cannot be revoked. If I have selected a cashless exercise through a broker-dealer, I personally guarantee that the Aggregate Exercise Price and applicable taxes will be paid to LM Funding America, Inc. in full in the event the Company does not receive the full amount from the broker for any reason.

Signature: _____ Date: _____

FOR COMPANY USE ONLY:
Received by the Company on _____.

Exhibit 10.6

LM FUNDING AMERICA, INC.
2015 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT

_____
_____
_____

Dear _____:

You have been granted an award of restricted shares of the common stock of LM Funding America, Inc. (the "Company") constituting a Restricted Stock Award (this "Award") under the Company's 2015 Omnibus Incentive Plan (the "Plan"). This Award is granted under and governed by the terms and conditions of the Plan and this Award Agreement. Additional provisions regarding this Award and definitions of capitalized terms used and not defined in this Award Agreement can be found in the Plan.

Grant Date:	_____ ___, 20__
Number of Shares of Restricted Stock ("Restricted Shares"):	_____
Vesting Schedule and/or Performance Requirements:	Your Restricted Shares will vest as follows: One-third (1/3) of your Restricted Shares will vest on each of the first three (3) anniversaries of the Grant Date, provided that you are continuously employed with or in the service of the Company or its Affiliates through the applicable vesting date. Upon your termination of employment with, or cessation of services to, the Company prior to the date all of the Restricted Shares are vested, you will forfeit the unvested Restricted Shares.
Certificate:	Until the Restricted Shares vest, the Company may, at the Administrator's discretion, issue one or more certificates or make appropriate book entries representing such Restricted Shares, with an appropriate restrictive legend or stop transfer order, and/or maintain possession of the certificate representing the Restricted Shares (with or without a legend) and/or take any other action that the Administrator deems necessary or advisable to enforce the limitations under this Award Agreement and the Plan. The following is an example of a legend that may be appropriate: The sale or other transfer of the shares of Stock represented by this certificate, whether voluntary or by operation of law, is subject to certain restrictions set forth in a Restricted Stock Award Agreement, dated as of , 20 , by and between LM Funding America, Inc. and the registered owner hereof. A copy of such Agreement may be obtained from the Secretary of LM Funding America, Inc.

	After (i) a Restricted Share vests and, if applicable, the Administrator certifies that performance goals have been achieved; (ii) the receipt by the Company from you of the certificate with legend representing such Restricted Share (if such a certificate had been issued to you); and (iii) any applicable tax requirements under this Award Agreement and the Plan are met, the Company will deliver to you a certificate representing such Restricted Share, free of legends pertaining to transfer restrictions that were lifted as a result of such vesting, or instruct its transfer agent to remove analogous stop-transfer orders, and such Restricted Share shall thereupon be free of such transfer restrictions, although transfer restrictions imposed by law, company policy or other regulatory standards may still apply. Notwithstanding the foregoing, the Company will not be obligated to issue or deliver any certificates or transfer shares through book entry unless and until the Company is advised by its counsel that the issuance and delivery of the certificates or such transfer are in compliance with all applicable laws, regulations of governmental authorities and the requirements of any securities exchange upon which the Stock is traded.
Transferability of Restricted Shares:	You may not transfer or assign this Award for any reason, other than as set forth in the Plan, nor may you sell, transfer, assign or otherwise alienate or hypothecate any of your Restricted Shares until they are vested. In addition, by accepting this Award, you agree not to sell any Shares acquired under this Award other than as set forth in the Plan and at a time when applicable laws, Company policies or an agreement between the Company and its underwriters do not prohibit a sale. The Company also may require you to enter into a shareholder's agreement that will include additional restrictions on the transfer of Shares acquired under this Award that will remain effective after such Shares have vested. Any attempted transfer or assignment not permitted will be null and void.
Voting and Dividends:	Subject to the terms of the Plan, you will have all the rights of a shareholder of the Company with respect to voting and receipt of dividends and other distributions on the Restricted Shares.
Market Stand-Off:	In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act of 1933, as amended, you agree that you shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under this Award without the prior written consent of the Company and the Company's underwriters. Such restriction shall be in effect for such period of time following the date of the final prospectus for the offering as may be determined by the Company. In no event, however, shall such period exceed one hundred eighty (180) days.

Tax Withholding:

You understand that you (and not the Company or any Affiliate) shall be responsible for your own federal, state, local or foreign tax liability and any other tax consequences that may arise as a result of the transactions contemplated by this Award. You shall rely solely on the determinations of your tax advisors or your own determinations, and not on any statements or representations by the Company or any of its agents, with regard to all such tax matters. You understand that you may alter the tax treatment of the Shares subject to this Award by filing an election under Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code"). Such election must be filed within thirty (30) days after the date of this Award to be effective. You should consult with your tax advisor to determine the tax consequences of acquiring the Shares and the advantages and disadvantages of filing the Code Section 83(b) election. You acknowledge that it is your sole responsibility, and not the Company's, to file a timely election under Code Section 83(b), even if you request the Company or its representatives to make this filing on your behalf.

To the extent that the receipt or the vesting of the Restricted Shares, or the payment of dividends on the Restricted Shares, results in income to you for federal, state or local income tax purposes, you shall deliver to the Company at the time the Company is obligated to withhold taxes in connection with such receipt, vesting or payment, as the case may be, such amount as the Company requires to meet its withholding obligation under applicable tax laws or regulations. If you fail to do so, the Company has the right and authority to deduct or withhold from other compensation payable to you an amount sufficient to satisfy its withholding obligations or to delay delivery of the shares.

Miscellaneous:

- This Award Agreement may be amended only by written consent signed by both you and the Company, unless the amendment is not to your detriment or the amendment is otherwise permitted without your consent by the Plan.
- The failure of the Company to enforce any provision of this Award Agreement at any time shall in no way constitute a waiver of such provision or of any other provision hereof.
- In the event any provision of this Award Agreement is held illegal or invalid for any reason, such illegality or invalidity shall not affect the legality or validity of the remaining provisions of this Award Agreement, and this Award Agreement shall be construed and enforced as if the illegal or invalid provision had not been included in this Award Agreement.

- As a condition to the grant of this Award, you agree (with such agreement being binding upon your legal representatives, guardians, legatees or beneficiaries) that this Award shall be interpreted by the Administrator and that any interpretation by the Administrator of the terms of this Award Agreement or the Plan, and any determination made by the Administrator pursuant to this Award Agreement or the Plan, shall be final, binding and conclusive.
- This Award may be executed in counterparts.

BY SIGNING BELOW AND ACCEPTING THIS RESTRICTED STOCK AWARD AGREEMENT, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED HEREIN AND IN THE PLAN. YOU ALSO ACKNOWLEDGE HAVING READ THIS AGREEMENT AND THE PLAN.

LM FUNDING AMERICA, INC.

By: _____ _____

[Name of Authorized Officer] [Name of Recipient]

Date: _____

Exhibit 10.7

SERVICES AGREEMENT

This **SERVICES AGREEMENT** ("Agreement") is entered into as of this 15th day of April, 2015 by and between **LM FUNDING, LLC,** a Florida limited liability company ("LMF"), and the **BUSINESS LAW GROUP, P.A.,** a Florida professional association ("BLG"), (collectively, the "Parties").

RECITALS

WHEREAS, BLG is a Florida professional association that provides legal services to its clients, which include Homeowners Associations ("HOA") and Condominium Associations ("COA") (hereinafter collectively referred to as ("Community Associations");

WHEREAS, an HOA is a corporation responsible for the operation of a community in which the voting membership is made up of owners, and in which membership is a mandatory condition of parcel ownership, and which is authorized to impose assessments that, if unpaid, may become a lien on the parcel;

WHEREAS, a COA is a unit owners' association organized under Florida Statute §718, in which membership is a mandatory condition of unit ownership and which is authorized to impose assessments that, if unpaid, may become a lien on the unit;

WHEREAS, LMF and BLG have agreed herein for BLG to provide collection services to the Community Associations and in some cases to LMF, subject to the rules of professional conduct promulgated by the Florida Bar, and serve as Counsel as further defined in the Purchase Agreements (as defined herein). The legal services provided by BLG to the Community Associations under this Agreement include assisting such clients with the collection of past due accounts from its Delinquent Unit owners;

WHEREAS, LMF pays Community Associations for an assignment of the proceeds of Community Associations' Delinquent Assessments as further defined pursuant to an executed Association Receivables Purchase Agreement ("Purchase Agreement") entered into between LMF and each respective Community Association. LMF is considered a third-party payor for legal services provided to the Community Associations and will pay for services rendered by BLG to collect the Community Associations' Ledger Amounts, Delinquent Assessments, Interest, Administrative Late Fees ,as all are further defined by the executed Purchase Agreements, , and to exercise its collection remedies pursuant to the Purchase Agreements.

WHEREAS, LMF maintains a proprietary software system and database of debtor information in order to monitor the collection services on units where LMF has been assigned the Delinquent Assessments and/or Ledger Amounts pursuant to an Purchase Agreement;

WHEREAS, BLG desires to utilize LMF's proprietary software and database systems in order to facilitate collection work on behalf of the Community Associations that have engaged BLG for collection work, as well as Community Associations that have entered into Purchase Agreements with LMF, and BLG has executed a separate Software License Agreement that is incorporated herewith; and

NOW, THEREFORE, in consideration of the covenants and agreements set forth herein, and for other good and valuable consideration, it is agreed that:

1. **Recitals**. The statements contained in the recitals set forth above ("Recitals") are true and correct and the Recitals by this reference are made a part of this Agreement.

2. **Commencement.** Subject to and upon the terms and conditions set forth in this Agreement, this Agreement shall be deemed effective and relate back to January 1, 2015 ("Effective Date") and during the term of this Agreement (i) LMF shall provide BLG the services described in the Software License Agreement; (ii) upon request of LMF, BLG shall provide legal services to the Community Associations in accordance with the respective terms and conditions of the Purchase Agreements; and (iii) LMF shall provide BLG with the law related services as set forth herein.

3. **Standard Operations**. LMF shall provide law-related services for BLG which shall include, but are not limited to, operational services, document preparation, and accounting services. BLG shall draft form legal documents and upload those documents to LMF's database pursuant to the terms of the Software License Agreement. BLG shall have the ability to select those forms to use and/or edit such forms in any particular case, and shall utilize LMF's Software to populate those forms. LMF shall populate any of those forms as necessary or

instructed by BLG. BLG will at all times have the ability to direct LMF's operation with regard to accounts serviced under the Software License Agreement and LMF understands that the services being performed hereunder are law-related and not actual legal services. Proper notification pertaining to the use of a separate entity performing law-related services has been addressed in the Purchase Agreements with the Community Associations and LMF will do its best to maintain the integrity of the relationship between BLG and the Community Associations. For evidentiary purposes, LMF shall be a necessary party to the provision of legal services, and any communications between BLG and LMF about BLG client matters shall be confidential and non-waivable except by the client or an agent of the client acting as their attorney-in-fact.

4. **Scope of Legal Services.**

a) BLG may use the software and database subject to the Software License Agreement on any and all accounts BLG chooses and LMF shall provide BLG the services described herein on such accounts at no cost to BLG.

b) For Delinquent Unit accounts subject to Purchase Agreements between LMF and Community Associations, BLG shall serve as Counsel as further defined by the respective Purchase Agreements, and shall provide collection related services at the direction of LMF as provided for, and limited by, the Purchase Agreements between LMF and the Community Associations.

c) The LMF sales staff or LMF's representatives shall provide reasonable support services to BLG with regard to the Delinquent Unit accounts assigned and defined pursuant to Purchase Agreements.

d) BLG's representation under this Agreement does not extend to any specific members of the Community Associations' Board of Directors. BLG is not obligated to advise or represent Community Associations regarding any additional matters unless BLG agrees to it by separate written retainer agreement with the Community Association, and under the condition that the terms set forth herein will continue to apply.

e) BLG will take direction from LMF for Delinquent Unit accounts subject to Purchase Agreements, pursuant to the terms of the Purchase Agreements. The Community Associations have granted this authority to LMF pursuant to an irrevocable Power of Attorney given under the Purchase Agreements between LMF and the Community Associations. LMF will provide BLG, on an annual basis, in writing, with a current list of individuals who have the authority to act on behalf of LMF.

f) The parties hereto understand and agree that BLG is not a party to any Purchase Agreements between LMF and any such Community Associations.

5. **Charges for Legal Services**:

a) LMF shall pay to BLG an engagement fee for each month in the amount of $7,000 which shall be earned upon receipt and non-refundable. Regardless of the operational and document preparation responsibilities, all units assigned to or originated by BLG will have legal fees credited to BLG. Prior to the commencement of work on a new matter, or a matter assigned to BLG by LMF, or a matter originated by BLG, whereby LMF is the guarantor/payor pursuant to an Purchase Agreement, and BLG is, or may be seeking payment for its legal fees from LMF, BLG shall advise LMF of its preferred course of action prior to the commencement of work by BLG. At the time the course of action is determined by LMF, LMF and BLG shall agree on the amount, type, and terms of payment for the services rendered. BLG shall defer legal billing until such time a "Triggering Event" occurs. Triggering events are defined as the earlier of any of the following events:

i. A collection event occurs, which relieves all potential debtors from liability, otherwise concluding the representation;

ii. Obtainment of title by LMF or its assigns in a lien foreclosure action;

iii. Termination of the representation of BLG by LMF; or

iv. Ongoing defense of a mortgage foreclosure, whereby LMF or its assigns are the unit owner.

b) Upon the occurrence of a Triggering Event wherein BLG received no payment from the Delinquent Unit Owner, LMF shall pay to BLG $700. These fees are exclusive of costs as further addressed in Section 6 of this Agreement.

c) If BLG renders legal services that are not subject to the Purchase Agreements, the Community Associations will be responsible for paying BLG for said legal services and costs not subject to such Purchase Agreement, including those incurred in connection with any work performed by BLG on matters prior to the date this Agreement was executed by the Parties.

6. **Collection Costs.** LMF will advance BLG for costs directly associated with the collection of the Community Association accounts subject to Purchase Agreements. Advance-able costs include, but are not limited to, court fees, service of process, court reports, publication costs, photocopying, computer research services, filing fees, postage, express mail charges, court reporter fees and transcript charges, courier and messenger services, title insurance guarantee costs, sheriff's fees and costs, guardian ad-litem fees, skip trace fees and costs, and other out-of-pocket expenditures. The Community Associations are legally entitled to collect these and most other costs from the Delinquent Unit owner. Upon collection, BLG shall remit Collection Costs to LMF to the extent such Collection Costs were advanced by LMF. Prior to the Effective Date, LMF advanced sums to BLG for Collection Costs. For Collection Costs collected on LMF accounts purchased prior to the Effective Date, BLG shall remit to LMF a percentage of Collection Costs equal to the Collection Costs multiplied by the fraction the numerator being the Collection Costs expensed by BLG in year a unit was purchased ("Purchase Year") over the amount of Collection Costs advanced in the Purchase Year for the unit. BLG shall remit Collection Costs recovered at least quarterly. BLG will advance other costs including travel and per diem expense and charge these costs to the Delinquent Unit owner.

7. **Recoverable Fees**. At all times all Community Associations for whom BLG may provide legal services under this Agreement, shall be liable to BLG for all attorney fees and costs incurred by BLG on their behalf. The Community Associations are legally entitled to recover Attorney's Fees and Costs incurred by them, from the delinquent owner. In every case BLG is engaged pursuant to this Agreement under this Agreement they will seek attorney's fees from the account debtor, which will vary depending upon the extent to which the case is defended or prosecuted, any difficulties encountered delivering the complaint, the extent of any settlement negotiations and the complexity of the legal issues which may arise. If the Community Associations are subject to a third-party payor arrangement as set forth in Section 8 outlined below, the Community Associations will be responsible for attorney's fees that cannot be reimbursed from the delinquent owner pursuant to the Florida Statutes, but LMF will pay those non-recoverable fees on their behalf.

8. **Third-Party Payment for Collection Services.** The Community Associations have elected to engage LMF as a third-party payor for specific collection matters on behalf of the Community Associations. In this event, the parties agree that this type of payment arrangement will not direct, regulate, or interfere with BLG' independent professional judgment or with the client-lawyer relationship. In addition, and under the terms of this Agreement and the Purchase Agreements, the Community Associations have authorized BLG to use BLG' independent professional judgment and discretion when making decisions relating to the handling of routine, day-to-day, or merely tactical aspects of their representation. For Delinquent Unit accounts subject to Purchase Agreements, BLG may rely upon the direction of LMF and shall be indemnified and held harmless pursuant to the Purchase Agreements as an agent of the Community Associations.

9. **Conflicts.** LMF understands that BLG may represent Community Associations with regard to collection matters outside the scope of this Agreement. LMF agrees that BLG can adequately represent the Community Associations' interest in this matter and does not believe that a conflict of interest exists. BLG warrants that the level of service provided by BLG under this Agreement will not be constrained by other legal commitments and/or business ventures.

10. **Confidentiality.** In addition to executing this Agreement, BLG has entered into a Software License Agreement with LMF, a copy of which is attached hereto as Exhibit A. BLG will have access to LMF and its actual and prospective clients' confidential and proprietary information including, but not limited to, client lists, client billing rates and information, client financial and other confidential and proprietary information, LMF's financial information, including, but not limited to, LMF's internal costs and the revenue received from each client, and client records, including, but not limited to, client contract terms, to which BLG did not have access prior to entering into this Agreement or the Software License Agreement, is not generally available to the public, and which is of great value to LMF. BLG agrees that having access to the aforementioned information is critical in order to comply with the terms and conditions of this Agreement and understands that this information is considered attorney-client privilege and subject to the rules governing confidentiality.

11. **Liens on Funds and Other Property Held in Trust.** BLG will have a retaining lien over any and all funds deposited into BLG trust accounts, or otherwise held by LMF, including but not limited to deposits and settlement funds, for an amount equivalent to all outstanding attorneys' fees and costs incurred (including any accrued interest) for work performed on any matter for LMF or the Community Associations pursuant to this Agreement. BLG will also have a retaining lien over all property held by it, including, but not limited to, Community Associations' files.

12. **Communications.** BLG will strive to maintain clear communication with the Community Associations and LMF. BLG will provide LMF with a contact list and periodic updates on the status of accounts in collections with BLG, and any and all information obtained shall be used in conjunction with BLG' legal representation set forth herein.

13. **Tax Matters**. LMF acknowledges that BLG will not render any tax opinions upon which the Community Associations should rely with regard to the Purchase Agreements. BLG shall encourage Community Associations to retain the services of a Certified Public Accountant to handle all tax matters for the Community Associations.

14. **Termination of Legal Services.** Community Associations may terminate their engagement of BLG with or without cause at any time and will give BLG prompt written notice of the same. BLG may terminate the engagement with the Community Associations for any reason not prohibited by the Florida Rules of Professional Conduct governing Attorneys. Such reasons may include: conflicts of interest; misrepresentation of (or failure to disclose) any material facts; or any other conduct or situation that in BLG's judgment may impair an effective attorney-client relationship or presents conflicts with its professional responsibilities.

15. **Termination of Agreement.** This Agreement will commence upon the Effective Date and continue until terminated by either party upon 30 days written notice. Upon termination, all accrued amounts contained on unit ledgers will be owed to the Parties hereto as described in this Agreement and payable upon collection by BLG. It is the intent of LMF that

termination shall result in no additional Delinquent Unit accounts being referred to BLG as collection Counsel under any Purchase Agreement. With respect to accounts subject to this Agreement, all services and economic benefits of this Agreement after termination will continue in an orderly fashion until all accounts subject to this Agreement are paid in full or a formal termination agreement is entered into by the Parties.

16. **Indemnification between LMF and BLG.**

(a) *Indemnification by BLG*. BLG agrees to indemnify LMF, its affiliates and their respective directors, officers, agents, employees, affiliates and successors against, any and all losses, liabilities, obligations, demands, claims, actions, cause of actions, costs, damages, deficiencies, taxes, penalties, fines or expenses, whether or not arising out of third-party claims (including, without limitation, interest, penalties, reasonable attorneys' fees and expenses, court costs and all amounts paid in investigation, defense or settlement of any of the foregoing) arising or resulting from (i) any breach of this Agreement by BLG, or (ii) the negligence, gross negligence or willful misconduct of BLG in providing legal services.

(b) *Indemnification by LMF*. LMF agrees to indemnify BLG, its affiliates and their respective directors, officers, agents, employees, affiliates and successors against, any and all losses, liabilities, obligations, demands, claims, actions, cause of actions, costs, damages, deficiencies, taxes, penalties, fines or expenses, whether or not arising out of third-party claims (including, without limitation, interest, penalties, reasonable attorney fees and expenses, court costs and all amounts paid in investigation, defense or settlement of any of the foregoing) arising or resulting from (i) any breach of this Agreement by LMF or (ii) the negligence, gross negligence or willful misconduct of LMF in providing support services.

17. **Dispute Resolution.** This Agreement shall be construed in accordance with, and governed in all respects by, the laws of the State of Florida, without regard to conflicts of law principles. The Parties voluntarily consent to the jurisdiction of the State and Federal Courts in the State of Florida for resolution of all claims that may arise under or related to this Agreement. The Parties further agree and consent that venue of any action hereunder shall be exclusively in the county of Hillsborough, State of Florida. The prevailing party in any action to enforce the terms of this Agreement shall be entitled to attorney's fees for the action, from investigation through appeal.

18. **Retention of Legal Files.** BLG agrees to keep the Community Associations' legal files in accordance with its then existing document retention policy. At the end of the retention period, BLG may destroy the files unless the Community Associations or LMF requests possession of them. If applicable, trust account records will be retained longer as required.

19. **Notices.** All notices or other communications required or permitted hereunder shall be deemed to have been duly given and made if (a) in writing and served by personal delivery upon the party for whom it is intended or (b) delivered by registered mail, certified mail, courier service, or telecopier, return receipt received, to the following addresses:

If to BLG: Business Law Group, P.A.
302 Knights Run Avenue, Suite 1050
Tampa, FL 33606
Attn: Scott C. Davis, Esq.

If to LMF: LM Funding, LLC
302 Knights Run Avenue, Suite 1000
Tampa, Florida 33602
Attn: Sean Galaris, President

20. **Entire Agreement.** This Agreement constitutes the entire agreement of the Parties with respect to its subject matter and supersedes any prior or contemporaneous agreement or understanding between the Parties. Unless otherwise agreed between us in writing, BLG, LMF agree and consent to these terms. No change, amendment, supplement or modification of this Agreement shall be valid unless the same is in writing and signed by the Parties hereto.

21. **Counterparts**. This Agreement may be executed in counterparts, each of which will constitute an original, and all of which will constitute one agreement.

22. **Headings**. The section headings in this Agreement are solely for convenience of reference and shall not affect the interpretation or construction of the terms and provisions hereof.

The undersigned hereby acknowledge that the Parties have executed and entered into this Agreement as of the Effective Date first written above.

LM FUNDING, LLC

Sean Galaris, President

BUSINESS LAW GROUP, P.A.

Bruce M. Rodgers, President

Exhibit A

Copy of the Software License Agreement

SOFTWARE LICENSE AGREEMENT

This **SOFTWARE LICENSE AGREEMENT** (the "Agreement") is made and entered into as of April 15, 2015 (the "Effective Date"), by and between LM Funding, LLC, a Florida limited liability company ("LMF") and Business Law Group, P.A., a Florida professional association ("LICENSEE").

RECITALS

WHEREAS, LICENSEE desires to obtain a license from LMF to the LMF Software in order to enable LICENSEE to satisfy their obligations under a Services Agreement entered into between LICENSEE and LMF.

WHEREAS, LICENSEE also desires to use LMF Software for accounts that are not subject to a Services Agreement between LICENSEE AND LMF, and LMF agrees to allow LICENSEE do so.

WHEREAS, LMF is willing to license the LMF Software to LICENSEE upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, for and inconsideration of the mutual covenants and promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Definitions**

1.1. "***Affiliates***" means with respect to any entity, any entity that controls, is controlled by or is under common control with such entity. For purposes of the foregoing, "control" of an entity means the power to direct or cause the direction of the management and policies of such entity through the ownership of more than fifty percent (50%) of the voting securities (or in the case of a non-corporate entity, equivalent ownership interests) of the controlled entity.

1.2. "***Derivative Technology***" means (i) for copyrightable or copyrighted material, any translation, modification, correction, addition, improvement, compilation, abridgment, revision, or other form in which such material may be recast, transformed, or adapted; (ii) for patentable or patented material, any improvement thereon; and (iii) for material that is a protected trade secret, any new material that incorporates or is adapted from such existing trade secret material, including new material which may be protected by copyright, mask work right, patent and/or trade secret.

1.3. "***Intellectual Property Rights***" means patent rights (including patent applications, disclosures, continuations and continuations in part), copyrights, trade secrets, moral rights, know-how, and any other intellectual property rights, recognized in any country or jurisdiction in the world.

1.4. "***Modifications***" means Updates, Upgrades, and any other modifications or Derivative Technology of the LMF Software, whether made by LMF, or any third party.

1.5. "***LMF Software***" means the source code and object code for the current LMF Software and any and all Modifications thereto. LMF Software includes any technical documentation, paperwork, instructions, etc., regarding the LMF Software. LMF Software also includes the computer programs that comprise a series of instructions, rules, routines, or statements that allow or cause a computer to perform a specific operation or series of operations; and the recorded information comprising source code listings, design details, algorithms, processes, flow charts, formulas, and related material that would enable the computer program to be produced or created. Further it means the graphical interface, images, design materials, and schema design. "***Updates***" means any patches, work arounds, bug fixes, error corrections, minor modifications or enhancements, and other changes to the LMF Software.

1.6. "***Upgrades***" means any new major release of the LMF Software containing new features, new functions, and/or major modifications or enhancements.

2. **Recitals**. The statements contained in the recitals set forth above ("Recitals") are true and correct and the Recitals by this reference are made a part of this Agreement.

3. **Ownership and Licenses.**

3.1. **Ownership**. LMF owns and will continue to own all right, title, and interest in and to the LMF Software and any and all Modifications, and all Intellectual Property Rights in any of the foregoing. LICENSEE will obtain no rights in or to the LMF Software by operation of this Agreement or otherwise, other than the rights and licenses set forth in **Section 4.1**.

4. **Source Code Licenses and Restrictions**.

4.1. **License**. Subject to and conditioned on LICENSEE'S continuous compliance with this Agreement, LMF hereby grants to LICENSEE a non-exclusive, royalty free, worldwide, non-transferable license to use the LMF Software, database, and any and all Modifications thereto created by or for LMF and/or its Affiliates, solely for purposes of servicing accounts represented by LICENSEE residing in the database of the LMF Software. LICENSEE may disclose and provide copies of the source code licensed under this **Section 4.1** to subcontractors solely for the purposes set forth in this **Section 4.1** and subject to the restrictions set forth in **Section 4.2**.

4.2. **Source Code License Restrictions**. The license granted in **Section 4.1** does not include any right to sublicense any rights granted to any third party, and LICENSEE will not attempt to sublicense such rights. Each such subcontractor will be required to enter into a written agreement (i) providing at least as much protection for LMF's Intellectual Property Rights in the LMF Software and any Modifications pursuant to the terms and conditions of this Agreement, and (ii) assigning to LMF all right, title, and interest in and to any Modifications created by such subcontractor.

5. **Storage of Data**. All data, as it relates in any way to this Agreement, shall be stored on LMF's servers. LICENSEE, may at their expense, store duplicate copies of all data that LICENSEE has input, that is subsequently stored on LMF's servers. LMF shall use commercially reasonable means to update and transfer stored data to LICENSEE if LICENSEE elects to store copies of data.

6. **Warranty Disclaimer**. THE LMF SOFTWARE IS PROVIDED BY LMF "AS IS". LMF DISCLAIMS ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NONINFRINGEMENT, SECURITY AND WARRANTIES ARISING OUT OF COURSE OF DEALING OR USAGE OF TRADE. LMF DOES NOT WARRANT THAT THE LMF SOFTWARE WILL MEET LICENSEE' REQUIREMENTS, WILL OPERATE WITHOUT INTERRUPTION, OR WILL BE ERROR FREE.

7. **All Rights Reserved** LMF retains title to and ownership of, and all other rights with respect to, the Intellectual Property Rights, including, without limitation, any related copyrights, trademarks, trade secrets, patents, and other intellectual property rights. LICENSEE has only the limited licenses granted with respect to the LMF Software and Modifications expressly set forth in this Agreement, and LICENSEE has no other rights, implied or otherwise. LICENSEE acknowledges and agrees that the LMF Software **is licensed, not sold**, and that rights to access the LMF Software are acquired only under this Agreement. The structure and organization of the LMF Software, Modifications and Intellectual Property Rights (a) may not be distributed, disclosed or otherwise provided to third parties, except as set forth in Section 4.2, and (b) may be used only internally, and only in conjunction with and for LICENSEE's own authorized internal use.

8. **Nondisclosure of LICENSEE Documents.** LICENSEE shall retain title and ownership of all documents and Intellectual Property Rights that LICENSEE may now own or subsequently acquire including any related copyrights, trademarks, trade secrets, and patents. LMF Further agrees not to disclose or sell any of LICENSEE's documents or Intellectual Property without the express written consent of the LICENSEE, except as is normally required in the course of business, and in fulfilling its obligations under this Agreement.

9. **Term and Termination**. This Agreement will commence upon the Effective Date and continue until terminated by either party. To terminate this Agreement the party seeking to terminate the Agreement, the "Terminating Party" must serve a notice of default upon the "Non-Terminating Party". The Non-Terminating Party shall have thirty (30) days to cure the default. If the default is not cured within the thirty (30) day cure period then either party may elect to subject both parties to non-binding mediation. If no resolution is reached at non-binding mediation, either party may then immediately terminate this Agreement.

Upon termination, the LICENSEE fully understands, acknowledges and accepts that access to the LMF Software will be terminated immediately and LICENSEE will have no further access to the LMF Software.

10. **Limitations of Liability.** In no event will LMF or Licensee have any liability (directly or indirectly) for any incidental, special, direct, consequential or punitive damages; for loss of profits, use, revenue, or data, or for any and all business interruptions (regardless of the legal recourse for seeking such damages or other liability). The limitation of liability in this section will apply to the maximum extent permitted by applicable law to any damages or other liability however caused.

11. **Circumvention.**

11.1. LICENSEE may not (i) utilize any equipment, device, software, or other means to (or designed to) circumvent or remove any form of technical protection used by LMF in connection with the LMF Software. Without limitation of the generality of the foregoing, LICENSEE may not utilize any equipment, device, software, or other means to (or designed to) circumvent or remove any tool or technical protection measure provided or made available by LMF for managing, monitoring or controlling access to the LMF Software.

11.2. LICENSEE may not utilize any equipment, device, software, or other means to (or designed to) circumvent or remove any usage restrictions, or to enable functionality disabled by LMF, in connection with the LMF Software. LICENSEE may not bypass or delete any functionality or technical limitations of the LMF Software that (or that are designed to) prevent or inhibit the unauthorized copying or access to the LMF Software.

12. **General Provisions.**

12.1. Law and Jurisdiction. This Agreement will be governed by and construed in accordance with the laws of the State of Florida, U.S.A., except for its conflicts of laws principles. The parties consent to the exclusive jurisdiction of and venue in the state and federal courts in Hillsborough County, Florida.

12.2. Notices. Unless otherwise stated, all notices required under this Agreement will be in writing and will be considered given (i) when delivered personally, (ii) five (5) days after mailing, when sent certified, registered or express mail, return receipt requested and postage prepaid, (iii) one (1) business day after dispatch, when sent via a commercial overnight carrier, fees prepaid, or (iv) upon delivery when sent by facsimile transmission confirmed by first class mail. All such notices will be addressed to LICENSEE or LMF as specified below (unless changed by notice):

If to LICENSEE: Business Law Group, P.A.
302 W. Knights Run Ave., Suite 1050
Tampa, FL 33606
Attn: Scott C. Davis, Esq.

If to LMF: LM Funding, LLC
302 W. Knights Run Avenue, Suite 1000
Tampa, Florida 33602
Attn: Sean Galaris, President

12.3. No Agency. The parties acknowledge that no agency relationship is, or will be deemed to have been, created between LICENSEE and LMF upon the execution of this Agreement, and no party will by reason of this Agreement, have the power to or authority to bind any other party contractually or otherwise.

12.4. Severability. If and to the extent any provision of this Agreement is held illegal, invalid, or unenforceable in whole or in part under applicable law, such provision or such portion thereof will be ineffective as to the jurisdiction in which it is illegal, invalid, or unenforceable to the extent of its illegality, invalidity, or unenforceability and will be deemed modified to the extent necessary to conform to applicable law so as to give the maximum effect to the intent of the parties. The illegality, invalidity, or unenforceability of such provision in that jurisdiction will not in any way affect the legality, validity, or enforceability of such provision or any other provision of this Agreement in any other jurisdiction.

12.5. Entire Agreement. This Agreement is the complete and exclusive agreement between the parties with respect to the subject matter hereof, superseding any prior agreements and communications (both written and oral) regarding such subject matter. This Agreement may only be modified, or any rights under it waived, by a written document executed by both parties.

12.6. No Third Party Beneficiaries. This Agreement is intended for the sole and exclusive benefit of the signatories and is not intended to benefit any third party.

12.7. No Assignment; Insolvency. LICENSEE may not assign this Agreement or any rights hereunder (whether by purchase of stock or assets, merger, change of control, operation of law, or otherwise) without LMF's prior written consent, which may be withheld in LMF's sole and absolute discretion, and any purported assignment by LICENSEE will be void. In the context of any bankruptcy or similar proceeding, this Agreement is and will be treated as an executory contract of the type described by Section 365(c)(1) of Title 11 of the United States Code and may not be assigned without LMF's prior written consent, which may be withheld in LMF's sole and absolute discretion.

12.8. Use of Third Parties. Each party may use consultants and other contractors in connection with the performance of obligations and exercise of rights under this Agreement, provided that such consultants and contractors will be subject to the same obligations as the party that engages them.

12.9. Counterparts. This Agreement may be executed in counterparts, each of which will constitute an original, and all of which will constitute one agreement.

12.10. Headings. The headings in this Agreement are for the convenience of reference only and have no legal effect.

The parties have executed this Agreement through their duly authorized representatives as of the Effective Date.

LM FUNDING, LLC

By: Carollinn Gould,
Its Manager

BUSINESS LAW GROUP, P.A.

By: Bruce M. Rodgers,
Its President

SECURITY NATIONAL INSURANCE COMPANY
A member of:

59 Maiden Lane, 6th Floor, New York, NY 10038

ASSESSMENT RECOVERY INDEMNITY (ARI) POLICY
FOR COMMUNITY ASSOCIATIONS

THIS INSURANCE IS ISSUED PURSUANT TO THE FLORIDA SURPLUS LINES LAW. PERSONS INSURED BY SURPLUS LINES CARRIERS DO NOT HAVE THE PROTECTION OF THE FLORIDA INSURANCE GUARANTY ACT TO THE EXTENT OF ANY RIGHT OF RECOVERY FOR THE OBLIGATION OF AN INSOLVENT UNLICENSED INSURER.

THIS INSURANCE IS AN INDEMNITY POLICY CONTAINING A SEPARATE LIMIT AND DEDUCTIBLE FOR EACH COVERED UNIT AND RESPONDS ONLY AFTER REPOSSESSION BY THE FIRST MORTGAGE LENDER OF COVERED UNITS.

DECLARATIONS

Policy Number:

Item 1: Named Insured:

LM Funding, LLC
302 Knights Run Avenue
Tampa, FL 33602

Surplus Lines Agent:

Harvey A. Sheldon, Lic.#A-240451
Advanced E & S Group
3250 North 29th Avenue
Hollywood, FL 33020

Producing Agent:

Harvey A. Sheldon
Advanced Insurance Underwriters
3250 N. 29th Avenue
Hollywood, FL 33020

The capitalized terms used in this Declarations Page are defined in the Policy.

Item 2: Policy Period:

From December 1, **2012** (the "**Effective Date**") To **Until Cancelled**, at 12:01 A.M., Standard Time, at the mailing address shown above.

Item 3: Premium & Payment Terms:

Annual Premium will be equal to the applicable Premium rate multiplied by the **Additional Insured's** total annual **Regular Assessments** budgeted for the fiscal year for which coverage is to be provided.

In consideration of the payment of premium for the current policy period or the payment of premium for any subsequent policy periods, coverage under this policy remains in force until canceled.

Premium for the Current Policy Period

(1) Premium	$53,658.00
(2) Policy Fee	$ 35.00
(3) Inspection Fee	$ 200.00
(4) Surplus Lines Tax	$ 2,694.65
(5) FSLSO Fee	$ 58.89
(6) Florida EMPA Fee	$ 0.00
(7) FHCF Fee	$ 700.00
(8) Citizens Fee	$ 0.00
(9) Total [Sum of (1) through (8)]	**$57,342.15**

SURPLUS LINES INSURERS' POLICY RATES AND FORMS ARE NOT APPROVED BY ANY FLORIDA REGULATORY AGENCY.

Item 4: Limits of Insurance:

Covered Unit Per Month Limit - The **Company's** liability for **Covered Losses** for each **Covered Unit** will not exceed the lesser of (a) the actual **Regular Assessment,** per month, for the **Covered Unit** or (b) $1,000 per month.

Covered Unit Aggregate Limit - The **Company's** liability for **Covered Losses** for each **Covered Unit**, in the aggregate, will not exceed $18,000 (the "**Covered Unit Aggregate Limit**").

The **Covered Unit Aggregate Limit** shall be reduced by the total amount paid by the **Company** to the **Named Insured** for a **Covered Loss** related to such **Covered Unit** and shall be fully and automatically reinstated after the **Covered Unit** is acquired from the **First Mortgage Lender** by a new Unit owner.

Additional Insured Aggregate Limit - For each **Association** named an **Additional Insured** under this policy, the **Company's** aggregate liability for all **Covered Losses** shall not exceed the lesser of (i) $1,000,000 or (ii) 25% of the annual amount of **Regular Assessments** for all **Covered Units** in the **Association** (the "**Additional Insured Aggregate Limit**").

Item 5: Company:

Security National Insurance Company
59 Maiden Lane, 6th floor
New York, New York 10038

Item 6: This policy is subject to the following forms and endorsement(s):

Form Number	Description
ARI-SNIC-LMF-0002 (2-13)	**Assessment Recovery Indemnity (ARI) Policy**
ARI-SNIC-LMF-SCHA (2-13)	**Schedule A – Premium for the Current Annual Period**
ARI-SNIC-LMF-SCHB (2-13)	**Schedule B – Association Annual Report**
ARI-SNIC-LMF-SCHC (2-13)	**Schedule C – Proof of Loss Form**
ARI-SNIC-AIE1 (2-13)	**Additional Insured Endorsement**
ARI-SNIC-LMF-APP1 (2-13)	**Insurance Policy Application**
ARI-SNIC-LMF-LPP (12-12)	**Loss Payable Provisions**
CPS33001 1211	**Service of Suit**

These Declarations attach to and become a part of the Policy, together with the Policy form and the forms and endorsements listed above shall constitute the contract between the **Named Insured** and the **Company**.

SECURITY NATIONAL INSURANCE COMPANY

Secretary

President

Date

Authorized Representative

These Declarations, the Schedules and Wording complete the Policy.

INSURED'S COPY

SECURITY NATIONAL INSURANCE COMPANY
A member of:

AmTrust North America
An AmTrust Financial Company
59 Maiden Lane, 6th Floor, New York, NY 10038

ASSESSMENT RECOVERY INDEMNITY (ARI) POLICY
FOR COMMUNITY ASSOCIATIONS

THIS INSURANCE IS ISSUED PURSUANT TO THE FLORIDA SURPLUS LINES LAW. PERSONS INSURED BY SURPLUS LINES CARRIERS DO NOT HAVE THE PROTECTION OF THE FLORIDA INSURANCE GUARANTY ACT TO THE EXTENT OF ANY RIGHT OF RECOVERY FOR THE OBLIGATION OF AN INSOLVENT UNLICENSED INSURER.

SURPLUS LINES INSURERS' POLICY RATES AND FORMS ARE NOT APPROVED BY ANY FLORIDA REGULATORY AGENCY.

THIS INSURANCE IS AN INDEMNITY POLICY CONTAINING A SEPARATE LIMIT AND DEDUCTIBLE FOR EACH COVERED UNIT AND RESPONDS ONLY AFTER REPOSSESSION BY THE FIRST MORTGAGE LENDER OF COVERED UNITS.

Throughout this Policy the words "you" and your" refer collectively to the **Named Insured** and each **Association** named as **Additional Insured(s)** on any endorsements to this Policy, each according to their respective financial interest under any agreement entered into between an **Additional Insured** and the **Named Insured** with respect to unpaid **Regular Assessments**. The words "we", "us", and "our" refer to the **Company** listed in Item 5 on the Declarations Page of this Policy.

SECTION I. INSURING AGREEMENT

In consideration of the payment of Premium, and in reliance on the statements and representations made by you or on your behalf, we agree to indemnify you for all **Covered Losses** sustained during the Policy Period as specified in the Declarations Page of this Policy. Coverage provided by us is subject to all terms of this Policy.

SECTION II. DEFINITIONS

The following words and phrases that appear throughout this Policy are defined as follows:

A. **Additional Insured** – Each **Association** identified in any **Additional Insured** endorsements to this Policy.

B. **Additional Insured Aggregate Limit** has the meaning set forth in Item 4 of the Declarations.

C. **Association** – A condominium association as defined in Florida Statutes, Section 718.103(2) and a homeowners' association as defined in Florida Statutes, Section 720.301(9), consisting, respectively, of units, as defined in Florida Statutes, Section 718.103(27) and parcels, as defined in Florida Statutes, Section 720.301(11) (each referred to hereinafter as "Units"), the owners of which comprise **Members**.

D. **Claim of Lien** – A claim of lien pursuant to Florida Statutes, Section 718.116(5) or Florida Statutes, Section 720.3085(1).

E. **Community Association Act(s)** – For Condominium Associations, Florida Statutes, Section 718.101 et seq. For Homeowners Associations, Florida Statutes, Section 720.301 et seq.

F. **Covered Losses –** For any **Covered Unit**, as of the date of a **Repossession** occurring during the Policy Period, unpaid **Regular Assessments** becoming due and owing to the **Association** during the Policy Period (without giving effect to any acceleration of **Regular Assessments** allowed pursuant to the **Community Association Act(s)** or the **Governing Documents**) less the **Deductible**

G. **Covered Unit Aggregate Limit** has the meaning set forth in Item 4 of the Declarations.

H. **Covered Unit(s) –** Each Unit within the **Association** named as an **Additional Insured** excluding Units not submitted by the **Association** to the **Named Insured** for collection of unpaid **Regular Assessments** and excluding Units owned by the **Developer**.

I. **Deductible** – For any **Covered Unit**, the amount equal to **Regular Assessments,** at the rate in effect as of the date of **Repossession**, for a period of six (6) months.

J. **Developer** – With respect to a condominium, the person or entity that creates a condominium or offers condominium parcels for sale or lease in the ordinary course of business, excluding an owner or lessee of a condominium Unit who has acquired the Unit for his or her own occupancy. With respect to a homeowners' association, the person or entity that creates the community served by the **Association** or succeeds to the rights and liabilities of the person or entity that created the community served by the **Association**.

K. **First Mortgage Lender** – The holder of a mortgage with respect to a **Covered Unit** which has priority over all other mortgages and is recorded by the holder in the public records and which is the "first mortgagee" for purposes of the applicable **Community Association Act**.

L. **Foreclosure** – A decree of foreclosure with respect to a **Covered Unit** rendered in favor of the **First Mortgage Lender** or **Association** in a foreclosure proceeding as defined in Florida Statutes, Section 702.09 or a substantially similar proceeding.

M. **Governing Documents** – For each **Association** named as an **Additional Insured**, the **Association**'s declaration, articles of incorporation, bylaws and other related rules and regulations.

N. **Members** – For each **Association**, the owners of Units in the **Association**.

O. **Named Insured** is the entity identified in Item 1 of the Declarations.

P. **Regular Assessments** – The regular periodic assessments for the payment of common expenses that the **Members** are required to pay with respect to their Unit in accordance with the **Governing Documents**.

Q. **Repossession** – The transfer of title to a **Covered Unit** to the **First Mortgage Lender** as a result of a **Foreclosure** or acceptance of deed in lieu thereof as evidenced by, and occurring on, the date of recordation of a certificate of title or deed**.**

SECTION III. POLICY COVERAGE

A. COVERAGE

We will pay you for **Covered Losses**, except as excluded in Section IV. Exclusions.

B. PREMIUM

During the Policy Period, the **Named Insured** will pay us the annual Premium described in the Declarations Page for each **Association** named as an **Additional Insured** in accordance with the premium rate shown in the attached Schedule A, subject to a minimum total annual Premium of $100,000. Subject to Section VI, Paragraph E, Premium is twenty-five percent (25%) earned upon the inception of coverage. We may change the Premium rate effective upon renewal of the annual Policy Period by sending written notice to the **Named Insured** of the Premium rate to be charged upon renewal at least sixty (60) days before the expiration of the current Policy Period. The Premium charged at inception and any annual renewal of the Policy for each **Association** named as an **Additional Insured** is an estimate based on the expected **Regular Assessments** as set forth in the **Association's** budget for the prospective annual Policy Period. The final Premium for an annual Policy Period for each **Association** named as an **Additional Insured** will be determined following expiration of the Policy Period based on the actual **Regular Assessments** assessed for that annual Policy Period.

C. **CONDITIONS PRECEDENT TO COVERAGE**

Our liability under this Policy arises only when:

a. You sustain a **Covered Loss** occurring during the Policy Period; and

b. You have in good faith timely pursued all usual and customary claims for recovery of **Regular Assessments** to mitigate the **Covered Loss**.

D. **LIMITS OF LIABILITY**

The coverage provided to you by this Policy is limited to and will not exceed the lesser of:

a. Any **Covered Losses** as defined in this Policy; and

b. The Limits of Insurance shown in Item 4 on the Declarations Page.

SECTION IV. EXCLUSIONS

We do not provide coverage for losses caused by, contributed by or arising from:

A. A dishonest, criminal or fraudulent act of the **Named Insured**, **Additional Insured,** a partner thereof, or any director, officer, board member, trustee, employee, agent, representative or independent contractor thereof;

B. Fines and penalties;

C. All claims by third parties for damages, including, without limitation, bodily injury, punitive, consequential, special, multiple or exemplary damages for bad faith, breach of any and all implied warranties of fitness or merchantability, any and all liabilities for negligence;

D. Nuclear reaction or nuclear radiation or radioactive contamination or atomic explosion, all whether controlled or uncontrolled, and whether direct or indirect, proximate or remote, or be in whole or part caused by, contributed to, or aggravated by the perils insured against in this Policy;

E. Hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual impending or expected attack, (1) by any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval or air forces; or (2) by military, naval or air forces; or (3) by an agent of any such government, power, authority or forces; any weapon of war employing atomic fission or radioactive force whether in time of peace or war; insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;

F. Any liability assumed by the **Named Insured** or an **Association** named as an **Additional Insured** by any contract or agreement other than an agreement between the **Association** and the **Named Insured** under which all rights, title and interest in and to the unpaid **Regular Assessments** covered by this Policy are assigned to the **Named Insured**;

G. Loss or liability occurring prior to the Effective Date of this Policy;

H. Loss or liability occurring after cancellation or termination of this Policy;

I. Loss or liability arising from a claim of an unfair sales practice or any similar law governing the relationship between you and the **Members**;

J. Any loss or portion thereof related in any way to this Policy which is otherwise recovered by you from a third party.

K. Any loss or portion thereof which is recoverable from the **First Mortgage Lender** under the applicable **Community Association Act**, whether recovered or not.

L. Loss or liability arising from any claim made against the **Named Insured** or any **Association** named as an **Additional Insured** by any third party, including, without limitation, any Member or Unit owner, whether or not related to the payment of **Regular Assessments** and we have no duty to defend the **Named Insured** or any **Association** named as an **Additional Insured** against any such claim or any proceeding or action arising therefrom.

SECTION V. CONDITIONS

A. POLICY PERIOD

Subject to our right to cancel, this Policy is effective for the term shown in the Declarations Page.

B. POLICY TERRITORY

This Policy applies only to **Covered Losses** sustained by you during the Policy Period that occur in the state of Florida.

C. ASSIGNMENT

This Policy is solely for your benefit (including your successors and assigns) and may not be assigned.

D. CLAIM OF LIEN

This Policy shall not apply to any loss sustained by the **Named Insured** or any **Association** named as an **Additional Insured** with respect to a **Covered Unit** unless the **Named Insured** or any **Association** named as an **Additional Insured** (i) has recorded a **Claim of Lien** with respect to that **Covered Unit** by the later of one hundred and fifty (150) days from the later of (a) the date on which the payment (whether in full or in part) of the first unpaid **Regular Assessment** for that **Covered Unit** is past due or (b) the date on which the **Association** named as an **Additional Insured** submitted the **Covered Unit** to the **Named Insured** for collection of unpaid **Regular Assessments** and (ii) has not permitted the **Claim of Lien to** expire prior to the commencement of **Foreclosure** proceedings with respect thereto.

E. REPORTS AND RECORDS

The **Named Insured** shall, for each **Association** named as an **Additional Insured**, (i) maintain and keep an accurate record of periodic **Regular Assessments** paid and payable for each **Covered Unit**, (ii) provide to us any updated copy of the **Governing Documents** highlighting each change thereto within thirty (30) days of receipt by the **Named Insured** of such change, (iii) provide to us notice within thirty (30) days of the date on which the **Association** who is named as **Additional Insured** assigns a **Covered Unit** to the **Named Insured** for collection and (iv) provide to us all reports that the **Named Insured** routinely produces for the board of directors of the **Additional Insured**, without limitation, attorney status reports which lists Units that are subject to **Foreclosure** proceedings commenced by the **First Mortgage Lender** and/or the **Association**. Within thirty (30) days of the end of each annual anniversary of the Policy, you or your designee shall also report in a form and manner acceptable to us all information set forth in the attached Schedule B – ARI Policy Association Annual Report. We shall not be liable under this Policy for losses unless all the reports and records have been provided to us in a reasonably acceptable form and timely manner and such failure to supply reports results in a loss.

F. PAYMENT OF PREMIUM

It is a condition precedent to the payment of a **Covered Loss** that the **Named Insured** has remitted to us all Premium in accordance with the terms of this Policy.

G. CLAIM FOR LOSS

In the event of the **Repossession** of a **Covered Unit**, you must provide prompt written notice of such **Repossession** to us, but in no event later than thirty (30) days after the date of the **Repossession.** You must provide to us a completed Proof of Loss Form (attached hereto as Schedule C), including evidence of transfer of the certificate of title to the **First Mortgage Lender,** a complete accounting ledger for the subject Unit starting at a zero balance, all available contact information for the previous Unit owner and any other supporting documentation within sixty (60) days after the date that you receive final settlement from the **First Mortgage Lender** related to the unpaid **Regular Assessments** for that **Covered Unit**. We shall not be liable under this Policy unless the claim has been reported to us and the required supporting documentation in a form reasonably acceptable to us has been provided to us pursuant to this paragraph.

H. **COOPERATION AND ASSISTANCE**

In the event of any **Covered Losses**, you must cooperate with and assist us by executing and delivering the relevant documentation and papers, and doing whatever else is necessary that is reasonable within your ability, for us to settle the claim.

I. **PAYMENT FOR LOSS**

We will pay **Covered Losses,** as determined in accordance with this Policy, within thirty (30) business days after receiving the required documentation, provided you have complied with all of the terms and conditions of this Policy in all material respects.

J. **SUBROGATION AND RECOVERED AMOUNTS**

In the event of payment of any claim for **Covered Losses** under this Policy, (i) we will be subrogated to all of your rights of recovery therefore against any person or organization, and (ii) you will upon our request execute and deliver instruments and papers we provide to you and do whatever is necessary to secure such rights. You will do nothing to prejudice such rights. All amounts recovered by you for which you have been indemnified will become the property of and be forwarded to us by you. Any action by you, including but not limited to, entering into any settlement without our written approval which impairs our right or ability to recover any **Covered Loss** under this Policy, will void such **Covered Loss** and you agree to immediately reimburse such payment(s) made to us. All recovered amounts other than the deductible related to such **Covered Loss** shall be applied first to any of our costs and fees associated with the recovery, then to the **Covered Loss** paid to you by us, then to any **Regular Assessments**, interest charges, administrative late fees, legal fees, costs, and other charges contained on the ledger of the **Covered Unit** owed to you which was not a **Covered Loss**.

SECTION VI. CANCELLATION AND NON-RENEWAL

A. The **Named Insured** may cancel this Policy by giving or mailing written notice to us stating when such cancellation will be effective.

B. We or our designated representative may cancel or not renew this Policy for the following reasons:

   a. Failure to pay a Premium when due, whether the Premium is payable directly to us or our agents or indirectly under a Premium finance plan or extension of credit;

   b. You have made a material misrepresentation or have intentionally concealed a material fact at the time of acceptance of this risk;

   c. There has been an increased hazard or substantial change in the risk assumed which we could not have reasonably foreseen at the time of assumption of the risk;

   d. Material failure to comply with Policy terms, conditions or contractual duties; and

   e. Upon termination of any agreements entered into by us and the Producer shown in the Declarations Page (this reason being applicable to non-renewal only).

C. If we cancel coverage for non-payment of Premium, we will mail or deliver to you written notice of cancellation at least ten (10) days prior to the effective date of cancellation. If we cancel for any other reason, we will mail or deliver to you written notice of cancellation, accompanied by the reason for cancellation at least thirty (30) days prior to the effective date of cancellation.

D. If we decide not to renew this Policy, we will mail or deliver to you written notice of non-renewal, accompanied by the reason for non-renewal at least ninety (90) days prior to the anniversary of this Policy. Any notice of non-renewal will be mailed or delivered to your last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

E. In the event of cancellation or non-renewal of this Policy, the earned Premium shall be calculated according to the pro rata method and the coverage shall continue to apply only to **Covered Losses** occurring during the Policy Period. We will pay you any unearned premium as of the effective date of cancellation.

F. Unless canceled during the Policy Period or non-renewed as set forth in Paragraph D above, this Policy will automatically renew for an additional 12-month period on each Policy anniversary date.

SECTION VII. GENERAL PROVISIONS

A. AMENDMENTS

This Policy, including the Declarations Page, terms, conditions, limitations, exceptions, and exclusions, together with the endorsements and attached papers, if any, constitutes the entire Policy. No change in the Policy shall be endorsed hereon or attached thereto without our prior written approval. No agent has authority to change the Policy or to waive any of its provisions.

B. SEVERABILITY

If any provision in this Policy is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

C. DEFENSE AND SETTLEMENT

We have no duty to defend you against any claim made or suit brought against you and shall not be called upon to assume control of the settlement or defense of any such claim or suit; however, we shall have the right, and shall be afforded the opportunity, to associate with you in the defense, at our expense, of any claim or suit related to or arising out of the non-payment of **Regular Assessments** in connection with a **Covered Unit**.

D. FRAUD AND MISREPRESENTATION

This Policy is issued in reliance upon the truth of all representations made by you. We will not pay a claim where you: (1) intentionally concealed or misrepresented any material fact; (2) engaged in fraudulent conduct; or (3) made a false statement relating to this insurance in reporting the coverage to us or in submitting a claim. If you have concealed or misrepresented any material fact(s), or circumstance(s) concerning this insurance, or in the case of fraud, attempted fraud, or the false swearing by you affecting any matter relating to this insurance, whether before or after **Covered Losses** become payable on a continuing basis, this Policy may be voided with no return of Premium.

E. INSPECTION AND AUDIT; CONFIDENTIALITY

We, our general agent, or authorized representative (the "Auditing Party") shall have the right to audit any of your books, records, data, information, bank accounts, financial statements, journals, ledgers, or other documents, your employees, or your agents (the "Non-Auditing Party") that relate to matters under this Policy (solely for purposes of determining compliance with this Policy) by giving the Non-Auditing Party written notice of such audit at least thirty (30) business days prior to the scheduled audit date. All audit costs shall be paid by the Auditing Party. The Non-Auditing Party agrees to provide to the Auditing Party or any representative of the Auditing Party access to any office of the Non-Auditing Party to all items reasonably required to conduct an audit during reasonable business hours.

The Auditing Party will maintain the confidentiality of all information regarding the Non-Auditing Party and its business obtained during an audit, except for disclosure to our employees, directors, auditors, attorneys and regulators as required in the ordinary course of business. In addition, this paragraph shall not apply with respect to information which was in our possession prior to any such audit, is or becomes publicly available through no fault of the Auditing Party, is received in good faith by the Auditing Party from a third party which is not known to the Auditing Party to be under an obligation of confidentiality to the Non-Auditing Party, or which must be disclosed pursuant to a legal process.

F. LEGAL ACTION

No action at law or in equity can be brought against us to recover payments for this coverage (i) prior to the expiration of sixty (60) days or (ii) more than two years after the submission by you of a proof of loss in accordance with the terms of this Policy.

G. **OTHER INSURANCE**

If, at the time of **Covered Losses** hereunder, there is any other insurance for such **Covered Losses** in your name or for your benefit, the insurance provided by this Policy shall be considered as excess insurance and shall not apply to nor contribute to the payment of any otherwise **Covered Losses** until all such other insurance shall have been exhausted.

H. **PROMOTION**

You shall not use our name or the name of our parent, subsidiaries, or affiliates in any promotional or advertising activities without obtaining prior written approval of the promotion or advertising from us, which shall not be unreasonably withheld.

I. **COVERAGE TO BENEFIT YOU ONLY**

This Policy and the insurance hereunder shall inure solely to your benefit and shall not benefit any other third party, including without limitation, any Unit owner and/or debtor. The Policy benefits hereof are payable only to you or to any other party you may designate as loss payee by endorsement to this Policy. You may not advise any Unit owner or any other person or entity that they or any person or entity other than you has or may have any interest in this insurance. No person or entity shall have any right under this Policy to join us as a party in any action against you or to determine our obligations under this Policy.

J. **SET-OFF**

We may set-off any balance, whether on account of Premium, recovered amounts, or any amount due to us under this Policy against any amounts due to you for **Covered Losses**.

K. **SERVICE OF SUIT**

In the event we fail to pay any amount claimed to be due hereunder or we otherwise breach confidentiality pursuant to Section VII, Paragraph E, we, at your request, will submit to the jurisdiction of Florida courts and will comply with all requirements necessary to give such court jurisdiction and all matters arising hereunder shall be determined in accordance with the law and practice of such court. Further, the Company hereby designates the Superintendent, Commissioner or Director of Insurance or other officer (if specified for that purpose in any relevant statute) or his successor or successors in office, as our true and lawful attorney upon whom, at his offices in the state where you reside, may be served any lawful process in any action, suit or proceeding instituted by you or on your behalf arising out of this Policy, and hereby designates the following as the person to whom the said officer is authorized to mail such process or a true copy thereof:

AmTrust North America, Inc.

59 Maiden Lane, 6th Floor

New York, New York 10038

Att'n: General Counsel

By acceptance of this Policy, you agree that the statements contained on the Declarations Page are its agreements and representations and acknowledges that the Policy is issued in reliance upon the truth of such representations. This Policy, together with any written contracts or representations (attached hereto), contains all agreements existing between you and us or any authorized representative relating to this insurance. This Policy and Declarations Page is made and accepted subject to all conditions and agreements in this Policy together with other provisions, agreements or conditions, which may be added by endorsement.

IN WITNESS WHEREOF, we have caused this Policy to be executed and attested, but this Policy shall not be valid unless countersigned on the Declarations Page by a duly authorized representative.

Schedule A

SECURITY NATIONAL INSURANCE COMPANY
A member of:

AmTrust North America
An AmTrust Financial Company
59 Maiden Lane, 6th Floor, New York, NY 10038

ASSESSMENT RECOVERY INDEMNITY (ARI) POLICY
FOR COMMUNITY ASSOCIATIONS

PREMIUM FOR THE CURRENT ANNUAL PERIOD

Policy Number: _____

Current Annual Policy Period (for Additional Insured):
From:_____ To:_____

Original Policy Effective Date:
_____

Additional Insured and Mailing Address:
_____
_____
_____
_____

Producing Agent and Mailing Address:
_____
_____
_____
_____

In consideration of the payment of premium for the current annual policy period or the payment of premium for any subsequent annual extensions of the policy period, coverage under this policy remains in force.

Current Policy Issuance

(1)	Annual Budget for Regular Assessments	$_____
(2)	Risk Class	_____
(3)	Premium Rate	_____
(4)	**Premium [(1) x (3)]**	$_____
(5)	Administrative Fee	$_____
(6)	Inspection Fee	$_____
(7)	Surplus Lines Tax	$_____
(8)	FSLSO Fee	$_____
(9)	Florida EMPA Fee	$_____
(10)	FHCF Fee	$_____
(11)	Citizens Fee	$_____
(12)	**Total [Sum of (4) through (11)]**	$_____

Surplus Lines Agent: _____
Agent's Address _____
_____

Quarter: _____ File #: _____
Premium: $_____

License Number: _____
Producing Agent: _____
Address: _____
_____

FSLO#: $_____

Countersigned This Date: _____ Surplus Lines Agent's Signature _____

Security National Insurance Company
A member of:

ASSESSMENT RECOVERY INDEMNITY (ARI) POLICY

ASSOCIATION ANNUAL REPORT

The **Named Insured** (or its designee) shall forward to the **Company** no later than the 30th day following the date of each annual anniversary of this Policy a report (in Microsoft Excel format in a data layout substantially similar to that shown on page 2 of this Schedule B) indicating the policy number, policy effective date, Association name and mailing address, and containing all of the following information[1] with respect to each and every **Covered Unit**:

1. Unit ID#
2. Name of Unit owner
3. Most recent monthly (or monthly equivalent) Regular Assessment
4. Total amount of delinquent Regular Assessments unpaid to date
5. Total amount of covered[2] delinquent Regular Assessments unpaid to date
6. Total amount of delinquent Regular Assessments recovered to date
7. Date collection file for Unit created
8. Date(s) collections and intent to lien notice sent to Unit owner
9. Date(s) lien initially filed and subsequently renewed
10. Date Foreclosure action initiated (or deed in lieu thereof accepted)
11. Date of certificate of title transfer
12. Name of acquirer of title (new owner)

[1] To the extent any of the items above are not applicable or not available, "N/A" should be indicated for that item in the related Monthly Report with an accompanying explanation as appropriate.
[2] Covered Regular Assessments unpaid are those first becoming due and owing to the Association during the Policy Period.

Security National Insurance Company
A member of:

ASSESSMENT RECOVERY INDEMNITY (ARI) POLICY

ASSOCIATION ANNUAL REPORT – DATA LAYOUT (EXCEL FORMAT)

Policy Number:

Association Name and Mailing Address:

Unit ID#	Unit Owner	Most Recent Monthly RA	Total RA's Unpaid to Date	Covered RA's Unpaid to Date	Total RA's Recovered to Date	Date Collection File Created	Date of FDCPA Notice	Date Lien Initially Filed	Date(s) Lien Renewed	Date of Foreclosure	Date of Certificate of Title Transfer	Acquirer of Title (new owner)

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AmTrust North America
An AmTrust Financial Company
59 Maiden Lane, 6th Floor, New York, NY 10038

ASSESSMENT RECOVERY INDEMNITY (ARI) INSURANCE

PROOF OF LOSS FORM – TO BE COMPLETED FOR ALL CLAIMS

Please complete all items to the best of your knowledge and return this form to us within sixty (60) days after the date that you receive final settlement from the **First Mortgage Lender** related to the unpaid **Regular Assessments** for that **Covered Unit** We will use this form and accompanying documentation to determine if your loss is covered under the Policy.

NOTE: DELAY IN RETURN OF THIS FORM MAY AFFECT OUR ABILITY TO PROMPTLY PROCESS YOUR CLAIM. FAILURE TO PROVIDE SUFFICIENT INFORMATION FOR US TO VALIDATE A COVERED LOSS UNDER OUR POLICY MAY RESULT IN A DELAY IN PROCESSING YOUR CLAIM OR DENIAL OF YOUR CLAIM. FOR FURTHER INFORMATION OR TO SUBMIT A CLAIM, CALL 1-866-272-9267. CLAIMS MAY ALSO BE SUBMITTED BY SENDING A COMPLETED PROPERTY ACORD FORM BY FAX TO 877-669-9140 OR BY E-MAIL TO AMTRUSTCLAIMS@QRM-INC.COM.

1) Named Insured and Policy Number:

   Name of Association as Additional Insured:

   Coverage Effective Date:

2) Covered Unit Information

   Unit Number:
   Unit Address:

   Owner Name:
   Owner Address:

3) Date Foreclosure Action initiated (or Deed in Lieu thereof accepted):

   Case No.:
   Date Filed:
   County:
   Prior Owner:

4) Date Certificate of Title Issued to First Mortgage Lender:

5) Number of months delinquent and total dollar amount of past due Regular Assessments at final settlement with First Mortgage Lender (including underlying details attached)

	# of months delinquent	$ amount of past due RA's
Total from first month of delinquency:		
Total from coverage effective date:		

6) Total Amount of Regular Assessments recovered by you or on your behalf to date (broken down between those applicable before and after the Coverage Effective Date, including supporting documentation):

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A member of:

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7) Amount Requested for Covered Loss Claimed under the Policy (including underlying details attached):

Amount of past due Regular Assessments:

(through date shown in 4 above)

Deductible:

Amount Requested for Covered Loss:

8) Documentation: Please attach copies of the following documents and any other material you believe pertinent to the Covered Loss. To the extent any materials were previously provided to us, are not applicable or not readily available, leave box blank in this Proof of Loss Form and provide accompanying explanation as appropriate. Preserve all original documents. Indicated type(s) of document(s) attached:

A. ☐ First Mortgage Lender's Certificate of Title to Covered Unit

B. ☐ Relevant Demand for Payment Letter Sent by you or on your behalf to any responsible parties other than the First Mortgage Lender

C. ☐ Claim of Lien Recorded by you or on your behalf to Perfect Rights Against the Covered Unit (including all related foreclosure documents)

D. ☐ Foreclosure Action Filed by you or on your behalf Against the Covered Unit

E. ☐ Other (including, but not limited to: Association Governing Documents if not previously provided to us or if amended after the Policy Effective Date, Regular Assessment accounting records for the Covered Unit, etc.)

9) Description of all efforts made pursuant to the Policy to recover delinquent assessments:

SECURITY NATIONAL INSURANCE COMPANY
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59 Maiden Lane, 6th Floor, New York, NY 10038

10) Warranties of the Named Insured:

It is hereby warranted and certified that:

A. The Named Insured has complied with the lien requirements of the policy.

B. All reasonable best efforts pursuant to the Policy have been made in order to collect amounts recoverable with respect to delinquent assessments.

C. The terms and conditions of the Policy have been complied with.

D. Any additional information will be submitted and any action will be taken as may be requested by the Company pursuant to the Policy and in pursuit of recovery of delinquent assessments from the First Mortgage Lender or others as permissible by law.

_____
Signature of Authorized Representative

Name: _____

Organization: _____

Title: _____

Date: _____

Subscribed and sworn to before me this day of , 20

Notary Public _____

SECURITY NATIONAL INSURANCE COMPANY
A member of:

AmTrust North America
An AmTrust Financial Company
59 Maiden Lane, 6th Floor, New York, NY 10038

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED ENDORSEMENT

This endorsement modifies insurance provided under the following:

Assessment Recovery Indemnity (ARI) Policy Form

In addition to the **Named Insured** stated in Item 1 of the Declarations, this policy is amended to include as an "insured" the **Association** named in the Schedule below, but only with respect to their financial interest under any agreement entered into between the **Association** and the **Named Insured** involving unpaid **Regular Assessments**. The **Named Insured** is authorized to act for the **Additional Insured** named in the Schedule in all matter pertaining to this insurance.

SCHEDULE

Name and Address of Additional Insured:

Endorsement Number:

Policy Number:

Named Insured:

Endorsement Effective Date: local Standard Time at the **Named Insured**'s address

BY: _____

All other terms and conditions of this Policy remain unchanged.

000000

SECURITY NATIONAL INSURANCE COMPANY
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Assessment Recovery Indemnity (ARI) for Community Associations
ARI Insurance Policy Application

AGENCY:

PHONE:
ADDRESS:

AGENT NAME:
LICENSE #:

INDICATE DOCUMENTS SENT (VIA FAX OR EMAIL)

☐ CURRENT OPERATING BUDGET
☐ AGED ACCOUNTS RECEIVABLE
☐ ASSOC. GOVERNING DOCS
☐ ATTORNEY STATUS REPORT (MOST RECENT)

APPLICANT INFORMATION

Name:	LM FUNDING, LLC
STREET:	302 KNIGHTS RUN AVENUE, SUITE 1000
CITY/STATE/ZIP:	TAMPA, FL 33602

ASSOCIATION INFORMATION

Name of Association:
Physical Address of Association:
STREET:
CITY/STATE/ZIP:
County:

OTHER INFORMATION ABOUT ASSOCIATION:

CONDOMINIUM (COA) **HOMEOWNERS (HOA)** **COMMON INTEREST**

NUMBER OF UNITS

TOTAL: _____ OCCUPIED BY OWNERS: _____ OWNED BY ASSN: _____ OWNED BY LENDERS: _____

UNDER NOTICE OF BANK FORECLOSURE: _____ UNDER NOTICE OF ASSN FORECLOSURE: _____ 90 DAYS OR MORE PAST DUE: _____

REGULAR ASSESSMENTS CIRCLE ONE: MONTHLY QUARTERLY ANNUALLY

AVG. MONTHLY PER UNIT: $_____ ANNUAL BUDGET: $_____ TOTAL AMOUNT PAST DUE >= 90 DAYS: $_____

REMARKS/PROCESSING INSTRUCTIONS

Any policy of Insurance shall be issued based on the representations and warranties made in this Application. Such Application shall form part of the policy when issued. The undersigned officer declares that to the best of his/her knowledge, the representations contained herein are true and accurately describe the applicant's business. Please include copies of the Association's financial statements for the latest full three calendar years as well as for the most recent year to date (if not a full twelve month period as of the date of this application). Also attach a copy of the Articles of Association and Bylaws and any other governing documents. This statement will remain confidential and will be used strictly for underwriting purposes. It will not be disclosed to any third party, other than to the underwriters.

ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR ANOTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME AND SUBJECTS THE PERSON TO CRIMINAL AND [NY: SUBSTANTIAL] CIVIL PENALTIES. (Not applicable in CO, HI, NE, OH, OK, OR, or VT; in DC, LA, ME, TN and VA, insurance benefits may also be denied)

APPLICANT'S SIGNATURE & BOARD TITLE DATE PRODUCER'S SIGNATURE NATIONAL PRODUCER NUMBER

SECURITY NATIONAL INSURANCE COMPANY
A member of:

AmTrust North America
An AmTrust Financial Company
59 Maiden Lane, 6th Floor, New York, NY 10038

POLICY NUMBER: **ARI-SNIC-LMF-LPP (12-12)**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS PAYABLE PROVISIONS

This endorsement modifies insurance provided under the following:

ASSESSMENT RECOVERY INDEMNITY POLICY

Issued to the following **Named Insured**:

LM Funding, LLC
320 West Kennedy Blvd., Suite 400
Tampa, FL 33606

SCHEDULE

Covered Unit ID Numbers:	**Building Number:**	**Applicable Clauses:**	**A.-D.**
Association Named as Additional Insured:			

Loss Payee Name:

Loss Payee Address:

A. When this endorsement is attached to the Assessment Recovery Indemnity Policy **ARI-SNIC-LMF-002 (12-12),** the term Coverage Part in this endorsement is replaced by the term Policy.

B. Nothing in this endorsement increases the applicable Limits of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Units, and we will not pay more than the applicable Limits of Insurance on the Covered Units.

The following is added to the **Payment For Loss** Condition, as indicated in the Section V, Paragraph I of the Policy:

C. Loss Payable Clause

For Covered Units in which both you and a Loss Payee shown in the Schedule have an insurable interest, we will:

1. Adjust losses with you; and

2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

D. Creditor's Loss Payable Clause

1. The Loss Payee shown in the Schedule is a creditor whose interest in Covered Units is established by such written instruments as:

a. A services agreement for funding and collections;

b. A contract for deed;

c. Bills of lading;

d. Financing statements; or

e. Mortgages, deeds of trust, or security agreements.

2. For Covered Units in which both you and a Loss Payee have an insurable interest:

a. We will pay for Covered Loss jointly to you and each Loss Payee, as interests may appear.

b. You and the Loss Payee will solely determine what portion, if any, of the payment for Covered Loss is due the Loss Payee.

c. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Unit(s).

d. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:

(1) Pays any premium due under this Coverage Part (i) at our request if you have failed to do so or (ii) at the request of the Insured;

(2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

(3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.

e. If we pay the Loss Payee for any Covered Loss and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

(1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and

(2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

3. If we cancel this policy, we will give written notice to the Loss Payee at least:

a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

b. 30 days before the effective date of cancellation if we cancel for any other reason.

4. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

POLICYHOLDER NOTICE – SERVICE OF PROCESS

Service of process for any suit instituted against Security National Insurance Company concerning this Policy may be made upon the Superintendent, Commissioner, or Director of Insurance or other person specified for that purpose in the statute or his/her successor or successors in office as their true and lawful attorney upon whom may be served any lawful process in any action, suit, or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder and arising out of this Policy.

Security National Insurance Company has designated:

Mr. Stephen Ungar, Secretary

Security National Insurance Company
59 Maiden Lane, 6th Floor
New York, NY 10038

as the person/organization to whom the Superintendent, Commissioner, or Director of Insurance or other specified person is authorized to mail such process or a true copy thereof, in compliance with the applicable statutes governing said service of process in the state or jurisdiction in which a cause of action under this Policy arises.

Exhibit 10.10

LM FUNDING, LLC
ASSOCIATION RECEIVABLES PURCHASE AGREEMENT

This PURCHASE AGREEMENT ("Purchase Agreement") by and between **ASSOCIATION, INC.,** a Florida not for profit corporation ("Association") and LM FUNDING, LLC, a Florida limited liability company (together with its successors and assigns, "LMF") is made effective the day of , 2015 ("Effective Date").

BACKGROUND

Association is a not for profit condominium owners' association. Association assesses its owners for common expenses. Some owners have failed to pay assessments in accordance with Association's governing rules. Association has the right to secure payment through a lien of an owner's condominium unit which secures Association's assessment along with interest, administrative fees, and costs of collection. Association continues to have Delinquent Assessments (as further defined herein) as set forth on the Schedule of Units attached hereto. In exchange for LMF paying a Purchase Price for certain Delinquent Units on the Schedule of Units, Association has agreed to assign the Delinquent Assessments to LMF pursuant to the terms of this Purchase Agreement.

DEFINITIONS

"Assessments" means regular, and not special, charges for common expenses of Association's condominium which are regularly assessed against the unit owner, but does not include additional charges for interest, administrative fees, costs, and attorney's fees.

"Accelerated Assessments" means any regular Assessments that have been accelerated and made due and payable immediately, that would not otherwise be due until a future date, pursuant to the Association's governing documents or state or local statutes.

"Attorney's Fees and Costs" means any costs and legal fees chargeable by Counsel to the Association for the collection of Ledger Amounts pursuant to this Purchase Agreement.

"Association" means the not for profit condominium owners' association listed as a party to this agreement and its agents and representatives including its management company.

"Collection Proceeds" means any Ledger Amounts recovered through any means including payment plans or tenant payors pursuant to Florida Statute.

"Class A Delinquent Units" means any units denoted as a Class A Unit on a Schedule of Units, which is treated by any special provisions as they exist on Schedule A.

"Class B Delinquent Units" means any units denoted as a Class B Unit on a Schedule of Units, which is treated by any special provisions as they exist on Schedule B.

Association Initial _____ LMF Initial _____

"Class C Delinquent Units" means any units denoted as a Class C Unit on a Schedule of Units, which is treated by any special provisions as they exist on Schedule C.

"Counsel" means any attorney or law firm appointed and or retained, by LMF to collect Ledger Amounts on behalf of Association. Counsel includes Business Law Group, P.A.

"Delinquent Assessments" means (a) the past due Assessments, including any Assessments that have come due after the Effective Date of this Purchase Agreement, (b) interest and administrative fees, (c) Pre-Effective Date Special Assessments (d) any other recovery arising from Association's lien, or future lien, against a Delinquent Unit not herein mentioned and, (e) any recovery from the owner of a Delinquent Unit.

"Delinquent Unit" means a unit of the condominium which owes past due Assessments.

"Interest and Administrative Late Fees" means the accrued or incurred amounts of interest and late payments penalties or fees that are attributable to any portion of the Assessments, Pre- or Post-Effective Date Special Assessments or any other amounts that can earn interest or late payment fees according to law.

"LMF" means LM Funding, LLC, a Florida limited liability company, its successors and assigns.

"Ledger Amounts" means (a) Delinquent Assessments, (b) Attorney's Fees and Costs, (c) Accelerated Assessments, (d) Pre-Effective Date Special Assessments, (e) Post-Effective Date Special Assessments, (d) any other amounts appearing on the ledgers, including but not limited to Pre-Existing Legal Fees, fines, water bills, cable television bills, fees owed to the Association's management company and the like.

"Pre-Effective Date Special Assessments" means any non-regular assessment adopted and assessed by the Association against a Delinquent Unit, which assessment was done prior to the Effective Date of this Purchase Agreement.

"Post-Effective Date Special Assessments" means any non-regular assessment adopted and assessed by the Association against a Delinquent Unit, which assessment was done subsequent to the Effective Date of this Purchase Agreement.

"Pre-Existing Legal Fees" means any legal fees paid or incurred by the Association for the collection of delinquent assessments prior to assignment of the Ledger Amounts to LMF.

"Purchase Price" means any and all consideration paid by LMF to Association, Association's Counsel, or assigns, at any time, including all amounts paid to Association that are equal to the on-going monthly Assessments for Delinquent Units.

"Schedule of Units" means a list of Delinquent Units the proceeds of which the Association wishes to sell and assign to LMF and LMF agrees to purchase pursuant to this Purchase Agreement.

Association Initial _____ LMF Initial _____

NOW, THEREFORE, pursuant to the Purchase Agreement and in consideration of the premises stated therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed that:

1. **Offer and Acceptance**. Association hereby assigns, transfers, sets over, and delivers unto LMF and hereby grants to LMF all of Association's right, title and interest in and to:

a. Future Collection Proceeds of the Delinquent Assessments;

b. All of Association's documents or contractual rights, written or verbal, now owned or hereafter acquired, to levy and collect Assessments against the owner of the Delinquent Unit as described in the Declaration, and all future collected proceeds thereof;

c. All present and future common expense assessments, income, accounts, accounts receivable and proceeds thereof;

d. All decision making ability as it relates to the form and substance of the collection process and all decision making ability as it relates to settlement offers provided that LMF complies with all state and federal laws, rules and regulations;

e. All rights to ownership, conveyance, alienation, and enjoyment of Delinquent Units if the Association now, or at any time in the future, comes into ownership of Delinquent Units that have been assigned and not subsequently reassigned to the Association;

f. All deficiency judgments, and all future rights to deficiency judgments for Delinquent Assessments hereafter obtained;

g. All present and future right, title, and interest in the Association to claim a lien against the Delinquent Unit to secure payment of common expense assessments described in (b) above as permitted and as provided in the Declaration and in Chapter 718, Florida Statutes, as they may now exist or be amended hereafter from time to time (the "Lien Rights"); and

h. Proceeds of all the foregoing (all collectively being referred to herein as "Delinquent Assessment"). The security of this Purchase Agreement is and shall be primary. The Association hereby warrants that there are no contracts, agreements, assignments, pledges, hypothecations or other similar agreements guarantying a security interest in or to the Delinquent Assessments as of the day and year first above written nor shall there be any in existence on the date of recordation of this Purchase Agreement or any other instruments of security. Association further warrants that it has not executed nor will it execute at any time during the term of the Purchase Agreement any other assignments or instruments encumbering the items described above which might prevent LMF from operating under any of the terms and conditions of this Purchase Agreement.

Association Initial _____ LMF Initial _____

Association may offer to assign additional Delinquent Unit accounts to LMF by executing subsequent Schedules of Units. LMF may at its discretion accept the assignment of Delinquent Unit accounts at any time.

2. **Payment**. Payment shall be tendered in accordance with the corresponding schedule and class of the particular delinquent unit as attached hereto.

3. **Allocation of the Proceeds.** Proceeds shall be allocated in accordance with the corresponding schedule and class of the particular Delinquent Unit as attached hereto.

4. **Reassignment, and Set Off.**

a. *Reassignment.* LMF shall remit amounts owed to Association by the 10th day of the month following collection. Upon payment in full for a Delinquent Unit's Delinquent Assessment(s), LMF shall direct Counsel to record a satisfaction of lien, if necessary, and re-assign all rights relating to the Delinquent Unit to Association. Reassignment to the Association of an account for a Delinquent Unit shall also occur under the following circumstances:

(i) When LMF determines all or any portion of the Ledger Amounts arising in connection with a Delinquent Unit are either paid in full or settled, waived, reduced or released such that there is no outstanding debt owed to the Association by the owners of the Delinquent Unit, including, without limitation, reductions made due to the statutory cap for first mortgagees in Section 718.116(1)(b), Florida Statutes, or in connection with a bankruptcy; or

(ii) Upon mutual written agreement of LMF and the Association.

The transfer of title to a lender that held a mortgage on a particular Delinquent Unit shall not, by itself, trigger reassignment of an account for the Delinquent Unit unless and until the account is otherwise transferred to the seller in accordance with Section 3. Upon reassignment, all payment obligations of LMF for the reassigned Delinquent Unit arising under Section 2 shall terminate.

c. *Set Off***.** The Association agrees that if it should come into possession of any of the Ledger Amounts assigned to LMF, LMF will have the option to set-off funds that would have been paid to the Association under this Purchase Agreement.

Example: Association accepts a payment of $4,000 on a Delinquent Unit account that it has assigned to LMF. LMF's subsequent payment due to the Association from LMF under this Purchase Agreement will be less the $4,000 that the Association has in its possession.

Should the Association come into possession of any Ledger Amounts and if no set-off is available, Association shall immediately remit those Ledger Amounts to LMF upon demand. If this happens at any time, LMF shall have the authority to instruct Association's management to issue a check for the amount due within five (5) business days of notification of the occurrence.

Association Initial _____ LMF Initial _____

5. **Attorney in Fact — Power of Attorney.** For the limited purposes of this Purchase Agreement, Association hereby grants LMF an irrevocable power of attorney as it relates to this Purchase Agreement. This power of attorney is coupled with an interest and will be irrevocable for the term of this agreement and thereafter as long as any of the Obligations are outstanding. Along with power of attorney, Association authorizes LMF to act as attorney in fact to direct Counsel in the collection of Ledger Amounts and Counsel will distribute Collection Proceeds to LMF pursuant to the terms of this Purchase Agreement. The Association authorizes LMF to engage Business Law Group, P.A. ("BLG") or any other Counsel it deems fit to act on behalf of Association. Association acknowledges, accepts, and waives all conflicts if BLG or Counsel also represents other condominium or homeowner associations within or superior to the Association. Association irrevocably authorizes LMF to direct Counsel for the Association to (i) issue invoices for Delinquent Assessments and collect, receive and deposit the payments thereon; (ii) accelerate payments and file liens and foreclosure actions against a Delinquent Unit for Delinquent Assessment(s); (iii) enter into payment plans on behalf of the Association; (iv) file civil suit against the Delinquent Unit owners for collection of the Delinquent Assessments; (v) substitute counsel on behalf of the Association; and (vi) enforce any and all other rights of the Association with respect to the collection of Delinquent Assessments or any other deficiency judgments for Ledger Amounts granted to Association by Florida Law, the Association's Declaration, Articles, By-laws or otherwise including attesting via sworn affidavit to the correctness of amounts due and owing. Association acknowledges that it shall be the Plaintiff for the purpose of filing suit and enforcing the collection of Ledger Amounts.

Association, after the date of execution of this Purchase Agreement and the subsequent Schedule of Units, acknowledges that it no longer has any right or authority to settle an account for less than the amount due pursuant to Section 3 of this Purchase Agreement without LMF's prior written consent.

Association further agrees and shall direct its Management Company to cooperate in the collection of Ledger Amounts by providing reasonably requested information, providing ledgers for audit purposes at quarterly intervals, executing court documents necessary to protect Association's rights in the collection of Ledger Amounts, providing an officer of Association for testimony or other purposes, and endorsing checks made payable to Association for Ledger Amounts so that they may be applied and divided pursuant to this Purchase Agreement. Association shall execute the attached addendum to its agreement with its Management Company to authorize its Management Company to charge the Delinquent Unit ledgers for costs incurred by the Management Company related to the collection of Delinquent Assessments. Association shall note all assignments of proceeds from Delinquent Assessments to LMF upon its books and records of account. Association shall issue "coupon stop pay" instructions to its bank on all Delinquent Units funded by LMF. LMF shall have the right to file a UCC-1 to perfect its security interest upon amounts owed to LMF held in Association's accounts.

The Association hereby authorizes and empowers LMF to: (i) engage counsel for the collection of Ledger Amounts, (ii) sign affidavits on behalf of association as the attorney-in-fact, (iii) act as an authorized representative to substitute counsel on behalf of Association, (iv) sign any other document, pleading, or correspondence which relates to the collection of Ledger Amounts, (v) execute assignments of bid for foreclosure actions to third parties, and (vi) take any and all other steps necessary or proper to facilitate the collection of Ledger Amounts.

Association Initial _____ LMF Initial _____

LMF shall have access to all information BLG or other Counsel has with regard to the Delinquent Accounts. If the Association terminates BLG or other counsel, or otherwise exercises its attorney-client rights in a manner that interferes with Counsel's efforts to collect Delinquent Assessments at LMF's direction, or acts in a way that is anyway contrary to LMF's direction, then in addition to any other remedies at law, equity, or contained herein, LMF will terminate all payments owed pursuant to Section 2 and LMF will retain ownership of all Delinquent Assessments until they are reassigned to the Association pursuant to Section 3 of this Purchase Agreement.

The exercise by LMF of its right to receive such Collection Proceeds shall not prevent LMF from exercising any of its rights under this Purchase Agreement, and in addition LMF shall have and may exercise from time to time any and all rights and remedies of a secured party under the Uniform Commercial Code of the State of Florida and any and other rights and remedies available to it under any other applicable law, including, but not limited to, the right to foreclose a delinquent Assignment; and any other instrument of security for the Purchase Agreement in the same proceedings.

LMF may notify the owner of the Delinquent Unit of the terms and provisions of this Purchase Agreement by mailing a copy of this Purchase Agreement to the owner of the Delinquent Unit, or otherwise. Recordation of this Purchase Agreement in the public records of the county in which the Unit is located shall constitute notice to the Unit owner of the provisions hereof.

Association has designated the following board member as its Designated Board Member to communicate directly with LMF:

Name: _____
Address: _____
_____
_____
Email: _____
Phone: _____

Association agrees to promptly notify LMF of any change of the Designated Member or Management Company. Association hereby authorizes the Designated Board Member and the Association's Management Company, as an authorized agent, to sign any subsequent documents as they relate to this Purchase Agreement.

6. **Foreclosure**. During the time a foreclosure against a Delinquent Unit is pending and thereafter in the event the Association takes title to a Delinquent Unit, at the request of LMF, Association will exercise its rights set forth in its Declaration and ask a court to appoint a receiver to collect any rents being paid upon the Delinquent Unit in foreclosure. Rents collected shall be applied to Ledger Amounts in accordance with Section 3. In the event collection of the Ledger Amounts result in the Delinquent Unit being sold in a foreclosure auction, LMF shall have the right to bid for the Delinquent Unit as attorney in fact for Association applying amounts

owed for the Delinquent Assessment of the Delinquent Unit to the foreclosure price as well as any additional funds that LMF, in its sole discretion, decides to pay. At LMF's discretion and upon request, Association shall execute an assignment of bid to LMF, its assigns, or an entity of LMF's choosing.

If a foreclosure auction for a Delinquent Unit results in the Association taking title to the Delinquent Unit, or if the Association accepts a deed-in-lieu of foreclosure, or a Delinquent Unit becomes owned by the Association in any other way, LMF in its sole discretion may direct the Association to immediately quitclaim title of the Delinquent Unit to LMF, its successors or assigns, or to an entity of LMF's choosing. After quitclaim of a Delinquent Unit from Association to LMF, LMF shall continue to pay an amount equal to all future Assessments on a current basis as long as LMF remains the unit owner. LMF may elect to maintain the unit's delinquent balance and pay an amount equal to the Assessments as Purchase Price pursuant to this Purchase Agreement. Notwithstanding the aforementioned provision, the Association may at its discretion decide to retain title to a Delinquent Unit. If the Association elects and prior to LMF obtaining title through its own election, Association shall pay LMF all Delinquent Assessments, which have accrued according to Section 3. Association shall then be reassigned the Delinquent Unit and shall not have to execute a quitclaim title for the unit to LMF.

Nothing herein shall obligate LMF, its successors, or assigns to take title to a Delinquent Unit. Title is vested in LMF, its successors, or assigns at LMF's sole discretion. Regardless of LMF's election to obtain title, LMF may elect to proceed forward in an enforcement action against prior, and subsequent unit owners for any amount that is outstanding at any time, including but not limited to when a third-party, mortgagee, or lienor, takes title and becomes jointly and severally liable for past due assessments, charges, fees, fines and the like.

The Association expressly authorizes and approves LMF to lease any Delinquent Unit that LMF, its successors and assigns, now own, or come into ownership of, as a result of this Purchase Agreement. LMF agrees to advise the Association of all material terms of its leases.

7. **LMF Reports**. LMF shall provide a monthly list of all accounts that have been paid off and reassigned to the Association. Upon request from the Association's Designated Board Member, LMF will provide Association with statement of accounts for any Delinquent Unit.

8. **Mistakes**. LMF's purchase of the proceeds of the Delinquent Assessments is non-recourse to the Association except in the event of a mistake made by the Association. Mistakes shall be defined as when LMF reasonably determines it has been unable to collect the Ledger Amounts because:

a. A Delinquent Owner has proved payment to the Association was made prior to the Effective Date;

b. Association has supplied materially inaccurate information with respect to the Ledger Amounts, Delinquent Units, or Delinquent Units owner that results in a lapse or violation of a statutory deadline, failure to effect service of process, or denial of a lien or foreclosure action with regard to the Ledger Amounts;

Association Initial _____ LMF Initial _____

c. The Association has made a conflicting assignment of the proceeds of the Delinquent Assessment to its Management Company, lenders, attorneys or others; or

d. An Association compromise with the Delinquent Units owner on amounts owed for the Ledger Amounts or takes any other action to diminish the value or probability of collection of the Ledger Amounts.

The Association is liable to LMF for payment of the Delinquent Assessment amount for Mistakes set forth in (a), (b), (c), and (d) above. All reimbursement shall be through the Set-Off described in this Purchase Agreement.

In the event the Association breaches or fails to perform any one or more of the covenants and agreements contained in the Purchase Agreement, which is not cured within 30 days after receipt of notice thereof from the LMF to the Association, then such shall constitute a default, under the Purchase Agreement. An event of default as to which there is no notice and/or curative period provided herein shall immediately constitute a default upon the occurrence of such event of default. An occurrence of default shall cease any future payment installments that Association may be owed pursuant to Section 2 and LMF shall be entitled to any other remedies provided hereunder, at law, or in equity. Payments required by Section 2 will resume on the first of the following month after a breach has been cured.

9. **Unit Owner Defenses.** In the event a delinquent owner has challenged the validity of the Ledger Amounts because it is in violation of the Association's Articles, By-Laws, Declaration or as a matter of law and such challenge has required additional pleadings to be filed to protect a lien or foreclosure action, LMF may return the account to the Association and recover the Purchase Price via Set-Off pursuant to Section 3.

10. **Unit Owner Bankruptcy.** In the event a Delinquent Unit owner files for protection under federal bankruptcy laws LMF may at its option cease payments to the Association for that Delinquent Unit, until such time as the bankruptcy stay is lifted and collection efforts may resume. Once the stay is lifted by the court, LMF shall resume payments to the Association pursuant to Section 2 of this Purchase Agreement. LMF shall not be required to petition for relief from stay.

11. **Set—Off and Repayment**. Except where specifically stated otherwise, amounts owed by Association to LMF shall be paid through set-off against amounts owed by LMF to Association provided such amounts are sufficient to recover all amounts owed by the Association to LMF in one month. Otherwise all amounts owed by Association to LMF shall be due and payable in cash upon demand of LMF.

12. **LMF Indemnification**. LMF will indemnify, defend and hold harmless the Association from any damages incurred by the Association solely and directly arising from LMF's, or its, officers', employees', counsel, or agents' negligence or willful misconduct while acting to collect Delinquent Assessments on behalf of Association pursuant to this Purchase Agreement.

Association Initial _____ LMF Initial _____

LMF's obligation to indemnify, defend, and hold harmless Association shall only apply if Association accepts LMF's choice of counsel, chosen in LMF's sole discretion, and at LMF's sole expense. LMF shall have sole authority to negotiate, litigate, and settle all claims for which the Association seeks indemnity and any action by the Association that adversely affects LMF's indemnification obligations hereunder shall render LMF's obligations under this section null and void.

Neither the execution of this Purchase Agreement nor any action or inaction on the part of LMF under this Purchase Agreement shall release the Association from any of its obligations under the Declaration, or constitute an assumption of any such obligations on the part of LMF, and Association shall and does hereby agree to indemnify LMF for and to hold it, it's officers, managers, employees and agents harmless of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms covenants or agreements contained in the Declaration unless due to the LMF's negligence, willful misconduct or failure to comply with any applicable state or federal laws, rule or regulation. Should LMF incur any such liability, the loss or damage under or through the Declaration or in the defense of any as such claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees, shall be secured hereby and Association shall reimburse LMF therefore immediately upon demand. Such attorneys' fees and costs shall include, but not be limited to, fees and costs incurred in any phase of litigation, including, but not limited to, all trials, proceedings and appeals, and all appearances in and connected with any bankruptcy proceedings or creditors' reorganization proceedings. No action or failure to act on the part of Association shall adversely affect or limit in any way the rights of LMF under this Purchase Agreement, under the Assessments or the Lien Rights, Nothing herein contained shall be construed as making LMF, or its agents, successors and assigns, an assignee in possession, nor shall LMF or its agents, successors and assigns, be liable for laches, or failure to collect said Delinquent Assessment, and it is understood that LMF is to account only for such sums as are actually collected.

13. **Term and Termination**. This Purchase Agreement may be terminated by either party upon ten (10) days written notice.

    a. Upon termination by Association, Association shall have no obligation to assign the proceeds of any additional Delinquent Assessments and LMF shall have no obligation to continue to pay monthly assessments on the Delinquent Units pursuant to Section 2. LMF shall retain ownership of the Delinquent Assessments and all future collected proceeds arising from the collection of Delinquent Assessments assigned pursuant to this Purchase Agreement.

    b. Upon termination by LMF, LMF shall reassign all Delinquent Assessments to Association; LMF's obligations under Section 2 shall terminate; and Association shall retain all amounts previously paid to Association by LMF. All other provisions herein shall survive termination.

    c. The Association may terminate any surviving provisions of this Purchase Agreement at any time by (i) remitting to LMF all amounts that have been accrued and would be payable to LMF, as if full collection occurred upon the

termination date, pursuant to Section 3 of this Purchase Agreement; and (ii) to Counsel, all legal fees and costs charged to the ledger accounts of the Delinquent Unit. Payment of amounts due shall be made within 10 days of the termination date and LMF shall reassign all Delinquent Assessments within 10 days of receipt of the termination payment.

14. **Mortgagee Foreclosure Protection Under Declaration**. If the date of Association's Declaration precedes the effective date of Section 718.116 or 720.3085, Florida Statutes, or if the Association's Declaration or Governing Documents excuses anyone taking title through foreclosure or deed in lieu of foreclosure from payment of Delinquent Assessments, then in the event such purchaser refuses to pay Delinquent Assessments because of the provisions of Association's Declaration, LMF will have the option to return the account to the Association and recover its Purchase Price.

15. **Changes Alterations or Amendments to Governing Documents**. If at any time after the effective date of this Purchase Agreement the Association changes, alters, or amends its Declaration or other governing documents which impairs, infringes, or alters in any way the transaction of the parties to this Purchase Agreement then the Association shall be in breach of the Purchase Agreement.

16. **Miscellaneous**.

a. *Expenses*. Except as otherwise provided herein, each party shall pay its own expenses in connection with the execution and performance of this Purchase Agreement including professional fees.

b. *Entire Agreement*. This Purchase Agreement constitutes the entire agreement among the parties hereto and supersedes all prior agreements and understandings.

c. *Applicable Law*. This Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Florida. All disputes arising hereunder shall be resolved exclusively in the state courts of Florida. In any dispute arising hereunder the prevailing party shall be entitled to recovery of reasonable attorney's fees and costs from investigation through appeal.

d. *Venue*. Venue shall be proper and located exclusively in Hillsborough County, Florida.

e. *Construction*. The language in all parts of this Purchase Agreement shall be construed as a whole according to its fair meaning, strictly neither for nor against any party hereto, and without implying a presumption that the terms thereof shall be more strictly construed against the person who drafted the document, it being acknowledged and agreed that representatives of both parties have participated in the preparation hereof.

Association Initial _____ LMF Initial _____

f. *Counterparts*. This Purchase Agreement may be executed in two or more counterparts, each of which will be deemed an original and all of which together will constitute the same agreement, whether or not all parties execute each counterpart.

g. *Further Assurances*. The parties agree that they will from time to time, upon the reasonable request of the other party and without additional consideration, execute, acknowledge and deliver all such further endorsements, assignments, and transfers as may be required in conformity with this Purchase Agreement for the collection of Delinquent Assessments and distribution of the proceeds there from in accordance with this Purchase Agreement.

h. *Specific Performance*. LMF and the Association agree that the provisions of this Purchase Agreement are necessary in order to protect the continuing legitimate interests of the parties and that the failure of either party to perform the obligations provided in this Purchase Agreement, will result in irreparable damage to the other party. Notwithstanding the indemnification provisions of this Purchase Agreement as set forth in Section 7, specific performance by the otherwise nonperforming party of those obligations may be obtained by litigation in equity. Such remedies shall, however, be cumulative and not exclusive and shall be in addition to any other remedy the parties may have.

i. *Communication with Unit Owners*. Association shall answer all inquiries of Unit owners as required by Section 718.112(2)(a)(2), Florida Statutes.

j. *Severability*. If any provision of this Purchase Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

k. *Conflict*. If any provisions of this Purchase Agreement conflict with provisions of earlier executed agreements than this Purchase Agreement shall control.

l. *Insurance Proceeds*. In the event that the Association can or does make a claim for any type of insurance proceeds, including, either property and casualty, business interruption, or liability; LMF shall have a right to the prorated portion of those proceeds based on the amount of Delinquent Units LMF has been assigned pursuant to this Purchase Agreement, at the time the event occurs that gives rise to a claim.

m. *Approval of Management Company*. LMF expressly reserves the right to approve any changes of the Association's Management Company and Manager for the entire time this Purchase Agreement is in effect, or until all Delinquent Assessments are recovered or all collection matters resolved, whichever is later. If LMF does not approve a change of the Association's Management Company, the Association must either refrain from retaining

said Management Company, or terminate representation by said Management Company within 10 business days. Failure of Association to comply with this approval provision will constitute a breach of this contract and a default under this Purchase Agreement. LMF expressly approves the Association's current Management Company and Manager as of the Effective Date and said Management Company is a "Preferred Vendor" of LMF. Approval of a new Management Company will not be unreasonably withheld and shall be automatic where a change is made to any other of LMF's Preferred Vendor Management Companies.

n. *Approval of General Counsel.* LMF expressly reserves the right to approve the Association's General Counsel for the entire time this Purchase Agreement is in effect, or until all Delinquent Assessments are recovered or all collection matters resolved, whichever is later. If LMF does not approve the Association's General Counsel the association must either refrain from retaining said counsel, or terminate representation by said counsel within 10 business days. Failure of Association to comply with this approval provision will constitute a breach of this contract and a default under this Purchase Agreement. Approval of counsel will not be unreasonably withheld. As of the Effective Date, Association's General Counsel is and approved by LMF.

o. *Registered Agent.* As of the effective date of this agreement Association shall appoint an agent of LMF's choice as the Association's registered agent in the state of Florida. This provision shall be in effect until all provisions of this Purchase Agreement terminate. A change of the registered agent prior to the termination of all provisions of this Purchase Agreement, and without LMF's express written consent, shall constitute a breach.

Association Initial _____ LMF Initial _____

IN WITNESS WHEREOF, the parties have each executed this Purchase Agreement on the date first above written.

LM FUNDING, LLC

_____

Manager

AGREED AND ACCEPTED THIS DAY OF , 20 .

ASSOCIATION, INC.:

Signature: _____

Print: _____

Title: _____

Association Initial _____ LMF Initial _____

"Schedule A"

Accompaniment to the Association Receivables Purchase Agreement

The following Purchase Price Payment and Allocation of Proceeds Provisions shall apply to those units designated on the Schedule of Units as "Class A Units."

2. **Payment**. Association agrees to sell and assign a portion of the proceeds of the Delinquent Assessments (all accrued interest, administrative or late fees, and fees and costs paid to Counsel) for units classified as Class A Delinquent Units, as set forth on the Schedule of Units to LMF in exchange for LMF agreeing to pay the Purchase Price listed on the Schedule of units and the legal fees and collection costs associated with that Delinquent Unit Account continuing thereafter until the assigned account is reassigned to Association in accordance with this Purchase Agreement. The payments made by LMF to the Association as provided above are solely for the benefit of the Association and shall not be credited to the account of each Delinquent Unit in a manner that allows the owner of the Delinquent Unit to benefit from such payments in any way, including, without limitation, by having the delinquent owner's obligations to the Association reduced or diminished or waived in whole or in part. The owner of the Delinquent Unit shall continue to be fully liable for all obligations owed to the Association in connection with the Delinquent Unit or otherwise.

3. **Allocation of the Proceeds.** All Collection Proceeds of the Ledger Amounts received for each Class A Delinquent Unit shall be applied as follows:

a. *Allocation***:**

(i) First, to LMF any Purchase Price Paid and all Interest and Administrative Late Fees;

(ii) Second, to Counsel for all Attorney's Fees and Costs incurred;

(iii) Third, to Association, all Assessments collected;

(iv) Fourth, to Association, all Pre-Effective Date Special Assessments and Post-Effective Date Special Assessments; and

(v) Fifth, to Association, all other amounts appearing on the ledgers, including but not limited to, Pre-Existing Legal Fees, fines, water bills, cable television bills, fees owed to Association's management company and the like.

Association Initial _____ LMF Initial _____

"Schedule B"

Accompaniment to the Association Receivables Purchase Agreement

The following Purchase Price Payment and Allocation of Proceeds Provisions shall apply to those units designated on the Schedule of Units as "Class B Units."

2. **Payment**. Association agrees to sell and assign fifty (50%) percent of the Delinquent Assessments for the Delinquent Units as set forth on the Schedule of Delinquencies to LMF in exchange for LMF agreeing to pay Purchase Price listed on the Schedule of units and the legal fees and collection costs associated with that Delinquent Unit Account continuing thereafter until the assigned account is reassigned to Association in accordance with this Purchase Agreement. The payments made by LMF to the Association as provided above are solely for the benefit of the Association and shall not be credited to the account of each Delinquent Unit in a manner that allows the owner of the Delinquent Unit to benefit from such payments in any way, including, without limitation, by having the delinquent owner's obligations to the Association reduced or diminished or waived in whole or in part. The owner of the Delinquent Unit shall continue to be fully liable for all obligations owed to the Association in connection with the Delinquent Unit or otherwise.

3. **Allocation of the Proceeds.** LMF shall apply the Collection Proceeds of the Ledger Amounts received for each Class B Delinquent Unit as follows:

a. *Allocation***:**

(i) First, to LMF any Purchase Price Paid.

(ii) Second, to Counsel all Attorney's Fees and Costs incurred;

(iii) Third, to LMF and Association, fifty (50%) percent pro-rata of the proceeds of all Delinquent Assessments and Post-Effective Date Special Assessments;

(iv) Fourth to Association all Accelerated Assessments collected;

(v) Fifth, to Association, all other amounts appearing on the ledgers, including but not limited to, fines, water bills, cable television bills, fees owed to Association's management company and the like.

Association Initial _____ LMF Initial _____

"Schedule C"

Accompaniment to the Association Receivables Purchase Agreement

The following Purchase Price Payment and Allocation of Proceeds Provisions shall apply to those units designated on the Schedule of Units as "Class C Units."

4. **Payment**. Association agrees to sell and assign the Delinquent Assessments for units classified as Class C Delinquent Units as set forth on the Schedule of Units to LMF in exchange for LMF agreeing to pay an amount equal to the on-going Assessments that may be charged to those Delinquent Units from time to time by Association beginning on the later of the Effective Date of this Purchase Agreement or the when the Delinquent Unit account is assigned to LMF, and continuing thereafter until the assigned account is reassigned to Association in accordance with this Purchase Agreement, or Purchase Price reaches an aggregate total amount equal to 48 months of regular periodic assessments for any particular Delinquent Unit, or the Association receives title to the Delinquent Unit and LMF elects not take title pursuant to this Purchase Agreement. Payments shall be made by LMF to Association no later than the 10th day of each calendar month for each Delinquent Unit that is not reassigned to Association as of the first day of each calendar month. The payments made by LMF to the Association as provided above are solely for the benefit of the Association and shall not be credited to the account of each Delinquent Unit in a manner that allows the owner of the Delinquent Unit to benefit from such payments in any way, including, without limitation, by having the delinquent owner's obligations to the Association reduced or diminished or waived in whole or in part. The owner of the Delinquent Unit shall continue to be fully liable for all obligations owed to the Association in connection with the Delinquent Unit or otherwise.

5. **Allocation of the Proceeds.** All Collection Proceeds of the Ledger Amounts received for each Class C Delinquent Unit shall be applied as follows:

a. *Allocation***:**

(vi) First, to LMF for any Purchase Price Paid and all Delinquent Assessments;

(vii) Second, to Counsel for all Attorney's Fees and Costs incurred;

(viii) Third, to Association, all Accelerated Assessments collected;

(ix) Fourth, to Association, all Post-Effective Date Special Assessments imposed by the Association subsequent to the Effective Date collected in the Collection Proceeds; and

(x) Fifth, to Association, all other amounts appearing on the ledgers, including but not limited to, Pre-Existing Legal Fees, fines, water bills, cable television bills, fees owed to Association's management company and the like.

Association Initial _____ LMF Initial _____

Exhibit 10.12

LM FUNDING AMERICA, INC.

Public Offering of Units

Minimum _____ Units

Maximum _____ Units

SELECTED DEALER AGREEMENT

_____, 2015

Ladies and Gentlemen:

1. We intend to sell, as sales agent for LM Funding America, Inc. (the "Company"), on a "best efforts basis" a minimum of _____ units and a maximum of _____ units, with each unit consisting of one common share, $0.001 par value, and one warrant, of the Company (the "Units"). The Units and the terms under which they are to be offered for sale are more particularly described in the Company's preliminary prospectus for the Units dated _____, 2015, which will be superseded by the final prospectus for the Units (the "Prospectus").

2. We intend to offer at the Public Offering Price (as defined below), subject to the terms and conditions hereof, a portion of the Units for sale to the customers of you and certain other dealers (the "Selected Dealers"), that are actually engaged in the investment banking or securities business and that are members in good standing of the Financial Industry Regulatory Authority ("FINRA") that are registered with FINRA and maintain net capital pursuant to Rule 15c3-1 promulgated under the Securities Exchange Act of 1934, as amended (the "1934 Act"), of not less than $50,000. You hereby agree to comply with the FINRA Conduct Rules and, if you are a foreign dealer and not a FINRA member, you hereby agree to comply with the FINRA Rule 5130 relating to restrictions on the purchase and sale of initial equity public offerings and comply, as though you are a FINRA member, with the provisions of Rules 2730, 2740, 2750 and 5190 of the FINRA Conduct Rules and with Rule 2420 of the FINRA Conduct Rules as that rule applies to a nonmember foreign dealer.

3. The Units are to be offered to the public by us, as sales agent for the Company, in accordance with the terms of the offering (the "Offering") set forth in the Prospectus and the Sales Agency Agreement between us and the Company in the form attached hereto as Exhibit A. In consideration for assisting in the sale of the Units, you will be paid a sales commission of five percent (5%) of the Public Offering Price, for each Unit sold by you. We have advised you that the tentative price per Unit is $_____. The actual price per Unit (the "Public Offering Price") will be established immediately prior to the Closing Date (as defined below). We will notify you of the pricing immediately after it is established.

4. If you desire to purchase any of the Units as agent for your customers, your application should reach us promptly by electronic mail at our office at the address given below. We reserve the right to reject subscriptions in whole or in part, to make allotments and to close the subscription books at any time without notice. The Units allocated to you will be confirmed, subject to the terms and conditions of this Agreement.

5. Any Units purchased through you shall be purchased for your customers from the Company under the terms of this Agreement only upon orders already received from potential purchasers of the Units in accordance with the terms of the Offering set forth in the Prospectus, subject to the securities or blue sky laws of the various states or other jurisdictions.

6. You agree to advise us from time to time, upon request, of the amount of Units requested by you hereunder and remaining unsold at the time of such request, and, if in our opinion such Units shall be needed to make delivery of the Units sold, you will, forthwith upon our request, reduce the number of Units allocated to you to an amount equal to the number of Units actually purchased by your customers. You also agree to advise us as to the number of round lot purchasers your Unit purchase represents and agree that we may accept a purchase request in whole or in part, among other reasons, to meet minimum round lot holder requirements.

7. No expense shall be charged to you. A single transfer tax, if payable, upon the sale of the Units to you on behalf of your customers will be paid when such Units are delivered. However, you shall pay any transfer tax on sales of Units by you and you shall pay your proportionate share of any transfer tax (other than the single transfer tax described above) in the event that any such tax shall from time to time be assessed against you and other Selected Dealers as a group or otherwise.

8. Neither you nor any other person is or has been authorized to give any information or to make any representation in connection with the sale of the Units other than as contained in the Prospectus.

9. On becoming a Selected Dealer, and in offering and selling the Units, you agree to comply with all applicable requirements of the Securities Act of 1933, as amended (the "1933 Act"), and the 1934 Act. You confirm that you are familiar with (i) Rule 15c2-8 under the 1934 Act relating to the distribution of preliminary and final prospectuses for securities of an issuer (whether or not the issuer is subject to the reporting requirements of Section 13 or 15(d) of the 1934 Act, (ii) Rule 15c2-4 under the 1934 Act, (iii) Rule 15c6-1 under the 1934 Act, and (iv) FINRA Rule 5130 relating to restrictions on the purchase and sale of initial equity public offerings, and confirm that you have complied with and will comply with said rules and interpretations. You confirm also that you are familiar with Release No. 4968 of the Securities and Exchange Commission under the 1933 Act and that you have complied and will comply with the requirements therein relating to the distribution of copies of the Preliminary Prospectus relating to the Units. You confirm that you are (a) registered as a broker-dealer under the 1934 Act; (b) registered with FINRA and maintain net capital pursuant to Rule 15c3-1 promulgated under the 1934 Act of not less than $50,000; (c) qualified to act as a broker-dealer in the states or other jurisdictions in which you offer the Units; and (d) will maintain such registrations, qualifications, and memberships throughout the term of this Agreement.

10. (a) Neither you nor any of your officers, directors, affiliates or registered representatives (collectively "Related Persons"), have any association or affiliation with any officer or director of the Company, of any beneficial owner of five percent (5%) or more of any class of the Company's securities, and of any beneficial owner of the Company's unregistered securities that were acquired during the 180 day period immediately preceding the required filing date of this offering, as described in FINRA Corporate Finance Rule 5110(b)(6)(iii).

(b) Neither you nor any Related Person has made a loan or extended credit to the Company. Neither you nor any Related Persons will or have acquired any of the Company's securities during the 180-day period preceding the required filing date of this Offering through the 90-day period following the effective date of the Offering, including but not limited to acquisitions in connection with the corporate reorganization transactions described in the Prospectus and the "Part II—Recent Sales of Unregistered Securities" section of the Registration Statement. No portion of the Offering Proceeds has or will be directed to us or a Related Person.

11. We hereby confirm that we will make available to you such number of copies of the Prospectus (as amended or supplemented) as you may reasonably request for the purposes contemplated by the 1933 Act or the 1934 Act, or the rules and regulations thereunder.

12. Upon request, you will be informed as to the states and other jurisdictions in which, and limitations, if any, pursuant to which, we have been advised that the Units are qualified for sale under the respective securities or blue sky laws of such states and other jurisdictions, but we do not assume any obligation or responsibility as to the right of any Selected Dealer to sell the Units in any state or other jurisdiction or as to the eligibility of the Units for sale therein or to any particular prospective purchaser herein. You agree that you will not offer or sell the Units in any state or jurisdiction or to any purchaser in which or to whom the Units are not eligible to be sold. You agree that you will not offer or sell the Units in any state or jurisdiction except the states in which you are licensed as a broker-dealer under the laws of such state. You agree that you will notify us promptly of any states in which you would desire to sell the Units.

13. You agree that you will not, at any time prior to the completion by us of distribution of the Units acquired by you pursuant to this Agreement, bid for, purchase, sell or attempt to induce others to purchase or sell, directly or indirectly, any capital stock of the Company (the "Capital Stock") other than (i) as provided for in this Agreement, or (ii) purchases or sales of any Capital Stock as broker on unsolicited orders for the account of others.

14. No Selected Dealer is authorized to act as our agent or agent of the Company or otherwise to act on our behalf or on behalf of the Company in offering or selling the Units to the public or otherwise to furnish any information or make any representation except as contained in the Prospectus. No Selected Dealer shall use any supplemental sales literature of any kind without our prior written approval.

15. Nothing will constitute the Selected Dealers an association or other separate entity or partners with us, or with each other, but you will be responsible for your share of any liability or expense based on any claim to the contrary. We shall not be under any liability for or in respect of value, validity or form of the Units, of the delivery of the certificates for the Units or the performance by anyone of any agreement on its part, or the qualification of the Units for sale under the laws of any jurisdiction, or for or in respect to any other matter relating to this Agreement, except for the lack of good faith and for obligations expressly assumed by us in this Agreement and no obligation on our part shall be implied herefrom. The foregoing provisions shall not be deemed a waiver of any liability imposed under the 1933 Act.

16. We will notify you of the exact date (the "Closing Date") on which the sale of the Units ("Closing") will occur. Unless we advise you to the contrary prior to Closing, payment for Units purchased through you hereunder shall be made at the Public Offering Price (without any deduction for the selling commission due to you) by wire transfer of immediately available fed funds no later than 10:00 a.m. on the Closing Date to an escrow account (the "Escrow Account"), in accordance with the following instructions:

_____

_____

ABA #:_____
Credit Account #:_____
Account Name:_____
Attention:
Further Credit:_____
Telephone No.:_____

All Units placed by you will be credited to your DTC participant account at Closing. No physical certificates will be delivered. On the Closing Date, SunTrust Bank (the "Escrow Agent") will send your selling commission to you via wire transfer of immediately available funds.

17. You understand that the Offering will be made on a best efforts, minimum/maximum basis. Upon receipt of any and all checks, drafts and money orders made payable to SunTrust Bank, N.A., as Escrow Agent for LM Funding America, Inc., received from prospective purchasers of the Units, you shall deliver the same to the Escrow Agent for deposit in the Escrow Account by noon of the next business day following the receipt, together with a written account of each purchaser that sets forth, among other things, (i) the purchaser's name and address, (ii) the number of Units purchased by the purchaser, (iii) the amount paid therefor by the purchaser, (iv) whether the consideration received from the purchaser was in the form of a check, draft or money order, and (v) the purchaser's social security or tax identification number. This information will not be made available to us by the Escrow Agent except to the extent necessary in connection with any claim relating to the sale of the Units. Any checks that are received that are made payable to any party other than the Escrow Agent shall be rejected and promptly returned to the purchaser that submitted the check. You agree that you are bound by the terms of the Escrow Agreement executed by us, the Company and the Escrow Agent.

18. Notices to us should be addressed to:

Mr. Edward Cofrancesco, President
International Assets Advisory, LLC
390 North Orange Avenue, #750
Orlando, Florida 32801
Phone: (407) 254-1574
Fax: _____
Email: ecofrancesco@iaac.com

Notices to you shall be deemed to have been duly given if telegraphed or mailed to you at the address to which this letter is addressed.

19. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida without giving effect to the choice of law or conflicts of law principles thereof.

20. If you desire to reserve any Units for purchase by your customers, please confirm your application by signing and returning to us your confirmation on the duplicate copy of this letter enclosed herewith, even though you may have previously advised us thereof, by telephone, telegraph or telecopy.

21. You acknowledge and agree that you will not place, sell or deliver any of the Units allocated to you to delivery versus payment accounts or accounts over which you are exercising discretion.

22. This Agreement may not be assigned by the Selected Dealer with our prior written consent. This Agreement will terminate upon the termination of the Offering, except that either party may terminate this Agreement at any time.

Very truly yours,

INTERNATIONAL ASSETS ADVISORY, LLC

By: _____
Edward Cofrancesco
President

ACCEPTED AND AGREED:

_____
Name of Selected Dealer

By: _____

Print Name: _____

Title: _____

_____, 2015

International Assets Advisory, LLC
390 North Orange Avenue, #750
Orlando, Florida 32801

Attention: Mr. Edward Cofrancesco

We hereby request an allocation of _____ units (the "Units") of LM Funding America, Inc., for purchase by our customers in accordance with the terms and conditions stated in the foregoing letter. We hereby acknowledge receipt of the Prospectus referred to in the first paragraph thereof relating to said Units. We further state that we have relied upon said Prospectus and upon no other statement whatsoever, whether written or oral. We confirm that we are a dealer actually engaged in the investment company or securities business and that we are a member in good standing of the Financial Industry Regulatory Authority ("FINRA") that is registered with FINRA and maintain net capital pursuant to Rule 15c3-1 promulgated under the Securities Exchange Act of 1934, as amended, of not less than $50,000. We hereby agree to comply with the FINRA Conduct Rules, and, if we are a foreign dealer and not a FINRA member, we also agree to comply with FINRA Rule 5130 relating to restrictions on the purchase and sale of initial equity public offerings and comply, as though we were FINRA members, with the provisions of Rules 2730, 2740, 2750 and 5190 of the FINRA Conduct Rules and with Rule 2420 of the FINRA Conduct Rules as that rule applies to a nonmember foreign dealer.

We specifically acknowledge and agree that we will not place, sell or deliver any of the Units allocated to us to delivery versus payment accounts.

_____
Name of Selected Dealer

By: _____
Print Name: _____
Title: _____
Address: _____

Additional Information Attached

Return Wire Instructions for Fee
Return Wire Instructions for Purchases (if necessary)
Name of Clearing Firm and DTC Account Number to Credit Units at Closing

Return Wire Instructions for Fee:

(To be calculated at $ per Unit times the number of Units placed. subject to final pricing determination.) ENTER YOUR WIRE INSTRUCTIONS SO WE CAN FORWARD YOU FILE SALES CREDIT TO YOU ON THE DAY OF CLOSING:

Name of DTC Participant and DTC Account Number to Credit Units at Closing:

Note: Units will arrive in your DTC Account upon closing from International Assets Advisory, LLC's clearing firm — , DTC Account Number _____.

Return Wire Instructions for Purchases (if necessary):

Exhibit 10.13

EXECUTION COPY

CREDIT AGREEMENT

among

LMF SPE#2, LLC

(as Borrower),

LM FUNDING, LLC, CGR63, LLC AND LM FUNDING MANAGEMENT, LLC

(as the Guarantors)

and

HEARTLAND BANK

(as Lender)

DATED AS OF DECEMBER 30, 2014

TABLE OF CONTENTS

		Page
SECTION 1 Definitions		1
Section 1.1	**Definitions**.	1
Section 1.2	**Accounting Matters**.	9
Section 1.3	**Intentionally Omitted.**	9
Section 1.4	**Other Definitional Provisions**.	9
SECTION 2 TERM NOTE ADVANCE		10
Section 2.1	**Term Loan**.	10
Section 2.2	**General Provisions Regarding Interest; Etc**.	10
Section 2.3	**Use of Proceeds**.	11
SECTION 3 PAYMENTS		11
Section 3.1	**Method of Payment**.	11
Section 3.2	**Prepayments**.	11
SECTION 4 SECURITY		11
Section 4.1	**Collateral**.	11
Section 4.2	**Setoff**.	12
SECTION 5 CONDITIONS PRECEDENT		12
Section 5.1	**Initial Extension of Credit**.	12
Section 5.2	**Post-Closing Requirements.**	13
SECTION 6 REPRESENTATIONS AND WARRANTIES		14
Section 6.1	**Entity Existence**.	14
Section 6.2	**Financial Statements; Etc.**	14
Section 6.3	**Action; No Breach**.	14
Section 6.4	**Operation of Business**.	15
Section 6.5	**Litigation and Judgments**.	15
Section 6.6	**Rights in Collateral; Liens**.	15

Section 6.7 **Enforceability**. 15
Section 6.8 **Approvals**. 15
Section 6.9 **Taxes**. 15
Section 6.10 **Use of Proceeds; Margin Securities**. 16
Section 6.11 **ERISA**. 16
Section 6.12 **Disclosure**. 16
Section 6.13 **Subsidiaries.** 16
Section 6.14 **Agreements**. 16
Section 6.15 **Compliance with Laws**. 16
Section 6.16 **Inventory**. 16
Section 6.17 **Regulated Entities**. 16
Section 6.18 **Real Property**. 16
Section 6.19 **Intellectual Property**. 17
Section 6.20 **Foreign Assets Control Regulations and Anti-Money Laundering**. 17
Section 6.21 **Patriot Act**. 17

SECTION 7 AFFIRMATIVE COVENANTS 17
Section 7.1 **Reporting Requirements**. 17
Section 7.2 **Maintenance of Existence; Conduct of Business**. 19
Section 7.3 **Taxes and Claims**. 19
Section 7.4 **Maintenance of Insurance and Property**. 19
Section 7.5 **Inspection Rights**. 20
Section 7.6 **Keeping Books and Records**. 20
Section 7.7 **Compliance with Laws**. 20
Section 7.8 **Compliance with Agreements**. 20
Section 7.9 **Further Assurances**. 21
Section 7.10 **Depository Relationship**. 21

SECTION 8 NEGATIVE COVENANTS 21
Section 8.1 **Debt**. 21
Section 8.2 **Limitation on Liens**. 21
Section 8.3 **Mergers, Etc**. 21
Section 8.4 **Limitation on Issuance of Equity; Change of Control**. 21
Section 8.5 **Transactions With Affiliates**. 22
Section 8.6 **Disposition of Collateral**. 22
Section 8.7 **Nature of Business**. 22
Section 8.8 **Real Property**. 22
Section 8.9 **Accounting**. 22
Section 8.10 **No Negative Pledge**. 22
Section 8.11 **Subsidiaries**. 22
Section 8.12 **Hedge Agreements**. 22
Section 8.13 **OFAC**. 22

SECTION 9 FINANCIAL COVENANTS 23
Section 9.1 **Maximum Leverage Ratio**. 23
Section 9.2 **Maximum Loan to Value**. 23
Section 9.3 **Minimum Fixed Charge Coverage Ratio**. 23
SECTION 10 DEFAULT 23
Section 10.1 **Events of Default**. 23
Section 10.2 **Remedies Upon Default**. 25
Section 10.3 **Application of Funds**. 25
Section 10.4 **Performance by Lender**. 25
SECTION 11 MISCELLANEOUS 26
Section 11.1 **Expenses**. 26
Section 11.2 **INDEMNIFICATION**. 26
Section 11.3 **Limitation of Liability**. 27
Section 11.4 **No Duty**. 27
Section 11.5 **Lender Not Fiduciary**. 27
Section 11.6 **Equitable Relief**. 27
Section 11.7 **No Waiver; Cumulative Remedies**. 27
Section 11.8 **Successors and Assigns**. 28
Section 11.9 **Survival**. 28
Section 11.10 **Amendment**. 28
Section 11.11 **Notices**. 28
Section 11.12 **GOVERNING LAW: JURISDICTION AND VENUE**. 28
Section 11.13 **Counterparts**. 29
Section 11.14 **Severability**. 29
Section 11.15 **Headings**. 29
Section 11.16 **Participations; Etc.** 29
Section 11.17 **Construction**. 29
Section 11.18 **Independence of Covenants**. 29
Section 11.19 **WAIVER OF JURY TRIAL**. 30
Section 11.20 **Additional Interest Provision**. 30
Section 11.21 **Ceiling Election**. 31
Section 11.22 **USA Patriot Act Notice**. 31
Section 11.23 **Arbitration**. 31
Section 11.24 **Confidentiality.** 33
Section 11.25 **Termination.** 34
Section 11.26 NOTICE OF FINAL AGREEMENT. 34

INDEX TO EXHIBITS

Exhibit	Description of Exhibit	Section
A	Compliance Certificate	1.1
B	Term Note	1.1 and 2.1
C-1	Form of Claim of Lien	6.4 and 7.2
C-2	Form of Notice of Intent to Lien	6.4 and 7.2
C-3	Form of Notice of Foreclosure	6.4 and 7.2

INDEX TO SCHEDULES

Schedule	Description of Schedule	Section
5.1(m)	Additional Conditions Precedent	5.1(m)
6.18	Real Property	6.18
8.1	Existing Debt	8.1
8.2	Existing Liens	8.2

CREDIT AGREEMENT

THIS **CREDIT AGREEMENT** (the "***Agreement***"), dated as of December 30, 2014, is entered into by and among **LMF SPE#2, LLC**, a Florida limited liability company ("***Borrower***"), **LM FUNDING, LLC**, a Florida limited liability company, **CGR63, LLC**, a Florida limited liability company, **LM FUNDING MANAGEMENT, LLC**, a Florida limited liability company (collectively, the "***Guarantors***"), and **HEARTLAND BANK**, an Arkansas state bank ("***Lender***").

RECITALS

Borrower has requested that Lender extend credit to Borrower as described in this Agreement. Lender is willing to make such credit available to Borrower upon and subject to the provisions, terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

SECTION 1

DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, all exhibits, appendices and schedules hereto and in any note, certificate, report or other Loan Documents made or delivered pursuant to this Agreement, the following terms will have the meanings given such terms in this ***Section 1*** or in the provision, section or recital referred to below:

"***Affiliate***" means, as to any Person, any other Person (a) that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, such Person; (b) that directly or indirectly beneficially owns or holds five percent (5%) or more of any class of voting stock of such Person; or (c) five percent (5%) or more of the voting stock of which is directly or indirectly beneficially owned or held by such Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise; *provided*, *however*, in no event shall Lender be deemed an Affiliate of Borrower or any of its Subsidiaries or Affiliates.

"***Agreement***" has the meaning set forth in the introductory paragraph hereto, and includes all schedules, exhibits and appendices attached or otherwise identified therewith.

"***Borrower***" means the Person identified as such in the introductory paragraph hereto, and its successors and assigns to the extent permitted by ***Section 11.8***.

"***Borrower Operating Agreement***" means the Operating Agreement of LMF SPE#2, LLC, dated as of September 1, 2011.

"***Business Day***" has the meaning assigned to it in the Note.

"***Capitalized Lease Obligation***" means, with respect to any Person, the amount of Debt under a lease of Property by such Person that would be shown as a liability on a balance sheet of such Person prepared for financial reporting purposes on the accrual basis.

"***Change of Control***" shall mean (a) the occurrence of any event (whether in one or more transactions) which results in a transfer of control of LM Funding, LLC to a Person who is not a person who controls LM Funding as of the date of this Agreement or another Person under such Person's control, (b) the occurrence of any event (whether in one or more transactions) which results in a transfer of control of Borrower to a Person who is not LM Funding, LLC or a Person under the control of LM Funding, LLC, or (c) any merger or consolidation of or with any Borrower or sale of all or substantially all of the property or assets of any Borrower. For purposes of this definition, "control" shall mean the power direct or indirect (x) to vote 50% or more of the equity interests having ordinary voting power for the election of directors (or the individuals performing similar functions) of any Person or (y) to direct or cause the direction of the management and policies of any Person by contract or otherwise.

"***Code***" means the Internal Revenue Code of 1986.

"***Collateral***" has the meaning for such term set forth in ***Section 4.1***.

"***Compliance Certificate***" means a certificate, substantially in the form of ***Exhibit A***, prepared by and certified by a Responsible Officer.

"***Constituent Documents***" means (a) in the case of a corporation, its articles or certificate of incorporation and bylaws; (b) in the case of a general partnership, its partnership agreement; (c) in the case of a limited partnership, its certificate of limited partnership and partnership agreement; (d) in the case of a trust, its trust agreement; (e) in the case of a joint venture, its joint venture agreement; (f) in the case of a limited liability company, its articles of organization, operating agreement, regulations and/or other organizational and governance documents and agreements; and (g) in the case of any other entity, its organizational and governance documents and agreements.

"***Debt***" means, of any Person as of any date of determination (without duplication): (a) all obligations of such Person for borrowed money; (b) all obligations of such Person evidenced by bonds, notes, debentures, or other similar instruments; (c) all obligations of such Person to pay the deferred purchase price of Property or services, except trade accounts payable of such Person arising in the ordinary course of business that are not past due by more than ninety (90) days; (d) all Capitalized Lease Obligations of such Person; (e) all Debt or other obligations of others Guaranteed by such Person; (f) any other obligation for borrowed money or other financial accommodations which in accordance with GAAP would be shown as a liability on the balance sheet of such Person; (g) any repurchase obligation or liability of a Person with respect to accounts, chattel paper or notes receivable sold by such Person; (h) any liability under a sale and leaseback transaction that is not a Capitalized Lease Obligation; (i) any obligation under any so-called "synthetic leases;" (j) any obligation arising with respect to any other transaction that is the functional equivalent of borrowing but which does not constitute a liability on the balance sheets of a Person; (k) all payment and reimbursement obligations of such Person (whether contingent or otherwise) in respect of letters of credit, bankers' acceptances, surety or other

bonds and similar instruments; (l) all liabilities of such Person in respect of unfunded vested benefits under any Plan; and (m) all hedge obligations of such Person; and (n) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any equity interests in such Person or any other Person, valued, in the case of redeemable preferred stock interests, at the greater of its voluntary or involuntary liquidation preference plus all accrued and unpaid dividends.

"***Default***" means an Event of Default or the occurrence of an event or condition which with notice or lapse of time or both would become an Event of Default.

"***Default Interest Rate***" has the meaning assigned to it in the Note.

"***Dollars***" and "***$***" mean lawful money of the United States of America.

"***EBITDA***" means, for any Person for any period, an amount equal to (a) net income determined in accordance with GAAP, *plus* (b) *the sum of* the following to the extent deduced in the calculation of net income: (i) interest expense; (ii) income taxes, (iii) depreciation, (iv) amortization, (v) extraordinary losses determined in accordance with GAAP; and (vi) other non-recurring expenses of such Person reducing such net income which do not represent a cash item in such period or any future period; *minus* (c) *the sum of* the following to the extent included in the calculation of net income: (i) income tax credits of such Person; (ii) extraordinary gains determined in accordance with GAAP; and (iii) all non-recurring, non-cash items increasing net income.

"***Environmental Laws***" means any and all federal, state, and local laws, regulations, judicial decisions, orders, decrees, plans, rules, permits, licenses, and other governmental restrictions and requirements pertaining to health, safety, or the environment, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601 et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901 et seq., the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq., the Clean Air Act, 42 U.S.C. § 7401 et seq., the Clean Water Act, 33 U.S.C. § 1251 et seq., and the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.

"***Environmental Liabilities***" means, as to any Person, all liabilities, obligations, responsibilities, Remedial Actions, losses, damages, punitive damages, consequential damages, treble damages, costs, and expenses (including, without limitation, all reasonable fees, disbursements and expenses of counsel, expert and consulting fees and costs of investigation and feasibility studies), fines, penalties, sanctions, and interest incurred as a result of any claim or demand, by any Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, including any Environmental Law, permit, order or agreement with any Governmental Authority or other Person, arising from environmental, health or safety conditions or the Release or threatened Release of a Hazardous Material into the environment, resulting from the past, present, or future operations of such Person or its Affiliates.

"***ERISA***" means the Employee Retirement Income Security Act of 1974.

"***ERISA Affiliate***" means any corporation or trade or business which is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as an

Obligated Party or is under common control (within the meaning of Section 414(c) of the Code and Sections 414(m) and (o) of the Code for purposes of the provisions relating to Section 412 of the Code) with an Obligated Party.

"***Event of Default***" has the meaning set forth in ***Section 10.1***.

"***Fixed Charge Coverage Ratio***" means the ratio of (a) EBITDA of Borrower to (b) Fixed Charges of Borrower.

"***Fixed Charges of Borrower***" means, for any period, the sum of (a) Borrower's rent expense, (b) Borrower's scheduled payment of interest with respect to Borrower's Debt, and (c) Borrower's scheduled payment of principal with respect to Borrower's Debt. For purposes of calculating the interest and principal with respect to Borrower's Debt in respect of the Loan, the initial amount of the Loan outstanding shall be deemed to be $7,250,000 and any amounts in excess thereof shall be excluded from such calculations.

"***GAAP***" means generally accepted accounting principles, applied on a consistent basis, as set forth in opinions of the Accounting Principles Board of the American Institute of Certified Public Accountants and/or in statements of the Financial Accounting Standards Board and/or their respective successors and which are applicable in the circumstances as of the date in question. Accounting principles are applied on a "consistent basis" when the accounting principles applied in a current period are comparable in all material respects to those accounting principles applied in a preceding period.

"***Governmental Authority***" means any nation or government, any state or political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory, or administrative functions of or pertaining to government.

"***Guarantee***" by any Person means any obligation or liability, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person as well as any obligation or liability, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation or liability (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to operate Property, to take-or-pay, or to maintain net worth or working capital or other financial statement conditions or otherwise) or (b) entered into for the purpose of indemnifying or assuring in any other manner the obligee of such Debt or other obligation or liability of the payment thereof or to protect the obligee against loss in respect thereof (in whole or in part), *provided that* the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"***Guarantor***" means each of LM Funding, LLC, a Florida limited liability company, CGR63, LLC, a Florida limited liability company, LM Funding Management, LLC, a Florida limited liability company, and each Person who from time to time Guarantees all or any part of the Obligations.

"***Guaranty***" means a written guaranty of each Guarantor in favor of Lender, in form and substance satisfactory to Lender.

"***Hazardous Material***" means any substance, product, waste, pollutant, material, chemical, contaminant, constituent, or other material which is or becomes listed, regulated, or addressed under any Environmental Law, including, without limitation, asbestos, petroleum, and polychlorinated biphenyls.

"***Heartland***" means Heartland Bank.

"***Hedge Agreement***" means (a) any and all interest rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules and annexes, a "***Master Agreement***") and (c) any and all Master Agreements and any and all related confirmations.

"***IRS***" means the Internal Revenue Service or any entity succeeding to all or any of its functions.

"***Lender***" means the Person identified as such in the introductory paragraph hereto, and includes its successors and assigns.

"***Leverage Ratio***" means the quotient of LM Funding, LLC's (i) current portion of long-term Debt plus long-term Debt plus deferred revenue, divided by (ii) members' deficit plus deferred revenue, determined in accordance with GAAP on a consolidated basis and consistent with historical accounting practices.

"***Lien***" means any lien, mortgage, security interest, tax lien, pledge, charge, hypothecation, assignment, preference, priority, or other encumbrance of any kind or nature whatsoever (including, without limitation, any conditional sale or title retention agreement), whether arising by contract, operation of law, or otherwise.

"***Loan***" means the Term Loan.

"***Loan Documents***" means this Agreement, the Security Documents, the Note, and all other promissory notes, security agreements, guaranties, deeds of trust, assignments, letters of credit, guaranties, and other instruments, documents, or agreements executed and delivered pursuant to or in connection with this Agreement or the Security Documents.

"***Loan to Value***" means the product of (a) the ratio of (i) the outstanding principal balance of the Term Loan to (ii) the accrued balances of the Borrower as stated on the balance sheet of Borrower for the most recently ended calendar quarter and delivered pursuant to ***Section 7.1(b)***, times (b) one hundred percent (100%).

"***Manager of Borrower***" means LM Funding, LLC.

"***Material Adverse Event***" means any act, event, condition, or circumstance which could materially and adversely affect: (a) the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of Borrower or Borrower and its Subsidiaries, if any, taken as a whole; (b) the ability of any Obligated Party to perform its obligations under any Loan Document to which it is a party; or (c) the legality, validity, binding effect or enforceability against any Obligated Party of any Loan Document to which it is a party.

"***Maximum Rate***" means, at all times, the maximum rate of interest which may be charged, contracted for, taken, received or reserved by Lender in accordance with applicable Florida law (or applicable United States federal law to the extent that such law permits Lender to charge, contract for, receive or reserve a greater amount of interest than under Florida law). The Maximum Rate shall be calculated in a manner that takes into account any and all fees, payments, and other charges in respect of the Loan Documents that constitute interest under applicable law. Each change in any interest rate provided for herein based upon the Maximum Rate resulting from a change in the Maximum Rate shall take effect without notice to Borrower at the time of such change in the Maximum Rate.

"***Multiemployer Plan***" means a multiemployer plan defined as such in Section 3(37) of ERISA to which contributions are being made or have been made by, or for which there is an obligation to make by or there is any liability, contingent or otherwise, with respect to an Obligated Party or any ERISA Affiliate and which is covered by Title IV of ERISA.

"***Note***" means the Term Note.

"***Obligated Party***" means Borrower, each Guarantor, and CRE Funding, LLC, a Florida limited liability company, or any other Person who is or becomes party to any agreement that obligates such Person to pay or perform, or that Guarantees or secures payment or performance of, the Obligations or any part thereof.

"***Obligations***" means all obligations, indebtedness, and liabilities of Borrower, each Guarantor and any other Obligated Party to Lender or any Affiliate of Lender, or both, now existing or hereafter arising, whether direct, indirect, fixed, contingent, liquidated, unliquidated, joint, several, or joint and several, under, arising out of or otherwise relating to, this Agreement, or any other Loan Documents, any cash management or treasury services agreements and all interest accruing thereon (whether a claim for post-filing or post-petition interest is allowed in any bankruptcy, insolvency, reorganization or similar proceeding) and all attorneys' fees and other expenses incurred in the enforcement or collection thereof.

"***OFAC***" means the Office of Foreign Assets Control.

"***Patriot Act***" means the Uniting and Strengthening America by Providing Appropriate Tools to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. 107-56, signed into law October 26, 2001).

"***PBGC***" means the Pension Benefit Guaranty Corporation or any entity succeeding to all or any of its functions under ERISA.

*"**Permitted Distributions**"* means (a) Tax Distributions, and (b) provided no Event of Default or Default exists immediately prior to or as a result of a distribution described in this clause (b), other cash distributions by the Borrower.

"***Person***" means any individual, corporation, limited liability company, business trust, association, company, partnership, joint venture, Governmental Authority, or other entity, and shall include such Person's heirs, administrators, personal representatives, executors, successors and assigns.

"***Plan***" means any employee benefit or other plan, other than a Multiemployer Plan, established or maintained by, or for which there is an obligation to make contributions by or there is any liability, contingent or otherwise with respect to Borrower or any ERISA Affiliate and which is covered by Title IV of ERISA or subject to Section 412 of the Code.

*"**Pledge Agreement**"* means that certain Pledge Agreement dated on or about the date hereof, executed by LM Funding, LLC and CRE Funding, LLC, as grantors, and Lender, and securing the Obligations of Borrower to Lender.

*"**Pledged Equity Interests**"* means all membership units issued by LMF SPE#2, LLC which from time to time are part of the Collateral.

"***Principal Office***" means the principal office of Lender, presently located at One Information Way, Suite 300, Little Rock, Arkansas 72202.

"***Prior Debt***" means that certain debt owed by Borrower to CRE Capital, LLC., a Florida limited liability company, pursuant to that certain Consolidated Promissory Note dated on or about February 25, 2012, in the original principal amount of $6,000,000, as subsequently amended from time to time.

"***Processing Fee***" means $500 for processing of the Term Loan

"***Prohibited Transaction***" means any transaction set forth in Section 406 of ERISA or Section 4975 of the Code.

"***Property***" of a Person means any and all property, whether real, personal, tangible, intangible or mixed, of such Person, or any other assets owned, operated or leased by such Person.

"***Related Indebtedness***" has the meaning set forth in ***Section 11.20***.

"***Release***" means, as to any Person, any release, spill, emission, leaking, pumping, injection, deposit, disposal, disbursement, leaching, or migration of Hazardous Materials into the indoor or outdoor environment or into or out of property owned by such Person, including, without limitation, the movement of Hazardous Materials through or in the air, soil, surface water, ground water, or Property.

"***Remedial Action***" means all actions required to (a) clean up, remove, treat, or otherwise address Hazardous Materials in the indoor or outdoor environment, (b) prevent the Release or threat of Release or minimize the further Release of Hazardous Materials so that they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment, or (c) perform pre-remedial studies and investigations and post-remedial monitoring and care.

"***Reportable Event***" means any of the events set forth in Section 4043 of ERISA.

"***Reserve Account***" has the meaning set forth at ***Section 7.10***.

"***Responsible Officer***" means the chief executive officer, president, chief financial officer, or treasurer of Borrower or any Person designated by a Responsible Officer to act on behalf of a Responsible Officer; *provided that* such designated Person may not designate any other Person to be a Responsible Officer. Any document delivered hereunder that is signed by a Responsible Officer of Borrower or any Guarantor shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of Borrower or such Guarantor, as applicable, and such Responsible Officer shall be conclusively presumed to have acted on behalf of Borrower.

"***RICO***" means the Racketeer Influenced and Corrupt Organization Act of 1970.

"***Secured Parties***" means the collective reference to Lender, and any other Person the Obligations owing to which are, or are purported to be, secured by the Collateral under the terms of the Security Documents.

"***Security Agreement***" means that certain Security Agreement, by and between the Borrower and Lender, granting a security interest in all of the assets of the Borrower which will comprise a portion of the Collateral

"***Security Documents***" means each and every security agreement, pledge agreement, control agreement, or other collateral security agreement required by or delivered to Lender from time to time that purport to create a Lien on the Collateral in favor of any of the Secured Parties to secure payment or performance of the Obligations or any portion thereof, including without limitation, the Pledge Agreement and the Security Agreement.

"***Structuring Fee***" means $145,000 (or 2% of the Loan amount) in consideration of the Term Loan.

"***Subordinated Debt***" means any Debt of Borrower (other than the Obligations) that has been subordinated to the Obligations by written agreement, in form and content satisfactory to Lender and which has been approved in writing by Lender as constituting Subordinated Debt for purposes of this Agreement.

"***Subsidiary***" means (a) any corporation of which at least a majority of the outstanding shares of stock having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether or not at the time stock of any other class or classes of such corporation shall have or might have voting power by reason of the

happening of any contingency) is at the time directly or indirectly owned or controlled by LM Funding, LLC, Borrower or one or more of other Subsidiaries or by LM Funding, LLC, Borrower and one or more of such Subsidiaries, and (b) any other entity (i) of which at least a majority of the ownership, equity or voting interest is at the time directly or indirectly owned or controlled by one or more of LM Funding, LLC, Borrower and other Subsidiaries and (ii) which is treated as a subsidiary in accordance with GAAP.

"***Tax Distributions***" means, with respect to any Person and any tax year, any dividend or distribution to any holder of such Person's stock or other equity interests to permit such holders to pay federal income taxes and all relevant state and local income taxes (including estimated taxes) at a rate equal to the highest marginal applicable tax rate for the applicable tax year, however denominated (together with any interest, penalties, additions to tax, or additional amounts with respect thereto) imposed as a result of taxable income allocable to such holder as an equity holder of such Person under federal, state, and local income tax laws, determined or reportable by on a basis that combines those liabilities arising out of the net effect of the income, gains, deductions, losses, and credits of such Person for the applicable period (to the extent such items may be netted under the relevant tax law).

"***Term Loan***" means the aggregate unpaid Term Note Advances outstanding from time to time.

"***Term Note***" means the promissory note of Borrower payable to the order of Lender in substantially the form of ***Exhibit B***.

"***Term Note Advance***" means any Advance made by Lender to Borrower pursuant to ***Section 2.1***.

"***UCC***" means the Uniform Commercial Code as adopted in Florida and codified at Chapters 670-680 of the Florida Statutes.

*"**Unfunded Pension Liability**"* means the excess, if any, of (a) the funding target as defined under Section 430(d) of the Code without regard to the special at-risk rules of Section 430(i) of the Code, over (b) the value of plan assets as defined under Section 430(g)(3)(A) of the Code determined as of the last day of each calendar year, without regard to the averaging which may be allowed under Section 310(g)(3)(B) of the Code and reduced for any prefunding balance or funding standard carryover balance as defined and provided for in Section 430(f) of the Code.

Section 1.2 Accounting Matters. Any accounting term used in this Agreement or any other Loan Document shall have, unless otherwise specifically provided therein, the meaning customarily given such term in accordance with GAAP, and all financial computations thereunder shall be computed, unless otherwise specifically provided therein, on a consolidated basis in accordance with GAAP consistently applied.

Section 1.3 Intentionally Omitted.

Section 1.4 Other Definitional Provisions.

All definitions contained in this Agreement are equally applicable to the singular and plural forms of the terms defined. The words "hereof", "herein", and "hereunder" and words of similar import referring to this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified, all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear. Terms used herein that are defined in the UCC, unless otherwise defined herein, shall have the meanings specified in the UCC. Any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document). Any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time.

SECTION 2

TERM NOTE ADVANCE

Section 2.1 Term Loan. Subject to the terms and conditions of this Agreement, Lender agrees to make, on or about the date of this Agreement a single Term Note Advance to Borrower in the principal amount of $7,431,938.50.

(a) The Term Note. The obligation of Borrower to repay the Term Loan and interest thereon shall be evidenced by the Term Note executed by Borrower, and payable to the order of Lender in the principal amount of $7,431,938.50.

(b) Repayment of Principal and Interest. Subject to prior acceleration or any prepayment obligation as provided in this Agreement, the unpaid principal balance of the Term Note shall be repaid as provided therein.

(c) Interest. The unpaid principal amount of the Term Loan shall, subject to the following sentence, bear interest as provided in the Term Note. If at any time the rate of interest specified in the Term Note shall exceed the Maximum Rate but for the provisions thereof limiting interest to the Maximum Rate, then any subsequent reduction shall not reduce the rate of interest on the Term Note Advances below the Maximum Rate until the aggregate amount of interest accrued on the Term Note Advances equals the aggregate amount of interest which would have accrued on the Term Note Advances if the interest rate had not been limited by the Maximum Rate. Accrued and unpaid interest on the Term Note Advances shall be payable as provided in the Term Note.

Section 2.2 General Provisions Regarding Interest; Etc.

(a) Default Interest Rate. Any outstanding principal of any Term Note Advance not paid when due and (to the fullest extent permitted by law) any other amount payable by Borrower under this Agreement or any other Loan Document that is not paid in full when due (whether at stated maturity, by acceleration, or otherwise) shall bear interest at the Default Interest

Rate for the period from and including the due date thereof to but excluding the date the same is paid in full. Additionally (but without duplication of any interest paid on Obligations pursuant to the immediately preceding sentence), at any time that an Event of Default exists, all outstanding and unpaid principal amounts of all of the Obligations shall, to the extent permitted by law, bear interest at the Default Interest Rate. Interest payable at the Default Interest Rate shall be payable from time to time on demand.

(b) Computation of Interest. Interest on the Term Loan and all other amounts payable by Borrower hereunder shall be computed on the basis of a year of 360 days and the actual number of days elapsed (including the first day but excluding the last day) unless such calculation would result in a usurious rate, in which case interest shall be calculated on the basis of a year of 365 or 366 days, as the case may be.

Section 2.3 Use of Proceeds. The proceeds of the Term Loan shall be used by Borrower to (i) repay all indebtedness associated with 1,839 condominium assessment liens, (ii) purchase an additional 351 condominium assessment liens (to be defined and documented), and (iii) to pay transaction fees and expenses in connection with the foregoing.

SECTION 3

PAYMENTS

Section 3.1 Method of Payment. All payments of principal, interest, and other amounts to be made by Borrower under this Agreement and the other Loan Documents shall be made to Lender at the Principal Office in Dollars and immediately available funds, without setoff, deduction, or counterclaim, and free and clear of all taxes at the time and in the manner provided in the Note.

Section 3.2 Prepayments.

(a) Voluntary Prepayments. Borrower may prepay all or any portion of the Note to the extent and in the manner provided for therein. Prepayments shall be in a minimum amount of $250,000.

(b) Mandatory Prepayment. If at any time the unpaid principal balance of the Loan causes a default under the financial covenant set forth in ***Section 9.2*** herein, then Borrower shall immediately (i) prepay the principal of the Loan, and/or (ii) deliver to the Lender additional Collateral acceptable to the Lender in its reasonable discretion (and execute and deliver documentation in connection with such additional Collateral required by the Lender) so that such financial covenant is brought into immediate compliance.

SECTION 4

SECURITY

Section 4.1 Collateral. To secure full and complete payment and performance of the Obligations, Borrower and each Guarantor shall, and shall cause the other Obligated Parties to, execute and deliver or cause to be executed and delivered all of the Security Documents required

by Lender covering the Property of Borrower and the other Obligated Parties as described in such Security Documents (which, together with any other Property and collateral described in the Security Documents, and any other Property which may now or hereafter secure the Obligations or any part thereof, is sometimes herein called the "***Collateral***"). Borrower and each Guarantor and each other Obligated Party shall execute and cause to be executed such further documents and instruments, including without limitation, UCC financing statements, as Lender, in its sole discretion, deems necessary or desirable to create, evidence, preserve, and perfect its liens and security interests in the Collateral.

Section 4.2 Setoff. If an Event of Default exists, Lender shall have the right to set off and apply against the Obligations in such manner as Lender may determine, at any time and without notice to Borrower, any and all deposits (general or special, time or demand, provisional or final) or other sums at any time credited by or owing from Lender to Borrower whether or not the Obligations are then due. As further security for the Obligations, Borrower hereby grants to Lender a security interest in all money, instruments, and other Property of Borrower now or hereafter held by Lender, including, without limitation, Property held in safekeeping. In addition to Lender's right of setoff and as further security for the Obligations, Borrower hereby grants to Lender a security interest in all deposits (general or special, time or demand, provisional or final) and other accounts of Borrower now or hereafter on deposit with or held by Lender and all other sums at any time credited by or owing from Lender to Borrower. The rights and remedies of Lender hereunder are in addition to other rights and remedies (including, without limitation, other rights of setoff) which Lender may have.

SECTION 5

CONDITIONS PRECEDENT

Section 5.1 Initial Extension of Credit. The obligation of Lender to make the Term Note Advance under the Note is subject to the condition precedent that Lender shall have received on or before the day of such Term Note Advance all of the following, each dated (unless otherwise indicated) the date hereof, in form and substance satisfactory to Lender:

(a) Resolutions. Resolutions of the Members and Manager of Borrower (or Responsible Officer, as applicable) and each other Obligated Party certified by the Manager of such Person which authorize the execution, delivery, and performance by such Person of this Agreement and the other Loan Documents to which such Person is or is to be a party;

(b) Incumbency Certificate. A certificate of incumbency certified by the Manager or Responsible Officer certifying the names of the individuals or other Persons authorized to sign this Agreement and each of the other Loan Documents to which Borrower, the Guarantors and each other Obligated Party is or is to be a party (including the certificates contemplated herein) on behalf of such Person together with specimen signatures of such individual Persons;

(c) Constituent Documents. The Constituent Documents for Borrower, the Guarantors, and each other Obligated Party certified as of a date acceptable to Lender by the appropriate government officials of the state of incorporation or organization of each such entity;

(d) Governmental Certificates. Certificates of the appropriate government officials of the state of incorporation or organization of Borrower and each other Obligated Party as to the existence and good standing of such party, each dated within ten (10) days prior to the date of the Term Note Advance;

(e) Note. The Note executed by Borrower;

(f) Security Documents. The Security Documents executed by Borrower and other Obligated Parties and all instruments, documents, certificates and agreements required to be executed or delivered pursuant thereto;

(g) Financing Statements. UCC financing statements reflecting Borrower as debtor, and Lender, as secured party, which are required to grant a Lien which secures the Obligations and covering such Collateral, as Lender may request;

(h) Guaranty. The Guaranty executed by each Guarantor;

(i) Reserve Account. Evidence of the establishment of the Reserve Account in accordance with ***Section 7.10***.

(j) Lien Searches. The results of UCC, tax lien and judgment lien searches showing all financing statements and other documents or instruments on file against Borrower and each other Obligated Party in the appropriate filing offices, such search to be as of a date no more than ten (10) days prior to the date of the Term Note Advance;

(k) Opinion of Counsel. A favorable opinion of Business Law Group, P.A., legal counsel to Borrower and the Guarantors, as to such other matters as Lender may reasonably request;

(l) Attorneys' Fees and Expenses. Evidence that the costs and expenses (including reasonable attorneys' fees) referred to in ***Section 11.1***, to the extent incurred, shall have been paid in full by Borrower;

(m) Additional Items. The additional items set forth on ***Schedule 5.1(m)***; and

(n) Closing Fees. Evidence that the Structuring Fee, the Processing Fee and any other fees due at closing have been paid.

(o) Payoff; Release. Payoff letters evidencing repayment in full of the Prior Debt, termination of all agreements relating thereto and the release of all Liens granted in connection therewith, with Uniform Commercial Code or other appropriate termination statements and documents effective to evidence the foregoing.

Section 5.2 Post-Closing Requirements.

(a) Documentary Stamp and Other Taxes. Borrower shall promptly pay, or cause to be paid, all transfer, stamp, documentary, or other similar taxes, assessments, or charges levied by any Governmental Authority in respect of this Agreement or any of the other Loan Documents (if any).

SECTION 6

REPRESENTATIONS AND WARRANTIES

To induce Lender to enter into this Agreement, and to the Term Note Advance hereunder, and except as set forth on the ***Schedules*** hereto, Borrower represents and warrants to Lender that:

Section 6.1 Entity Existence. Each of Borrower and each of the Guarantors (a) is duly incorporated or organized, as the case may be, validly existing, and in good standing under the laws of the jurisdiction of its incorporation or organization; (b) has all requisite power and authority to own its assets and carry on its business as now being or as proposed to be conducted; and (c) is qualified to do business in all jurisdictions in which the nature of its business makes such qualification necessary and where failure to so qualify could result in a Material Adverse Event. Each of Borrower, the Guarantors and the other Obligated Parties has the power and authority to execute, deliver, and perform its obligations under this Agreement and the other Loan Documents to which it is or may become a party.

Section 6.2 Financial Statements; Etc. Each of Borrower and the Guarantors has delivered to Lender unaudited financial statements as of and for the fiscal year ended December 31, 2013, and unaudited financial statements as of and for the nine (9) – month period ended September 30, 2014, (collectively, the "***Financial Statements***"). Such Financial Statements are true and correct, have been prepared in accordance with GAAP (except for the absence of footnotes and normal year-end adjustments) and fairly and accurately present, in all material respects, on a consolidated basis (where applicable), the financial condition of Borrower and each Guarantor as of the respective dates indicated therein and the results of operations for the respective periods indicated therein. Neither Borrower nor any Guarantor has any material contingent liabilities, liabilities for taxes, unusual forward or long-term commitments, or unrealized or anticipated losses from any unfavorable commitments except as referred to or reflected in such Financial Statements. No Material Adverse Event has occurred since the effective date of the Financial Statements referred to in this ***Section 6.2***. All projections delivered by Borrower to Lender have been prepared in good faith and use assumptions that are reasonable under the circumstances at the time such projections were prepared and delivered to Lender (provided, it is understood and agreed that actual results may materially vary from such projections). Borrower has no material Guarantees, contingent liabilities, liabilities for taxes, or any long-term leases or unusual forward or long-term commitments, or other transaction or obligation in respect of derivatives, that are not reflected in the most-recent Financial Statements referred to in this ***Section 6.2*** or listed on ***Schedule 8.1***. Other than the Debt listed on ***Schedule 8.1*** and Debt otherwise permitted by ***Section 8.1***, Borrower has no Debt.

Section 6.3 Action; No Breach. The execution, delivery, and performance by each of Borrower, the Guarantors and each other Obligated Party of this Agreement and the other Loan Documents to which such Person is or may become a party and compliance with the terms and

provisions hereof and thereof have been duly authorized by all requisite action on the part of such Person and do not and will not (a) violate or conflict with, or result in a breach of, or require any consent under (i) the Constituent Documents of such Person, (ii) any applicable law, rule, or regulation or any order, writ, injunction, or decree of any Governmental Authority or arbitrator, or (iii) any agreement or instrument to which such Person is a party or by which it or any of its Properties is bound or subject, or (b) constitute a default under any such agreement or instrument, or result in the creation or imposition of any Lien upon any of the revenues or assets of such Person other than Liens in favor of the Lender.

Section 6.4 Operation of Business. Borrower's sole business is to acquire, hold and foreclose on liens; incur Debt permitted under ***Section 8.1***; payment of such Debt; and activities incidental thereto, and such business requires no material licenses, permits, franchises, patents, copyrights, trademarks, and trade names. For purposes of securing liens relating to condominium units, Borrower has only used the form of Claim of Lien attached hereto as Exhibit C-1. For purposes of giving notice to the applicable owner of a condominium unit of such a lien, Borrower has only used the form of Notice of Intent to Lien attached hereto as Exhibit C-2. For purposes of giving notice of foreclosure on such liens, Borrower has only used the form of Notice of Foreclosure attached hereto as Exhibit C-3.

Section 6.5 Litigation and Judgments. There is no action, suit, investigation, or proceeding before or by any Governmental Authority or arbitrator pending, or to the knowledge of Borrower, threatened against or affecting Borrower or other Obligated Party, that would reasonably be expected to result in a Material Adverse Event. There are no outstanding judgments against Borrower, any of the Related Entities or any other Obligated Party.

Section 6.6 Rights in Collateral; Liens. Each of Borrower and the Guarantors has good and indefeasible title to the Collateral (or their respective portion thereof), and none of the Collateral is subject to any Lien, except as permitted by ***Section 8.2***.

Section 6.7 Enforceability. This Agreement constitutes, and the other Loan Documents to which Borrower or any other Obligated Party is a party, when delivered, shall constitute legal, valid, and binding obligations of such Person, enforceable against such Person in accordance with their respective terms, except as limited by bankruptcy, insolvency, or other laws of general application relating to the enforcement of creditors' rights.

Section 6.8 Approvals. No authorization, approval, or consent of, and no filing or registration with, any Governmental Authority or third party, except those which have been made or obtained, is or will be necessary for the execution, delivery, or performance by Borrower or any other Obligated Party of this Agreement and the other Loan Documents to which such Person is or may become a party or the validity or enforceability thereof.

Section 6.9 Taxes. Each of Borrower and each of the Guarantors has filed all tax returns (federal, state, and local) required to be filed, including all income, franchise, employment, Property, and sales tax returns, and has paid all of their respective material liabilities for taxes, assessments, governmental charges, and other levies that are due and payable, except for any taxes being contested in good faith and reserves required by GAAP (or in the case of the Borrower as reasonably required by the Lender) have been set aside. As of the

date hereof, neither Borrower nor any Guarantor knows of no pending material investigation of Borrower or any of the Guarantors by any taxing authority or of any pending but unassessed material tax liability of Borrower or any of the Guarantors.

Section 6.10 Use of Proceeds; Margin Securities. None of Borrower nor any of the Guarantors is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations T, U, or X of the Board of Governors of the Federal Reserve System), and no part of the proceeds of the Loan will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying margin stock.

Section 6.11 ERISA. Borrower has no employees and no Plan.

Section 6.12 Disclosure. No statement, information, report, representation, or warranty made by Borrower, the Guarantors or any other Obligated Party in this Agreement or in any other Loan Document or furnished to Lender in connection with this Agreement or any of the transactions contemplated hereby, when all of same are taken as a whole, contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein or therein not misleading. There is no fact known to Borrower or any Guarantor which constitutes a Material Adverse Event, or which could reasonably be expected in the future be a Material Adverse Event that has not been disclosed in writing to Lender.

Section 6.13 Subsidiaries. Borrower has no Subsidiaries.

Section 6.14 Agreements. None of Borrower nor any of the Guarantors is a party to any indenture, loan, or credit agreement, or to any lease or other agreement or instrument, or subject to any charter or corporate or other organizational restriction, in each case which would reasonably be expected to result in a Material Adverse Event. None of Borrower nor any of the Guarantors is in default in any respect in the performance, observance, or fulfillment of any of the material obligations, covenants, or conditions contained in any agreement or instrument material to its business to which it is a party.

Section 6.15 Compliance with Laws. None of Borrower nor any of the Guarantors is in violation in any material respect of any law, rule, regulation, order, or decree of any Governmental Authority or arbitrator.

Section 6.16 Inventory. Borrower owns no inventory.

Section 6.17 Regulated Entities. None of Borrower, the Guarantors or any of their respective Subsidiaries is (a) an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940 or (b) subject to regulation under the Federal Power Act, the Interstate Commerce Act, any state public utilities code, or any other federal or state statute, rule or regulation limiting its ability to incur Debt, pledge its assets or perform its obligations under the Loan Documents.

Section 6.18 Real Property. Borrower owns no real property except as set forth in ***Schedule 6.18***.

Section 6.19 Intellectual Property. Borrower owns no copyrights, copyright licenses, patents, patent licenses, trademarks, trademark licenses and other types of intellectual property.

Section 6.20 Foreign Assets Control Regulations and Anti-Money Laundering. Each Obligated Party and each Subsidiary of each Obligated Party is and will remain in compliance in all material respects with all United States economic sanctions laws, Executive Orders and implementing regulations as promulgated by the United States Treasury Department's Office of Foreign Assets Control ("***OFAC***"), and all applicable anti-money laundering and counter-terrorism financing provisions of the Bank Secrecy Act and all regulations issued pursuant to it. No Obligated Party and no Subsidiary or Affiliate of any Obligated Party (a) is a Person designated by the United States government on the list of the Specially Designated Nationals and Blocked Persons (the "***SDN List***") with which a United States Person cannot deal with or otherwise engage in business transactions, (b) is a Person who is otherwise the target of United States economic sanction laws such that a United States Person cannot deal or otherwise engage in business transactions with such Person, or (c) is controlled by (including without limitation by virtue of such person being a director or owning voting shares or interests), or acts, directly or indirectly, for or on behalf of, any person or entity on the SDN List or a foreign government that is the target of United States economic sanctions prohibitions such that the entry into, or performance under, this Agreement or any other Loan Document would be prohibited under United States law.

Section 6.21 Patriot Act. The Obligated Parties, the Related Entities, each of their Subsidiaries, and each of their Affiliates are in compliance with (a) the Trading with the Enemy Act, and each of the foreign assets control regulations of the United States Treasury Department (*31 CFR, Subtitle B Chapter V*, as amended), and all other enabling legislation or executive order relating thereto, (b) the Patriot Act, and (c) all other federal or state laws relating to "know your customer" and anti-money laundering rules and regulations. No part of the proceeds of any Loan will be used directly or indirectly for any payments to any government official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977.

SECTION 7

AFFIRMATIVE COVENANTS

Each of Borrower and the Guarantors covenants and agrees that, as long as the Obligations (except Obligations consisting of contingent indemnification obligations for which no claim has been asserted) or any part thereof are outstanding:

Section 7.1 Reporting Requirements. Borrower will furnish to Lender:

(a) Annual Financial Statements. As soon as available, and in any event within one hundred twenty (120) days after the last day of each fiscal year of Borrower and each Guarantor, as applicable, beginning with the fiscal year ending December 31, 2014, a copy of the annual report of each such Person for such fiscal year containing a balance sheets and statements of income, retained earnings, and cash flow as of the end of such

fiscal year and for the twelve (12)-month period then ended, in each case setting forth in comparative form the figures for the preceding fiscal year, all in reasonable detail and audited and certified by independent certified public accountants of recognized standing acceptable to Lender, to the effect that such report has been prepared in accordance with GAAP and containing no material qualifications or limitations on scope;

(b) Quarterly Financial Statements. As soon as available, and in any event within forty-five (45) days after the last day of each fiscal quarter of each fiscal year of each Guarantor and Borrower, as applicable, a copy of an unaudited financial report of such Person as of the end of such fiscal quarter and for the portion of the fiscal year then ended, containing, on a consolidated and consolidating basis, balance sheets and statements of income, and cash flow, in each case setting forth in comparative form the figures for the corresponding period of the preceding fiscal year, all in reasonable detail certified by a Responsible Officer to have been prepared in accordance with GAAP and to fairly present, in all material respects (subject to year-end audit adjustments and the absence of footnotes) the financial condition and results of operations of such Person, on a consolidated and consolidating basis, as of the dates and for the periods indicated therein;

(c) Tax Reporting Requirements. Each of the Borrower and the Guarantors shall deliver to Lender: (i) as soon as available, but in any event within sixty (60) days after timely filing, a signed copy of such Person's federal income tax returns or any amendment thereto, with all schedules and exhibits attached thereto, and (ii) such other financial information as Lender may from time to time require.

(d) Compliance Certificate. Concurrently with the delivery of each of the financial statements referred to in ***Section 7.1(a)*** and ***Section 7.1(b)***, a certificate of Manager of Borrower, on behalf of the Borrower, (i) stating that to the best of such manager's knowledge, no Default has occurred and is continuing, or if a Default has occurred and is continuing, a statement as to the nature thereof and the action which is proposed to be taken with respect thereto, and (ii) showing in reasonable detail the calculations demonstrating compliance with the covenants set forth in ***SECTION 9***;

(e) Management Letters. Promptly upon receipt thereof, a copy of any management letter or written report submitted to Borrower or any Guarantor by independent certified public accountants with respect to the business, condition (financial or otherwise), operations, prospects, or Properties of Borrower or any Guarantor;

(f) Notice of Litigation. Promptly after the commencement thereof, notice of all actions, suits, and proceedings before any Governmental Authority or arbitrator affecting Borrower, any Guarantor or any other Obligated Party, which, if determined adversely would reasonably be expected to result in a Material Adverse Event;

(g) Notice of Default. As soon as possible and in any event within five (5) days after the Borrower becomes aware of the occurrence of any Default, a written notice setting forth the details of such Default and the action that Borrower has taken and proposes to take with respect thereto;

(h) Notice of Material Adverse Event. As soon as possible and in any event within five (5) days after the Borrower becomes aware thereof, written notice of any event or circumstance that would reasonably be expected to result in a Material Adverse Event; and

(i) General Information. Promptly, such other information concerning Borrower, the Guarantors or any other Obligated Party as Lender may from time to time reasonably request.

All representations and warranties set forth in the Loan Documents with respect to any financial information concerning Borrower and any Guarantor shall apply to all financial information delivered to Lender by Borrower, any Guarantor, or any Person purporting to be an Responsible Officer or other representative of Borrower or any Guarantor regardless of the method of transmission to Lender or whether or not signed by Borrower, any such Guarantor or such Responsible Officer or other representative, as applicable.

Section 7.2 Maintenance of Existence; Conduct of Business. Borrower shall preserve and maintain its existence and all of its leases, privileges, licenses, permits, franchises, qualifications, and rights that are necessary or desirable in the ordinary conduct of its business. Borrower shall conduct its business in an orderly and efficient manner in accordance with good business practices. For purposes of securing liens relating to condominium units, Borrower shall only use the form of Claim of Lien attached hereto as Exhibit C-1. For purposes of giving notice to the applicable owner of a condominium unit of such a lien, Borrower shall only use the form of Notice of Intent to Lien attached hereto as Exhibit C-2. For purposes of giving notice of foreclosure on such liens, Borrower shall only use the form of Notice of Foreclosure attached hereto as Exhibit C-3.

Section 7.3 Taxes and Claims. Borrower shall pay or discharge at or before maturity or before becoming delinquent (a) all taxes, levies, assessments, and governmental charges imposed on it or its income or profits or any of its Property, and (b) all lawful claims for labor, material, and supplies, which, if unpaid, might become a Lien upon any of its Property; *provided*, *however*, that Borrower shall not be required to pay or discharge any tax, levy, assessment, or governmental charge which is being contested in good faith by appropriate proceedings diligently pursued (where applicable), and for which adequate reserves reasonably required by the Lender have been established.

Section 7.4 Maintenance of Insurance and Property. LM Funding, LLC shall:

(a) Keep, and cause Borrower and each Subsidiary to keep, all property useful and necessary in the business of LM Funding, LLC, Borrower or such Subsidiary in good working order and condition, ordinary wear and tear excepted.

(b) Maintain, and cause Borrower and each Subsidiary to maintain, with responsible insurance companies, such insurance coverage as shall be required by all material laws, governmental regulations and court decrees and orders applicable to it and such other insurance, to such extent and against such hazards and liabilities, as is customarily maintained by companies similarly situated; *provided*, that in any event, such insurance

shall insure against all risks and liabilities of the type insured against as of the Closing Date and shall have insured amounts no less than, and deductibles no higher than, those amounts provided for as of the Closing Date. Upon request of Lender, LM Funding, LLC and Borrower shall furnish to Lender a certificate setting forth in reasonable detail the nature and extent of all insurance maintained by LM Funding, LLC, Borrower and each Subsidiary. LM Funding, LLC shall cause each issuer of an insurance policy to provide Lender with endorsements (i) showing Lender as lender loss payee or as additional insured, as applicable, with respect to each policy of property, casualty and liability insurance, (ii) providing that 30 days' advance notice will be given to Lender prior to any cancellation or non-renewal of such policy (or 10 days' advance notice prior to any such cancellation due to non-payment of premium), and (iii) reasonably acceptable in all other respects to Lender. LM Funding, LLC, Borrower or any Subsidiary may reduce the insurance coverage required by this Section upon the written consent of Lender.

(c) If LM Funding, LLC or Borrower fails to timely provide Lender with evidence of the continuing insurance coverage required by this Agreement, Lender may purchase insurance at LM Funding, LLC's or Borrower's expense to protect Lender's interests in the Collateral. This insurance may, but need not, protect LM Funding, LLC's, Borrower's and each Subsidiary's interests. The coverage that Lender purchases may, but need not, pay any claim that is made against LM Funding, LLC, Borrower or any Subsidiary in connection with the Collateral. LM Funding, LLC or Borrower may later cancel any insurance purchased by Lender, but only after providing Lender with evidence that LM Funding, LLC or Borrower has obtained the insurance coverage required by this Agreement. If Lender purchases insurance for the Collateral, as set forth above, LM Funding, LLLC and Borrower will be responsible for the costs of that insurance, including interest and any other charges that may be imposed with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance and the costs of the insurance may be added to the principal amount of the Loans owing hereunder.

Section 7.5 Inspection Rights. At any reasonable time and from time to time, Borrower and each Guarantor shall permit Lender (a) to examine, copy, and make extracts from its books and records, (b) to inspect its Properties, and (c) to discuss its business, operations, and financial condition with its officers, employees, and independent certified public accountants, in each instance, at the Borrower's or Guarantor's expense, as applicable.

Section 7.6 Keeping Books and Records. Borrower and the Guarantors shall maintain proper books of record and account in which full, true, and correct entries consistent with past practice shall be made of all dealings and transactions in relation to its business and activities.

Section 7.7 Compliance with Laws. Borrower and the Guarantors shall comply in all material respects with all applicable laws, rules, regulations, orders, and decrees of any Governmental Authority or arbitrator.

Section 7.8 Compliance with Agreements. Each of Borrower and the Guarantors shall comply in all material respects with all agreements, contracts, and instruments binding on it or affecting its Properties or business.

Section 7.9 Further Assurances. Each of Borrower and the Guarantors shall, and shall cause each other Obligated Party to, execute and deliver such further agreements and instruments and take such further action as may be requested by Lender to carry out the provisions and purposes of this Agreement and the other Loan Documents and to create, preserve, and perfect the Liens of Lender in the Collateral.

Section 7.10 Depository Relationship. To induce Lender to establish the interest rates provided for in the Note, Borrower shall establish and maintain with Lender a deposit account (the "***Reserve Account***") to be used as an operating account of Borrower.

SECTION 8

NEGATIVE COVENANTS

Borrower covenants and agrees that, as long as the Obligations (except Obligations consisting of contingent indemnification obligations for which no claim has been asserted) or any part thereof are outstanding:

Section 8.1 Debt. Borrower shall not, directly or indirectly, incur, create, assume, or permit to exist any Debt, except Debt to Lender, Debt set forth on ***Schedule 8.1***. ***Schedule 8.1*** identifies all Debt of Borrower existing on the date hereof. Notwithstanding the foregoing, Borrower may incur additional Debt, subject to the following limitations: (i) Debt incurred in connection with general purposes of the Borrower shall not exceed $100,000.00 at any given time during the term of this Agreement and (ii) Debt incurred for the sole purpose of additional acquisitions of condominium assessment liens shall not exceed $4,000,000.00 at any given time during the term of this Agreement. No loans or Debt financing in excess the described limitations above are permitted at any time while the Loan is outstanding without the Lender's prior written consent.

Section 8.2 Limitation on Liens. Borrower shall not incur, create, assume, or permit to exist any Lien upon any Collateral, whether now owned or hereafter acquired, except Liens in favor of Lender. ***Schedule 8.2*** identifies all existing Liens against Borrower as of the date hereof.

Section 8.3 Mergers, Etc. Borrower shall not directly or indirectly, become a party to a merger or consolidation, or purchase or otherwise acquire all or any part of the assets of any Person or any shares or other evidence of beneficial ownership of any Person, or wind-up, dissolve, or liquidate. Notwithstanding the foregoing, Borrower may merge with any Affiliate of Borrower and any member of Borrower may merge with Borrower, so long as Borrower is the surviving Person.

Section 8.4 Limitation on Issuance of Equity; Change of Control. Borrower shall not directly or indirectly, issue, sell, assign, or otherwise dispose of (a) any of its equity interests, (b) any securities exchangeable for or convertible into or carrying any rights to acquire any of its equity interests, or (c) any option, warrant, or other right to acquire any of its stock or other equity interests, if, in the case of clauses (a), (b) or (c), the same would result in a Change of Control.

Section 8.5 Transactions With Affiliates. Except for (i) transactions in the ordinary course of business upon fair and reasonable terms as in good faith determined by the Manager of the Borrower and (ii) transactions expressly allowed under the Loan Documents, Borrower shall not directly or indirectly enter into any transaction with any Affiliate of the Borrower , including without limitation, the purchase, sale, or exchange of property, the rendering of any service or the payment of any management, advisory or similar fees with any Affiliate of Borrower, provided that notwithstanding the foregoing, no transaction with an Affiliate would be permitted if it would cause an Event of Default hereunder.

Section 8.6 Disposition of Collateral. None of Borrower or the Guarantors shall directly or indirectly, sell, lease, assign, transfer, or otherwise dispose of any Collateral; *provided*, that (a) Borrower shall be permitted to make Permitted Distributions, and (b) Borrower or any Guarantor may make the assignment of a security interest in the Collateral to Lender at closing, and the transfer of the Collateral to the purchaser thereof in connection with Lender's exercise of its remedial rights during the existence of an Event of Default; *provided, further*, that this ***Section 8.7*** shall not be interpreted or construed to limit the right of the Borrower to invest cash distributions in investments.

Section 8.7 Nature of Business. Borrower shall not engage in any business that would cause the representation and warranty in ***Section 6.4*** to no longer be true and correct.

Section 8.8 Real Property. Borrower shall not acquire or otherwise own any real property except in the ordinary course of business.

Section 8.9 Accounting. None of Borrower or the Guarantors shall change its fiscal year or make any change (a) in accounting treatment or reporting practices, except as disclosed to Lender, or (b) in tax reporting treatment, except as required by law and disclosed to Lender.

Section 8.10 No Negative Pledge. Borrower shall not enter into any arrangement or agreement, other than pursuant to this Agreement or any Loan Document, which directly or indirectly prohibits Borrower from creating or incurring a Lien on any Collateral or the ability of Borrower, to make any payments, directly or indirectly, to Borrower's members by way of dividends, distributions, advances, repayments of loans, repayments of expenses, accruals, or otherwise.

Section 8.11 Subsidiaries. Borrower shall not, directly or indirectly, form or acquire any Subsidiary.

Section 8.12 Hedge Agreements. Borrower shall not enter into any Hedge Agreement.

Section 8.13 OFAC. Borrower shall not fail to comply with the laws, regulations and executive orders referred to in ***Section 6.20*** and ***Section 6.21***.

SECTION 9

FINANCIAL COVENANTS

Borrower covenants and agrees that, as long as the Obligations (except Obligations consisting of contingent indemnification obligations for which no claim has been asserted) or any part thereof are outstanding:

Section 9.1 Maximum Leverage Ratio. LM Funding, LLC shall at all times maintain a Leverage Ratio of less than to 2.5 to 1.0.

Section 9.2 Maximum Loan to Value. Borrower shall at all times maintain a Loan to Value of less than or equal to 40%.

Section 9.3 Minimum Fixed Charge Coverage Ratio. Borrower shall at all times maintain a Fixed Charge Coverage Ratio of not less than 1.2 to 1.0.

SECTION 10

DEFAULT

Section 10.1 Events of Default. Each of the following shall be deemed an "***Event of Default***":

(a) Borrower shall fail to pay the Obligations or any part thereof shall not be paid (i) upon maturity or when declared due, or (ii) otherwise within three (3) days of when due;

(b) Borrower shall fail to provide to Lender timely any notice of Default as required by ***Section 7.1.(h)*** of this Agreement or Borrower shall breach any provision of ***Section 8*** or ***Section 9*** of this Agreement;

(c) Any representation or warranty made or deemed made by Borrower, the Guarantors, or any other Obligated Party (or any of their respective officers) in any Loan Document or in any certificate, report, notice, or financial statement furnished at any time in connection with this Agreement shall be false, misleading, or erroneous in any material respect (without duplication of any materiality qualifier contained therein) when made or deemed to have been made;

(d) Borrower, any Guarantor or any other Obligated Party shall fail to perform, observe, or comply with any covenant, agreement, or term contained in this Agreement or any other Loan Document (other than as covered by ***Sections 10.1(a)*** and ***(b)***), and such failure continues for more than ten (10) days following the earlier to occur of (i) Lender notifying the Borrower of such failure or (ii) the Borrower becoming aware of such failure; provided, however, that if such failure cannot by its nature be cured within the ten (10) day period or cannot after diligent attempts by Borrower be cured within such ten (10) day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional period (which shall not in any case exceed thirty (30) days) to attempt to cure such default, and within such reasonable time period the failure to cure the default shall not be deemed an Event of Default;

(e) Borrower, any Guarantor or any other Obligated Party shall commence a voluntary proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of it or a substantial part of its Property or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it or shall make a general assignment for the benefit of creditors or shall generally fail to pay its debts as they become due or shall take any corporate action to authorize any of the foregoing;

(f) An involuntary proceeding shall be commenced against Borrower, any Guarantor or any other Obligated Party seeking liquidation, reorganization, or other relief with respect to it or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official for it or a substantial part of its Property, and such involuntary proceeding shall remain undismissed and unstayed for a period of thirty (30) days;

(g) Borrower shall fail to pay when due any principal of or interest on any Debt (other than the Obligations) in an aggregate amount in excess of $100,000, or the maturity of any Debt in an aggregate amount in excess of $100,000 of Borrower, any Guarantor or any other Obligated Party shall have been accelerated, or any Debt in an aggregate amount in excess of $100,000 of Borrower, any Guarantor or any other Obligated Party shall have been required to be prepaid prior to the stated maturity thereof (except by reason of casualty for which insurance proceeds shall satisfy the full amount of such Debt), or any event (except as aforesaid), or any event shall have occurred (after the passage of any applicable grace period) that permits any holder or holders of such Debt or any Person acting on behalf of such holder or holders to accelerate the maturity thereof or require any such prepayment;

(h) This Agreement or any other Loan Document shall cease to be in full force and effect or shall be declared null and void or the validity or enforceability thereof shall be contested or challenged by Borrower, any Guarantor or any other Obligated Party or any of their respective equity holders, or Borrower or any other Obligated Party shall deny that it has any further liability or obligation under any of the Loan Documents, or any Lien created by the Loan Documents shall for any reason cease to be a valid, first priority perfected Lien upon any of the Collateral purported to be covered thereby;

(i) Any Obligated Party that is an individual shall have died or have been declared incompetent by a court of proper jurisdiction, and the Loan is not repaid within ninety (90) days thereof or such shorter period of time as may be required by applicable law if Lender is required to file (in such shorter period) its claim against the estate of such Obligated Party to collect payment therefrom;

(j) Borrower, any Guarantor or any other Obligated Party or any of their Properties, revenues, or assets, shall become subject to an order of forfeiture, seizure, or divestiture (whether under RICO or otherwise) and the same shall not have been discharged or stayed within thirty (30) days from the date of entry thereof;

(k) Upon the occurrence of a Change of Control of Borrower;

(l) Borrower, any Guarantor or any other Obligated Party shall fail to discharge or have stayed within a period of thirty (30) days after the commencement thereof any attachment, sequestration, or similar proceeding or proceedings involving an aggregate amount in excess of $100,000 against any of its assets or Properties;

(m) A final uninsured judgment or judgments for the payment of money in excess of $100,000 in the aggregate shall be rendered by a court or courts against Borrower, any Guarantor or any other Obligated Party and the same shall not be discharged (or provision shall not be made for such discharge), or a stay of execution thereof shall not be procured, within thirty (30) days from the date of entry thereof and Borrower or such Obligated Party, shall not, within such period of thirty (30) days, or such longer period during which execution of the same shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal; or

(n) Lender reasonably determines that a Material Adverse Event has occurred.

Section 10.2 Remedies Upon Default. If any Event of Default shall occur and be continuing, then Lender may declare the Obligations or any part thereof to be immediately due and payable, or both, and the same shall thereupon become immediately due and payable, without notice, demand, presentment, notice of dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, protest, or other formalities of any kind, all of which are hereby expressly waived by Borrower and the Guarantors; *provided, however*, that upon the occurrence of an Event of Default under ***Section 10.1(e)*** or ***(f)***, the Obligations shall become immediately due and payable, in each case without further notice, demand, presentment, notice of dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, protest, or other formalities of any kind, all of which are hereby expressly waived by Borrower and the Guarantors. In addition to the foregoing, if any Event of Default shall occur and be continuing, Lender may exercise all rights and remedies available to it in law or in equity, under the Loan Documents, or otherwise.

Section 10.3 Application of Funds. During the existence of any Event of Default, any amounts received on account of the Obligations shall be applied by Lender in such order as it elects in its sole discretion.

Section 10.4 Performance by Lender. If Borrower or any Guarantor shall fail to perform any covenant or agreement contained in any of the Loan Documents, then Lender may perform or attempt to perform such covenant or agreement on behalf of Borrower or such Guarantor. In such event, Borrower or any Guarantor shall, at the request of Lender, promptly pay to Lender any amount expended by Lender in connection with such performance or attempted performance, together with interest thereon at the Default Interest Rate from and

including the date of such expenditure to but excluding the date such expenditure is paid in full. Notwithstanding the foregoing, it is expressly agreed that Lender shall not have any liability or responsibility for the performance of any covenant, agreement, or other obligation of Borrower or any Guarantor under this Agreement or any other Loan Document.

SECTION 11

MISCELLANEOUS

Section 11.1 Expenses. Borrower hereby agrees to pay on demand: (a) all costs and expenses of Lender in connection with the preparation, negotiation, execution, and delivery of this Agreement and the other Loan Documents and any and all amendments, modifications, renewals, extensions, and supplements thereof and thereto, including, without limitation, the reasonable fees and expenses of legal counsel, advisors, consultants, and auditors for Lender; (b) all costs and expenses of Lender in connection with any Default and the enforcement of this Agreement or any other Loan Document, including, without limitation, the fees and expenses of legal counsel, advisors, consultants, and auditors for Lender; (c) all transfer, stamp, documentary, or other similar taxes, assessments, or charges levied by any Governmental Authority in respect of this Agreement or any of the other Loan Documents; (d) all costs, expenses, assessments, and other charges incurred in connection with any filing, registration, recording, or perfection of any Lien contemplated by this Agreement or any other Loan Document; and (e) all other costs and expenses incurred by Lender in connection with any litigation, dispute, suit, proceeding or action arising under this Agreement or the Notes; the enforcement of its rights and remedies, and the protection of its interests in bankruptcy, insolvency or other legal proceedings, including, without limitation, all costs, expenses, and other charges (including Lender's internal charges) incurred in connection with evaluating, observing, collecting, examining, auditing, appraising, selling, liquidating, or otherwise disposing of the Collateral or other assets of Borrower.

Section 11.2 INDEMNIFICATION. BORROWER SHALL INDEMNIFY LENDER AND EACH AFFILIATE THEREOF AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, AND AGENTS FROM, AND HOLD EACH OF THEM HARMLESS AGAINST, ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, DISBURSEMENTS, COSTS, AND EXPENSES (INCLUDING ATTORNEYS' FEES) TO WHICH ANY OF THEM MAY BECOME SUBJECT WHICH DIRECTLY OR INDIRECTLY ARISE FROM OR RELATE TO (A) THE NEGOTIATION, EXECUTION, DELIVERY, PERFORMANCE, ADMINISTRATION, OR ENFORCEMENT OF ANY OF THE LOAN DOCUMENTS, (B) ANY OF THE TRANSACTIONS CONTEMPLATED BY THE LOAN DOCUMENTS, (C) ANY BREACH BY BORROWER OF ANY REPRESENTATION, WARRANTY, COVENANT, OR OTHER AGREEMENT CONTAINED IN ANY OF THE LOAN DOCUMENTS, (D) THE PRESENCE, RELEASE, THREATENED RELEASE, DISPOSAL, REMOVAL, OR CLEANUP OF ANY HAZARDOUS MATERIAL LOCATED ON, ABOUT, WITHIN, OR AFFECTING ANY OF THE PROPERTIES OR ASSETS OF BORROWER OR ANY OTHER OBLIGATED PARTY, NEG, OR NMG, OR (F) ANY INVESTIGATION, LITIGATION, OR OTHER PROCEEDING, INCLUDING, WITHOUT LIMITATION, ANY THREATENED INVESTIGATION, LITIGATION, OR OTHER PROCEEDING, RELATING TO ANY OF THE FOREGOING;

PROVIDED THAT THE FOREGOING SHALL NOT INCLUDE ANY LOSSES, LIABILITIES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, DISBURSEMENTS, COSTS, AND EXPENSES (INCLUDING ATTORNEYS' FEES) ARISING FROM ANY INDEMNIFIED PERSON'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. WITHOUT LIMITING ANY PROVISION OF THIS AGREEMENT OR OF ANY OTHER LOAN DOCUMENT, IT IS THE EXPRESS INTENTION OF THE PARTIES HERETO THAT EACH PERSON TO BE INDEMNIFIED UNDER THIS SECTION SHALL BE INDEMNIFIED FROM AND HELD HARMLESS AGAINST ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, DISBURSEMENTS, COSTS, AND EXPENSES (INCLUDING ATTORNEYS' FEES) ARISING OUT OF OR RESULTING FROM THE SOLE CONTRIBUTORY OR ORDINARY NEGLIGENCE OF SUCH PERSON.

Section 11.3 Limitation of Liability. Neither Lender nor any Affiliate, officer, director, employee, attorney, or agent of Lender shall have any liability with respect to, and Borrower and each Guarantor hereby waives, releases, and agrees not to sue any of them upon, any claim for any special, indirect, incidental, or consequential damages suffered or incurred by Borrower, the Guarantors or any other Obligated Party in connection with, arising out of, or in any way related to, this Agreement or any of the other Loan Documents, or any of the transactions contemplated by this Agreement or any of the other Loan Documents. Borrower and each Guarantor hereby waives, releases, and agrees not to sue Lender or any of Lender's Affiliates, officers, directors, employees, attorneys, or agents for punitive damages in respect of any claim in connection with, arising out of, or in any way related to, this Agreement or any of the other Loan Documents, or any of the transactions contemplated by this Agreement or any of the other Loan Documents.

Section 11.4 No Duty. All attorneys, accountants, appraisers, and other professional Persons and consultants retained by Lender shall have the right to act exclusively in the interest of Lender and shall have no duty of disclosure, duty of loyalty, duty of care, or other duty or obligation of any type or nature whatsoever to Borrower or any of Borrower's equity holders, Affiliates, officers, employees, attorneys, agents, or any other Person.

Section 11.5 Lender Not Fiduciary. The relationship between Borrower and Lender is solely that of debtor and creditor, and Lender has no fiduciary or other special relationship with Borrower, and no term or condition of any of the Loan Documents shall be construed so as to deem the relationship between Borrower and Lender to be other than that of debtor and creditor.

Section 11.6 Equitable Relief. Borrower and each Guarantor recognizes that in the event Borrower or any Guarantor fails to pay, perform, observe, or discharge any or all of the Obligations, any remedy at law may prove to be inadequate relief to Lender. Borrower and each Guarantor therefore agrees that Lender, if Lender so requests, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

Section 11.7 No Waiver; Cumulative Remedies. No failure on the part of Lender to exercise and no delay in exercising, and no course of dealing with respect to, any right, remedy, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power, or privilege under this Agreement preclude any

other or further exercise thereof or the exercise of any other right, remedy, power, or privilege. The rights and remedies provided for in this Agreement and the other Loan Documents are cumulative and not exclusive of any rights and remedies provided by law.

Section 11.8 Successors and Assigns. This Agreement is binding upon and shall inure to the benefit of Lender and Borrower and their respective successors and assigns, except that Borrower may not assign or transfer any of its rights, duties, or obligations under this Agreement or the other Loan Documents without the prior written consent of Lender.

Section 11.9 Survival. All representations and warranties made in this Agreement or any other Loan Document or in any document, statement, or certificate furnished in connection with this Agreement shall survive the execution and delivery of this Agreement and the other Loan Documents, and no investigation by Lender or any closing shall affect the representations and warranties or the right of Lender to rely upon them. Without prejudice to the survival of any other obligation of Borrower hereunder, the obligations of Borrower under ***Sections 11.1***, and ***11.2*** shall survive repayment of the Obligations.

Section 11.10 Amendment. The provisions of this Agreement and the other Loan Documents to which Borrower is a party may be amended or waived only by an instrument in writing signed by the parties hereto.

Section 11.11 Notices. Unless otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including by facsimile transmission) and mailed, faxed or delivered, to the address, facsimile number or subject to the last sentence hereof electronic mail address specified for notices below the signatures hereon or to such other address as shall be designated by such party in a notice to the other parties. All such other notices and other communications shall be deemed to have been given or made upon the earliest to occur of (a) actual receipt by the intended recipient or (b)(i) if delivered by hand or courier, when signed for by the designated recipient; (ii) if delivered by mail, four (4) business days after deposit in the mail, postage prepaid; (iii) if delivered by facsimile, when sent and receipt has been confirmed by telephone; and (iv) if delivered by electronic mail (which form of delivery is subject to the provisions of the last sentence below), when delivered; *provided, however*, that notices and other communications pursuant to ***Section 2*** shall not be effective until actually received by Lender. Electronic mail and intranet websites may be used only to distribute routine communications, such as financial statements and other information, and to distribute Loan Documents for execution by the parties thereto, and may not be used for any other purpose.

Section 11.12 GOVERNING LAW: JURISDICTION AND VENUE. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF FLORIDA; *PROVIDED THAT* LENDER SHALL RETAIN ALL RIGHTS UNDER FEDERAL LAW. THIS AGREEMENT HAS BEEN ENTERED INTO THE STATE OF FLORIDA, AND IS PERFORMABLE FOR ALL PURPOSES IN THE STATE OF FLORIDA. TO THE EXTENT A DISPUTE IS NOT SUBJECT TO ARBITRATION PURSUANT TO ***SECTION 11.23*** OF THIS AGREEMENT, EACH PARTY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND WHATSOEVER AGAINST ANY OTHER PARTY IN ANY WAY ARISING FROM OR RELATING TO THIS

AGREEMENT AND ALL CONTEMPLATED TRANSACTIONS, INCLUDING, BUT NOT LIMITED TO, CONTRACT, EQUITY, TORT, FRAUD AND STATUTORY CLAIMS, IN ANY FORUM OTHER THAN THE U.S. FEDERAL DISTRICT COURTS LOCATED IN ARKANSAS OR, IF SUCH COURT DOES NOT HAVE SUBJECT MATTER JURISDICTION, THE COURTS OF THE STATE OF ARKANSAS, AND ANY APPELLATE COURT FROM ANY THEREOF. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS AND AGREES TO BRING ANY SUCH ACTION, LITIGATION OR PROCEEDING ONLY IN SUCH COURTS. EACH PARTY AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING IS CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

Section 11.13 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 11.14 Severability. Any provision of this Agreement held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Agreement and the effect thereof shall be confined to the provision held to be invalid or illegal.

Section 11.15 Headings. The headings, captions, and arrangements used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

Section 11.16 Participations; Etc. Lender shall have the right at any time and from time to time to grant participations in, and sell and transfer, the Obligations and any Loan Documents. Each actual or proposed participant or assignee, as the case may be, shall be entitled to receive all information received by Lender regarding Borrower, the Guarantors, or any Obligated Party, including, without limitation, information required to be disclosed to a participant or assignee pursuant to Banking Circular 181 (Rev., August 2, 1984), issued by the Comptroller of the Currency (whether the actual or proposed participant or assignee is subject to the circular or not).

Section 11.17 Construction. Borrower and Lender acknowledge that each of them has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review this Agreement and the other Loan Documents with its legal counsel and that this Agreement and the other Loan Documents shall be construed as if jointly drafted by Borrower and the Guarantors on one hand, and Lender on the other.

Section 11.18 Independence of Covenants. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or be otherwise within the limitations of, another covenant shall not avoid the occurrence of a Default if such action is taken or such condition exists.

Section 11.19 WAIVER OF JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER, THE GUARANTORS AND LENDER HEREBY IRREVOCABLY AND EXPRESSLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY OR THE ACTIONS OF LENDER IN THE NEGOTIATION, ADMINISTRATION, OR ENFORCEMENT THEREOF. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS ***SECTION 11.19***.

Section 11.20 Additional Interest Provision. It is expressly stipulated and agreed to be the intent of Borrower, the Guarantors and Lender at all times to comply strictly with the applicable law governing the maximum rate or amount of interest payable on the indebtedness evidenced by any Note, any Loan Document, and the Related Indebtedness (or applicable United States federal law to the extent that it permits Lender to contract for, charge, take, reserve or receive a greater amount of interest than under applicable law). If the applicable law is ever judicially interpreted so as to render usurious any amount (a) contracted for, charged, taken, reserved or received pursuant to any Note, any of the other Loan Documents or any other communication or writing by or between Borrower and Lender related to the transaction or transactions that are the subject matter of the Loan Documents, (b) contracted for, charged, taken, reserved or received by reason of Lender's exercise of the option to accelerate the maturity of any Note and/or any and all indebtedness paid or payable by Borrower or the Guarantors to Lender pursuant to any Loan Document other than any Note (such other indebtedness being referred to in this Section as the "***Related Indebtedness***"), or (c) Borrower will have paid or Lender will have received by reason of any voluntary prepayment by Borrower of any Note and/or the Related Indebtedness, then it is Borrower's and Lender's express intent that all amounts charged in excess of the Maximum Rate shall be automatically canceled, *ab initio*, and all amounts in excess of the Maximum Rate theretofore collected by Lender shall be credited on the principal balance of any Note and/or the Related Indebtedness (or, if any Note and all Related Indebtedness have been or would thereby be paid in full, refunded to Borrower), and the provisions of any Note and the other Loan Documents shall immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder and thereunder; *provided, however*, if any Note or Related Indebtedness has been paid in full before the end of the stated term thereof, then Borrower and Lender agree that Lender shall, with reasonable promptness after Lender discovers or is advised by Borrower that interest was received in an amount in excess of the Maximum Rate, either refund such excess interest to Borrower and/or credit such excess interest against such Note and/or any Related Indebtedness then owing by Borrower to Lender. Borrower hereby agrees that as a condition precedent to any claim seeking usury penalties against Lender, Borrower will provide written notice to Lender, advising Lender

in reasonable detail of the nature and amount of the violation, and Lender shall have sixty (60) days after receipt of such notice in which to correct such usury violation, if any, by either refunding such excess interest to Borrower or crediting such excess interest against the Note to which the alleged violation relates and/or the Related Indebtedness then owing by Borrower to Lender. All sums contracted for, charged, taken, reserved or received by Lender for the use, forbearance or detention of any debt evidenced by any Note and/or the Related Indebtedness shall, to the extent permitted by applicable law, be amortized or spread, using the actuarial method, throughout the stated term of such Note and/or the Related Indebtedness (including any and all renewal and extension periods) until payment in full so that the rate or amount of interest on account of any Note and/or the Related Indebtedness does not exceed the Maximum Rate from time to time in effect and applicable to such Note and/or the Related Indebtedness for so long as debt is outstanding. Notwithstanding anything to the contrary contained herein or in any of the other Loan Documents, it is not the intention of Lender to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration.

Section 11.21 Ceiling Election. To the extent United States federal law permits Lender to contract for, charge, take, receive or reserve a greater amount of interest than under Florida law, Lender will rely on United States federal law for the purpose of determining the Maximum Rate. Additionally, to the extent permitted by applicable law now or hereafter in effect, Lender may, at its option and from time to time, utilize any other method of establishing the Maximum Rate under applicable law by giving notice, if required, to Borrower as provided by applicable law now or hereafter in effect.

Section 11.22 USA Patriot Act Notice. Lender hereby notifies Borrower that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies Borrower and each other Obligated Party, which information includes the name and address of Borrower and each other Obligated Party and other information that will allow Lender to identify Borrower and each other Obligated Party in accordance with the Patriot Act. In addition, Borrower agrees to (a) ensure that no Person who owns a controlling interest in or otherwise controls Borrower or any Subsidiary of Borrower is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the OFAC, the Department of the Treasury or included in any Executive Order, (b) not to use or permit the use of proceeds of the Obligations to violate any of the foreign asset control regulations of the OFAC or any enabling statute or Executive Order relating thereto, and (c) comply, or cause its Subsidiaries to comply, with the applicable laws.

Section 11.23 Arbitration.

(a) Arbitration. Upon demand of any party, any dispute shall be resolved by binding arbitration (except as set forth in (e) below) in accordance with the terms of this agreement. A "dispute" shall mean any action, dispute, claim or controversy of any kind, whether in contract or tort, statutory or common law, legal or equitable, now existing of hereafter arising under or in connection with, or in any way pertaining to, any of the Loan Documents, or any past present, or future extensions of credit and other activities, transactions or obligations of any kind related directly or indirectly to any of the Loan Documents, including,

without limitation, any of the foregoing arising in connection with the exercise of any self-help, ancillary or other remedies pursuant to any of the Loan Documents. Any party may by summary proceedings bring an action in court to compel arbitration of a dispute. Any party who fails or refuses to submit to arbitration following a lawful demand by any other party shall bear all costs and expenses incurred by such other party in compelling arbitration of any dispute.

(b) Governing Rules. Arbitration proceedings shall be administered by the American Arbitration Association ("***AAA***") or such other administrator as the parties shall mutually agree upon in accordance with the AAA commercial arbitration rules. All disputes submitted to arbitration shall be resolved in accordance with the Federal Arbitration Act (Title 9 of the United States Code), notwithstanding any conflicting choice of law provision in any of the loan documents. The arbitration shall be conducted at a location in Little Rock, Arkansas, selected by the AAA or other administrator. If there is any inconsistency between the terms hereof and any such rules, the terms and procedures set forth herein shall control. All statutes of limitation applicable to any dispute shall apply to any arbitration proceeding. All discovery activities shall be expressly limited to matters directly relevant to the dispute being arbitrated. Judgment upon any award rendered in arbitration may be entered in any court having jurisdiction; provided however, that nothing contained herein shall be deemed to be a waiver by any party that is a lender of the protections afforded to it under 12 U.S.C. 91 or any similar applicable state law.

(c) No Waiver; Provisional Remedies, Self-Help And Foreclosure. No provision hereof shall limit the right of any party to foreclose against real or personal property collateral; exercise self-help remedies relating to collateral or proceeds of collateral such as setoff or repossession; or to obtain provisional or ancillary remedies, including without limitation injunctive relief, sequestration, attachment, garnishment or other appointment of a receiver, from a court of competent jurisdiction before, after or during the pendency of any arbitration or other proceeding. The exercise of any such remedy shall not waive the right of any party to compel arbitration hereunder.

(d) Arbitrator Qualifications And Powers; Awards. Arbitrators must be active members of the Florida state bar with expertise in the substantive laws applicable to the subject matter of the dispute. Arbitrators are empowered to resolve disputes by summary rulings in response to motions filed prior to the final arbitration hearing. Arbitrators (i) shall resolve all disputes in accordance with the substantive law of the state of Florida, (ii) may grant any remedy or relief that a court of the state of Florida could order or grant within the scope hereof and such ancillary relief as is necessary to make effective any award, and (iii) shall have the power to award recovery of all costs and fees, to impose sanctions and to take such other actions as they deem necessary to the same extent a judge could pursuant to the federal rules of civil procedure, the Florida rules of civil procedure or other applicable law. Any dispute in which the amount in controversy is $5,000,000 or less shall be decided by a single arbitrator who shall not render an

award of greater than $5,000,000 (including damages, costs, fees and expenses). By submission to a single arbitrator, each party expressly waives any right or claim to recover more than $5,000,000. Any dispute in which the amount in controversy exceeds $5,000,000 shall be decided by majority vote of a panel of three arbitrators; provided however, that all three arbitrators must actively participate in all hearings and deliberations.

(e) Judicial Review. Notwithstanding anything herein to the contrary, in any arbitration in which the amount in controversy exceeds $1,000,000, the arbitrators shall be required to make specific, written findings of fact and conclusions of law. In such arbitrations (i) the arbitrators shall not have the power to make any award which is not supported by substantial evidence or which is based on legal error, (ii) an award shall not be binding upon the parties unless the findings of fact are supported by substantial evidence and the conclusions of law are not erroneous under the substantive law of the state of Florida, and (iii) the parties shall have in addition to the grounds referred to in the federal arbitration act for vacating, modifying or correcting an award the right to judicial review of (a) whether the findings of fact rendered by the arbitrators are supported by substantial evidence, and (b) whether the conclusions of law are erroneous under the substantive law of the state of Florida. Judgment confirming an award in such a proceeding may be entered only if a court determines the award is supported by substantial evidence and not based on legal error under the substantive law of the state of Florida.

(f) Miscellaneous. To the maximum extent practicable, the AAA, the arbitrators and the parties shall take all action required to conclude any arbitration proceeding within 180 days of the filing of the dispute with the AAA. No arbitrator or other party to an arbitration proceeding may disclose the existence, content or results thereof, except for disclosures of information by a party required in the ordinary course of its business, by applicable law or regulation, or to the extent necessary to exercise any judicial review rights set forth herein. If more than one agreement for arbitration by or between the parties potentially applies to a dispute, the arbitration provision most directly related to the loan documents or the subject matter of the dispute shall control. This arbitration provision shall survive termination, amendment or expiration of any of the loan documents or any relationship between the parties.

Section 11.24 Confidentiality.

In handling any confidential information, Lender shall exercise the same degree of care that it exercises for its own proprietary information, but disclosure of information may be made: (a) to Lender's Subsidiaries or Affiliates (such Subsidiaries and Affiliates, together with Lender, each a "***Lender Entity***" and collectively, the "***Lender Entities***"); (b) to prospective transferees or purchasers of any interest in the Loan, provided, however, Lender shall use its best efforts to obtain any prospective transferee's or purchaser's agreement to the terms of this ***Section 11.23***; (c) as required by law, regulation, subpoena, or other order; (d) to Lender's regulators or as otherwise required in connection with Lender's examination or audit; (e) as Lender considers appropriate in exercising remedies under the Loan Documents; and (f) to third-party service

providers of Lender so long as such service providers have executed a confidentiality agreement with Lender with terms no less restrictive than those contained herein. Confidential information does not include information that is: (i) either in the public domain other than as a result of Lender's breach of this section or is in Lender's possession when disclosed to Lender; or (ii) disclosed to Lender by a third party on a nonconfidential basis if Lender does not know that the third party is prohibited from disclosing the information.

Section 11.25 Termination.

This Agreement shall continue in effect until all of the Obligations (except Obligations consisting of contingent indemnity obligations for which no claim is asserted) have been paid in cash in full and no commitments which would give rise to any Obligations are outstanding; provided, however, any indemnification obligations of Borrower (including without limitation ***Section 11.2***) shall survive any such termination.

Section 11.26 NOTICE OF FINAL AGREEMENT. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

[*Remainder of Page Intentionally Left Blank; Signature Page Follows*]

EXECUTED to be effective as of the date first written above.

BORROWER:

LMF SPE#2, LLC,
a Florida limited liability company

By: LM FUNDING, LLC

A Florida limited liability company

By: _____
Carol Gould, Manager

Address for Notices:

LM FUNDING, LLC
302 Knights Run Avenue
Suite 1000
Tampa, FL 33602
Attn: Carol Gould
Fax No.: (813) 221-7909
e-mail: CL@LMFunding.com

With a copy of notices to:

Business Law Group, P.A.
302 Knights Run Avenue
Suite 1000
Tampa, FL 33602
Fax No.: (813) 221-7909
e-mail: BMR@BLawGroup.com

LENDER:

HEARTLAND BANK

By: _____
Phil Thomas, Executive Vice President

Address for Notices:

One Information Way, Suite 300
Little Rock, Arkansas 72202

Fax No.: 501-663-3845
Telephone No.: 501-614-7832
Attention: Phil Thomas
e-mail: pthomas@hbankusa.com

GUARANTORS:

LM FUNDING, LLC
a Florida limited liability company

By: _____
Carol Gould, Manager

Address for Notices:

LM FUNDING, LLC
302 Knights Run Avenue
Suite 1000
Tampa, FL 33602
Attn: Carol Gould
Fax No.: (813) 221-7909
e-mail: CL@LMFunding.com

CGR63, LLC
a Florida limited liability company

By: _____
Carol Gould, Manager

Address for Notices:

LM FUNDING, LLC
302 Knights Run Avenue
Suite 1000
Tampa, FL 33602
Attn: Carol Gould
Fax No.: (813) 221-7909
e-mail: CL@LMFunding.com

LM FUNDING MANAGEMENT, LLC
a Florida limited liability company

By: _____
Frank Silcox, Manager

Address for Notices:

LM FUNDING, LLC
302 Knights Run Avenue
Suite 1000
Tampa, FL 33602
Attn: Carol Gould
Fax No.: (813) 221-7909
e-mail: CL@LMFunding.com

EXHIBIT A

COMPLIANCE CERTIFICATE

FOR MONTH/QUARTER ENDED (THE "***SUBJECT PERIOD***")

LENDER: Heartland Bank

BORROWER: LMF SPE#2, LLC

This Compliance Certificate (this "***Certificate***") is delivered under the Credit Agreement (the "***Credit Agreement***") dated as of , 20 , by and among Borrower, the Guarantors and Lender. Capitalized terms used in this Certificate shall, unless otherwise indicated, have the meanings set forth in the Credit Agreement. The undersigned hereby certifies, only on behalf of the [Borrower/Guarantor] and not in his or her individual capacity, to Lender as of the date hereof that: (a) he/she is the of [Borrower/Guarantor], and that, as such, he/she is authorized to execute and deliver this Certificate to Lender on behalf of [Borrower/Guarantor]; (b) on behalf of the [Borrower/Guarantor] he/she has reviewed and is familiar with the terms of the Credit Agreement and has made, or has caused to be made under his/her supervision, a detailed review of the transactions and condition (financial or otherwise) of [Borrower/Guarantor] during the Subject Period; (c) during the Subject Period, [Borrower/Guarantor] performed and observed each covenant and condition of the Loan Documents applicable to it and no Event of Default or Potential Default currently exists or has occurred which has not been cured or waived by Lender [except for]; (d) [except for], the representations and warranties of [Borrower/Guarantor] contained in *Article VI* of the Credit Agreement, and any representations and warranties of [Borrower/Guarantor] that are contained in any document furnished at any time under or in connection with the Loan Documents, are true and correct in all material respects on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects as of such earlier date, and except that for purposes of this Certificate, the representations and warranties contained in *Section 6.2* of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to *Section 7.1* of the Credit Agreement, including the statements in connection with which this Certificate is delivered; (e) the financial statements of [Borrower/Guarantor] fairly and accurately the financial condition and results of operations of [Borrower/Guarantor] as of the end of and for the Subject Period; (f) the financial covenant analyses and information set forth below are true and accurate on and as of the date of this Certificate; and (g) the status of compliance by [Borrower/Guarantor] with certain covenants of the Credit Agreement at the end of the Subject Period is as set forth below:

			In Compliance as of End of Subject Period (Please Indicate)	
1.	Financial Statements and Reports			
	(a)	Provide annual audited FYE financial statements of [Borrower/Guarantor] and each Guarantor within 120 days after the last day of each fiscal year.	Yes	
	(b)	Provide quarterly financial statements of [Borrower/Guarantor] and each Guarantor within 45 days after the last day of each fiscal quarter.	Yes	
	(c)	Provide a quarterly Compliance Certificate within 45 days after the last day of each quarter and an annual Compliance Certificate within 120 days of the last day of each fiscal year.	Yes	
	(e)	Provide other required reporting timely.	Yes	
	(f)	Cause to be provided within sixty (60) days after timely filing, a signed copy of [Borrower's/Guarantor's] federal income tax returns.	Yes	
2.	Subsidiaries None		Yes	No
3.	Debt None, except Debt permitted by *Section 8.1* of the Credit Agreement.		Yes	No
4.	Liens None, except Liens permitted by *Section 8.2* of the Credit Agreement.		Yes	No
5.	Acquisitions and Mergers None, except those permitted by *Section 8.3* of the Credit Agreement.		Yes	No
6.	Intentionally Omitted .			
7.	Intentionally Omitted .			
8.	Issuance of Equity None, except issuances permitted by *Section 8.6* of the Credit Agreement.		Yes	No
9.	Affiliate Transactions None, except transactions permitted by *Section 8.7* of the Credit Agreement.		Yes	No
10.	Dispositions of Assets None, except dispositions permitted by *Section 8.8* of the Credit Agreement.		Yes	No
11.	Intentionally Omitted .			
12.	Intentionally Omitted. .		N/A	
13.	Changes in Nature of Business None, except changes permitted by *Section 8.9* of the Credit Agreement.		Yes	No
14.	Intentionally Omitted .			
15.	Changes in Fiscal Year; Accounting Practices None, except transactions permitted by *Section 8.11* of the Credit Agreement.		Yes	No

16. No Negative Pledge
None, except those permitted by *Section 8.12* of the Credit Agreement. Yes No

17. Leverage Ratio (LR)*
Maximum of 2.50 to 1.00
(Defined as the quotient of LM Funding, LLC's (i) current portion of long-term Debt plus long-term Debt plus deferred revenue, divided by (ii) members' deficit plus deferred revenue, determined in accordance with GAAP on a consolidated basis and consistent with historical accounting practices). Yes No

LR = (_____ + _____ + _____) ÷
Current LT Debt LT Debt Deferred Revenue

(_____ + _____) = _____
Members' Deficit Deferred Revenue Leverage Ratio

18. Loan to Value.
Maximum of 40%
Yes No

(Defined as the product of (a) the ratio of (i) the outstanding principal balance of the Term Loan, to (ii) the accrued balances of the Borrower as stated on the balance sheet of Borrower for the most recently ended calendar quarter, times (b) one hundred percent (100%).)

LTV = Principal Balance of Term Loan

Accrued Balances of Borrower

19. Fixed Charge Coverage Ratio (FCCR).
Minimum of 1.20 to 1.00
Yes No

(Defined as the ratio of (a) Borrower's EBITDA to (b) the sum of (i) Borrower' rent expense, (ii) Borrower's scheduled payment of interest (based on original principal amount of Term Loan of $7,250,000) and (iii) Borrower's scheduled payment of principal (based on original principal amount of Term Loan of $7,250,000)).

FCCR = Borrower's EBITDA:

_____ + _____ + _____
rent expense scheduled interest scheduled principal

* Only to be included in certificates delivered by LM Funding, LLC with financial statements for the last quarter of the fiscal year and the annual statements for the fiscal year.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of , .

By: _____
Name: _____
Title: _____

EXHIBIT B

TERM NOTE

See Attached.

Exhibit B to Credit Agreement *(LMF SPE#2, LLC)*

EXHIBIT C-1

FORM OF CLAIM OF LIEN

Exhibit C-1 to Credit Agreement *(LMF SPE#2, LLC)*

EXHIBIT C-2

FORM OF NOTICE OF INTENT TO LIEN

Exhibit C-2 to Credit Agreement *(LMF SPE#2, LLC)*

EXHIBIT C-3

FORM OF NOTICE OF FORECLOSURE

Exhibit C-3 to Credit Agreement *(LMF SPE#2, LLC)*

SCHEDULE 5.1(m)

ADDITIONAL CONDITIONS PRECEDENT

Receipt of a balance sheet of Borrower current as of the date of this Agreement.

SCHEDULE 6.18

REAL PROPERTY

Borrower:

None

SCHEDULE 8.1

EXISTING DEBT

Borrower:

1. CRE Funding, LLC in the amount of $2,435,252.83 to be paid off at closing.

SCHEDULE 8.2

EXISTING LIENS

Borrower:

1. UCC-1 filed by CRE Funding, LLC under Document Number 201105364931 with the State of Florida to be terminated upon payment at closing.

Exhibit 10.14

EXECUTION COPY

Loan No: 9100010227

IRREVOCABLE CONTINUING GUARANTY AGREEMENT

THIS IRREVOCABLE CONTINUING GUARANTY AGREEMENT ("**Guaranty**") is made and entered into this 30th day of December, 2014, by **LM FUNDING, LLC**, a Florida limited liability company, **CGR63, LLC**, a Florida limited liability company, **LM FUNDING MANAGEMENT, LLC**, a Florida limited liability company (each, a "**Guarantor**" and collectively, the "**Guarantors**"), and delivered to **HEARTLAND BANK,** an Arkansas state bank ("**Lender**"), with respect to the following facts:

(A) The Guarantors have requested that **LMF SPE#2, LLC**, a Florida limited liability company ("**Borrower**"), and Lender has agreed to, make a loan to Borrower in a principal amount not to exceed Seven Million Four Hundred Thirty One Thousand Nine Hundred Thirty Eight and 50/100 United States Dollars ($7,431,938.50) (the "**Loan**"), pursuant to that certain Credit Agreement, dated of even date herewith (the "**Credit Agreement**"), such Loan being represented by a Term Promissory Note of even date herewith in the maximum principal amount of amount of Seven Million Four Hundred Thirty One Thousand Nine Hundred Thirty Eight and 50/100 United States Dollars ($7,431,938.50) (the Term Promissory Note and any and all renewals, substitutions, modifications, rearrangements, extensions and replacements thereof shall be referred to as the "**Note**").

(B) Payment of the indebtedness evidenced by the Note may now or hereafter be secured by other documents or instruments of pledge, guaranty, or hypothecation (the Credit Agreement and all such other documents or instruments concerning, evidencing, securing or guaranteeing the Indebtedness (defined below) being collectively referred to as the "**Loan Documents**").

(C) In consideration of Lender making the Loan, the Guarantors have agreed, at the request of Borrower, to jointly, severally, irrevocably and unconditionally guarantee to Lender, the Indebtedness upon the terms and conditions provided herein.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Guarantor agrees with Lender as follows:

ARTICLE I. REPRESENTATIONS AND WARRANTIES

Each Guarantor makes the following representations and warranties to Lender which shall be continuing representations and warranties and the obligation of such Guarantor so long as any Indebtedness shall remain unpaid.

Section 1.1 Guaranty Authorized and Binding. Each Guarantor's execution, delivery and performance of this Guaranty are duly authorized and do not require the consent or approval of any governmental body or other regulatory authority. This Guaranty is a valid and legally binding obligation of such Guarantor enforceable in accordance with its terms.

Section 1.2 No Conflict. The execution and delivery of this Guaranty by each Guarantor are not, and the performance of this Guaranty will not be, in contravention of, or in conflict with, any agreement, indenture or undertaking to which such Guarantor is a party or by which such Guarantor or any of such Guarantor's properties are or may be bound or materially affected and do not, and will not, cause any security interest, lien or other encumbrance to be created or imposed upon any such properties.

Section 1.3 Litigation. There is no litigation or other proceeding pending or, to the knowledge of each Guarantor, threatened against, or affecting, such Guarantor or such Guarantor's properties which, if determined adversely to such Guarantor, would have a material adverse effect on the financial condition, properties, businesses or operations of such Guarantor; and such Guarantor is not in default with respect to any order, writ, injunction, decree or demand of any court or other governmental or regulatory authority.

Section 1.4 Financial Condition. The financial statements of each Guarantor which have heretofore been submitted in writing by such Guarantor to Lender in connection herewith are true and correct and fairly present the financial condition of such Guarantor for the period covered thereby. Since the date the financial statements were delivered to Lender there has not been a material adverse change in the financial condition of such Guarantor. Such Guarantor has no knowledge of any liabilities, contingent or otherwise which are not reflected in the financial statements; and, other than in the ordinary course of such Guarantor's business, such Guarantor has not entered into any commitments or contracts which are not reflected in the financial statements or which may have a material adverse effect upon such Guarantor's financial condition, operations or business as now conducted.

Section 1.5 Financial Benefit. Each Guarantor hereby acknowledges and warrants that such Guarantor has derived or expects to derive a financial advantage from each and every loan or other extension of credit and from each and every renewal, extension, release of collateral or other relinquishment of legal rights made or granted or to be made or granted by Lender to the Borrower in connection with the Indebtedness.

Section 1.6 Review of Documents; Financial Condition of Borrower. Each Guarantor hereby acknowledges that such Guarantor has copies of and is fully familiar with each and every document executed and delivered to Lender by the Borrower in connection with the Loan (including without limitation the Loan Documents) and represents and warrants that all necessary action has been taken by the Borrower to authorize execution of the Loan Documents by Borrower and to engage in the transactions thereby contemplated. Further, such Guarantor warrants and represents to Lender that it has independently reviewed the financial condition of Borrower, and is not relying upon any statement or other representation from Borrower or Lender regarding the decision to execute this Guaranty. Further, such Guarantor warrants, represents, understands and agrees that the obligation of such Guarantor hereunder is one of payment and performance, and includes without limitation all obligations of Borrower to Lender pursuant to the Loan Documents, including without limitation all damages or losses suffered by Lender by entry into and consummation of the Credit Agreement (whether by enforcement or otherwise) and all indemnifications provided by Borrower to Lender.

ARTICLE II. GUARANTY

Section 2.1 Guaranty. Each Guarantor irrevocably, absolutely, jointly, severally and unconditionally guarantees and promises to pay to, or to the order of, Lender, on demand, in lawful money of the United States of America, any and all of the Indebtedness. The word "Indebtedness," as used herein, includes all advances, debts, obligations, indemnification and liabilities of Borrower to Lender pursuant to the Loan, now or hereafter advanced, incurred or created (and all renewals, extensions, modifications and rearrangement thereof, without limit as to the number of such extensions or the period or periods thereof) (including without limitation those also described in **Section 2.4** hereof), whether voluntary or involuntary and however arising, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, direct or indirect, and whether the Borrower may be liable separately or jointly with others or whether recovery upon such Indebtedness may be or hereafter become barred by any statute of limitations, or whether such Indebtedness may be or hereafter become otherwise unenforceable.

Section 2.2 Irrevocable, Unconditional and Continuing Guaranty. This is an irrevocable, unconditional joint and several and continuing guaranty of the Indebtedness, and the liability of each Guarantor hereunder is absolute. This Guaranty may be terminated as to future transactions only, and any such termination shall be effective only as of noon of the next business day after written notice thereof is received by Lender addressed to and otherwise delivered to Lender pursuant to and as required by **Section 3.3** hereof. No such notice shall release such Guarantor from any liability existing when such notice is received.

Section 2.3 Nature of Guaranty. The liability of each Guarantor hereunder is independent of the obligation of Borrower (or any other guarantor having joint and several liability to Lender regarding the Indebtedness) and a separate action or separate actions may be brought and prosecuted against such Guarantor, whether or not any action is brought or prosecuted against the Borrower or whether the Borrower is joined in any such action or actions. The liability of each Guarantor is independent of and not in consideration of or contingent upon the liability of any other person under this or any similar instrument, and the release of, or cancellation by, any signer of a similar instrument shall not act to release or otherwise affect the liability of such Guarantor. Any payment by the Borrower which operates to toll any statute of limitations applicable to the Borrower shall also operate to toll the statute of limitations applicable to each Guarantor.

Section 2.4 Authorization. Each Guarantor authorizes Lender, without notice or demand and without affecting his liability hereunder, from time to time to:

(a) Create new indebtedness or renew, compromise, extend (without limit as to the number of extensions or the period thereof), increase, accelerate and otherwise change the time for payment of, or otherwise change the terms of, the Indebtedness, or any part thereof, including increasing or decreasing the rate of interest thereon, if agreed to by Borrower; and

(b) Take and hold security for the payment of this Guaranty or the Indebtedness, perfect such security or refrain from perfecting such security, whether or not such security is required as a condition to the making of the Loan, and exchange, enforce, waive or release

(whether intentionally or unintentionally) any such security or any part thereof, purchase such security at a public or private sale, and apply any such security and direct the order or manner of sale thereof as Lender in its discretion may determine.

Section 2.5 Waivers. Each Guarantor waives the right to require Lender to proceed against the Borrower or any other person liable on the Indebtedness, to proceed against or exhaust any security held from the Borrower or any other person, or to pursue any other remedy available to Lender, and each Guarantor waives the right to have the property of the Borrower first applied to the discharge of the Indebtedness. Lender may, at its election, exercise any right or remedy it may have against the Borrower or any security held by Lender, including, without limitation, the right to foreclose upon any such security by one or more judicial or nonjudicial sales, whether or not every aspect of such sale is commercially reasonable, without affecting or impairing in any way the liability of each Guarantor, except to the extent the Indebtedness has been paid, and such Guarantor waives any defense arising out of the absence, impairment or loss of any right of reimbursement, contribution or subrogation or any other right or remedy of each Guarantor against the Borrower or any such security, whether resulting from such election by Lender or otherwise. Each Guarantor understands that if all or any part of the liability of the Borrower to Lender for the indebtedness is secured by real property, such Guarantor shall be liable for the full amount of such Guarantor's liability hereunder notwithstanding foreclosure on such real property or any other reason impairing Guarantor's right to proceed against the Borrower. In addition, each Guarantor hereby waives, to the fullest extent permitted by law, (a) any defense arising as a result of any election by Lender in any proceeding instituted under the Bankruptcy Code, and (b) any defense based on any borrowing or grant of a security interest under the Bankruptcy Code.

Section 2.6 Additional Waivers. Each Guarantor waives all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor and notices of acceptance of this Guaranty. Each Guarantor assumes the responsibility for being and keeping informed of the financial condition of the Borrower and of all other circumstances bearing upon the risk of nonpayment of the Indebtedness which diligent inquiry would reveal, and agrees that Lender shall have no duty to advise such Guarantor of information known to it regarding such condition or any such circumstances.

Section 2.7 The Borrower. It is not and shall not be necessary for Lender to inquire into the powers of Borrower or the members, managing members, trustees or agents acting or purporting to act on behalf of Borrower and any Indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder. Each Guarantor agrees that Lender's books and records showing the account between Lender and Borrower shall be admissible in any proceeding or action and shall be binding upon such Guarantor for the purpose of establishing the items therein set forth and shall constitute *prima facie* proof thereof.

Section 2.8 Bankruptcy No Discharge. Notwithstanding anything to the contrary herein contained, this Guaranty shall continue to be in effect or be reinstated, as the case may be, if at any time, payment, or any part hereof, of any or all of the Indebtedness is rescinded or must otherwise be restored or returned by Lender upon the insolvency, bankruptcy or

reorganization of the Borrower or otherwise, all as though such payment had not been made. Notwithstanding any modification, discharge or extension of the Indebtedness or any amendment, modification, stay or cure of Lender's rights which may occur in any bankruptcy or reorganization case or proceeding concerning the Borrower whether permanent or temporary, and whether assented to by Lender, each Guarantor hereby agrees that such Guarantor shall be obligated hereunder to pay the Indebtedness and discharge such Guarantor's other obligations in accordance with the Indebtedness and the terms of this Guaranty. Each Guarantor understands and acknowledges that by virtue of this Guaranty, any and all risks of insolvency, bankruptcy or a reorganization case or proceeding with respect to the Borrower have been specifically assumed. As an example and not in any way of limitation, a subsequent modification of the Indebtedness in any reorganization case concerning the Borrower shall not affect the obligation of any Guarantor to pay the Indebtedness in accordance with its original terms.

Section 2.9 The Subordination. Each Guarantor hereby absolutely subordinates, both in right of payment and in time of payment, any present or future indebtedness of the Borrower to such Guarantor to the Indebtedness of the Borrower to Lender. If, whether or not at Lender's request, any Guarantor shall collect, enforce or receive payment from the Borrower upon any indebtedness of the Borrower to such Guarantor, any such sums shall be received by such Guarantor as trustee for Lender and shall be paid over to Lender on account of the Indebtedness of the Borrower to Lender, but without reducing or affecting in any manner the liability of such Guarantor under the other provisions of this Guaranty. Each Guarantor shall file in any bankruptcy or other proceeding in which the filing of claims is required by law, all claims which such Guarantor may have against the Borrower relating to any indebtedness of the Borrower to such Guarantor and does hereby assign to Lender all rights of such Guarantor thereunder. If such Guarantor does not file any such claim, the Lender as limited attorney-in-fact for such Guarantor is hereby authorized to do so in the name of such Guarantor or, in Lender's discretion, to assign the claim to a nominee and to cause proof of claim to be filed in the name of Lender's nominee. The foregoing power of attorney is coupled with an interest and cannot be revoked. Lender or its nominee shall have the sole right to accept or reject any plan proposed in any such proceeding and to take any other action which a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay, and each Guarantor does hereby authorize such person or persons to pay to Lender the amount payable on such claim and, to the full extent necessary for that purpose, such Guarantor hereby assigns to Lender all of such Guarantor's rights to any such payments or distributions to which such Guarantor would otherwise be entitled. Any instruments now or hereafter evidencing any indebtedness of the Borrower to such Guarantor shall be marked with a legend that the same are subject to this Guaranty and, if Lender so requests, shall be delivered to Lender.

ARTICLE III. MISCELLANEOUS

Section 3.1 Survival of Warranties. All agreements, obligations, representations and warranties made herein shall survive the execution and delivery of this Guaranty and repayment, foreclosure or other enforcement of the Credit Agreement or any of the other Loan Documents, the same surviving for the maximum limitations period and so long as Borrower shall have any direct, indirect, liquidated or contingent liability to Lender, by indemnification or otherwise.

Section 3.2 Failure or Indulgence Not Waiver. No failure or delay on the part of Lender in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any power, right or privilege preclude any other or further exercise of any such power, right or privilege. All powers, rights and privileges hereunder are cumulative to, and not exclusive of, any powers, rights or privileges otherwise available.

Section 3.3 Notices. All notices, demands and requests given or required to be given by any party hereto to any other party shall be in writing. All such notices, demands and requests by the Lender to the Guarantors shall be deemed to have been properly given if served in person or mailed by United States registered or certified mail, return receipt requested, postage prepaid, or by Federal Express, Airborne or any other insured and reputable overnight delivery service, addressed to the Guarantors at the following addresses:

LM FUNDING, LLC
302 Knights Run Avenue
Suite 1000
Tampa, FL 33602
Attn: Carol Gould

CGR 63 LLC
302 Knights Run Avenue
Suite 1000
Tampa, FL 33602
Attn: Carol Gould

LM FUNDING MANAGEMENT LLC
302 Knights Run Avenue
Suite 1000
Tampa, FL 33602
Attn: Frank Silcox

or to such other address as a Guarantor may from time to time designate by written notice to the Lender given as herein required. All notices, demands and requests by any Guarantor to the Lender shall be deemed to have been properly given if served in person or mailed by United States registered or certified mail, return receipt requested, postage prepaid, or by Federal Express, Airborne or any other insured and reputable overnight delivery service, addressed to the Lender at the following address:

HEARTLAND BANK
One Information Way
Suite 300
Little Rock, Arkansas 72202
Attention: Russ Laster

or to such other address as the Lender may from time to time designate by written notice to the Guarantors given as herein required. Notices, demands and requests sent pursuant to this paragraph shall be deemed to be received (i) if personally delivered in the manner aforesaid, on the date of delivery, (ii) if sent by registered or certified mail in the manner aforesaid, on the earlier of the second (2nd) business day following the day sent, or (iii) if sent by overnight delivery service in the manner aforesaid, on the next business day immediately following the day sent.

Section 3.4 Severability. In case any provision of this Guaranty shall be invalid, illegal or unenforceable, such provisions shall be severable from the rest of this Guaranty and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 3.5 Applicable Law. This Guaranty and the rights and obligations of the parties hereto shall be governed by and construed and enforced in accordance with the laws of the State of Florida and the United States of America; provided that Lender shall retain all rights under Federal Law.

Section 3.6 Jurisdiction and Venue. Any dispute under this Guaranty or the other Loan Documents shall be resolved by the arbitration procedures set forth at Section 11.23 of the Credit Agreement. Each party irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind whatsoever against any other party in any way arising from or relating to this Guaranty and all contemplated transactions, including, but not limited to, contract, equity, tort, fraud, and statutory claims in any form other than the U.S. Federal District Courts located in Arkansas or, if such court does not have subject matter jurisdiction, the courts of the State of Arkansas, and any appellate court from any thereof. Each party irrevocably and unconditionally submits to the exclusive jurisdiction of such courts and agrees to bring any such action, litigation or proceeding only in such courts. Each party agrees that a final judgment in any such action, litigation, or proceeding is conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

Section 3.7 Assignability. This Guaranty shall inure to the benefit of the Lender and its respective successors and assigns. Lender may assign this Guaranty or any of its rights and powers hereunder without notice, with all or any of the Indebtedness hereby guaranteed, and in such event the assignee shall have the same rights and remedies as if originally named herein in place of Lender; provided, however, that Lender shall have an unimpaired right, prior and superior to that of any such assignee to enforce the provisions of the Guaranty for the benefit of Lender as to so much of the Indebtedness that it has not sold, assigned or transferred.

Section 3.8 Survival of Guaranties. This Guaranty shall be binding upon the heirs, successors, representatives and assigns of each Guarantor.

Section 3.9 Headings. Headings of the Articles and Sections of this Guaranty are inserted for convenience only and shall not be deemed to constitute a part hereof.

Section 3.10 Expenses and Fees. The Guarantors hereby agree to be responsible for and to pay all costs and expenses, including, without limitation, reasonable attorneys' fees and foreclosure fees, incurred by Lender in connection with the collection of all sums guaranteed hereunder and the defense or enforcement of any of Lender's rights hereunder, whether or not suit is filed, and whether such collection be from the Borrowers or from any Guarantor.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each Guarantor has executed this Guaranty and it has been delivered to and accepted by Lender as of the date first above written.

GUARANTORS:

LM FUNDING, LLC
a Florida limited liability company

By: _____
Name: Carol Gould
Title: Manager

CGR63, LLC
a Florida limited liability company

By: _____
Name: Carol Gould
Title: Manager

LM FUNDING MANAGEMENT, LLC
a Florida limited liability company

By: _____
Name: Frank Silcox
Title: Manager

Exhibit 10.15

EXECUTION COPY

Loan No: 9100010227

PLEDGE AGREEMENT

THIS **PLEDGE AGREEMENT** is entered into as of December 30, 2014 by and between **LM FUNDING, LLC**, a Florida limited liability company ("**LMF**"), and **CRE FUNDING, LLC**, a Florida limited liability company, as grantors (collectively "***Grantors***" and each a "***Grantor***"), and **HEARTLAND BANK**, an Arkansas state bank ("***Secured Party***"), on behalf of itself and its Affiliates ("***Secured Party***").

R E C I T A L S

WHEREAS, LMF SPE#2, LLC, a Florida limited liability company, as borrower ("***Borrower***"), LMF, CGR63, LLC, a Florida limited liability company, and LM Funding Management, LLC, a Florida limited liability company, as guarantors, and Secured Party, as lender, are entering into a Credit Agreement dated on or about the date hereof (as it may be amended, restated or modified from time to time, the "***Credit Agreement***").

WHEREAS, Grantors are the beneficial owners of all of the membership interests of Borrower, and LMF is manager of Borrower.

WHEREAS, Grantors are entering into this Pledge Agreement (as it may be amended, restated or modified from time to time, this "***Agreement***") in order to, among other things, induce Secured Party to enter into and extend credit under the Credit Agreement.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

1. DEFINITIONS

1.1. **Reference to Pledge Agreement**. Unless otherwise specified, all references herein to Articles, Sections, Preliminary Statements, Exhibits, and Schedules refer to Articles and Sections of, and Preliminary Statements, Exhibits and Schedules to, this Agreement. All Exhibits and Schedules shall be deemed a part of this Agreement. All Schedules include amendments and supplements thereto from time to time.

1.2. **Principles of Construction**. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neutral, as the context indicates is appropriate. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". All references to agreements and other contractual instruments shall be deemed to include subsequent amendments, permitted assignments and other modifications thereto, but only to the extent such amendments, assignments and other modifications are not prohibited by the terms of any Loan Document. Furthermore, any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time.

1.3. **Definitions**. Unless otherwise defined herein, or the context hereof otherwise requires, each term defined in either of the Credit Agreement or in the UCC is used in this Agreement with the same meaning; *provided that*, if the definition given to such term in the Credit Agreement conflicts with the definition given to such term in the UCC, the Credit Agreement definition shall control to the extent legally allowable; and if any definition given to such term in Article 9 of the UCC conflicts with the definition given to such term in any other chapter of the UCC, the Article 9 definition shall prevail. All definitions herein shall be equally applicable to both the singular and plural forms of the defined terms. As used herein, the following terms have the meanings indicated:

"***Borrower***" shall have the meaning set forth in the recitals of this Agreement.

"***Borrower Operating Agreement***" shall mean the Operating Agreement of Borrower, dated as of September 1, 2011.

"***Collateral***" shall have the meaning set forth in ***Section 2.1***.

"***Control***" shall have the meaning set forth in *Section 9-314* of the UCC.

"***Grantor***" and "***Grantors***" have the meanings set forth in the introductory paragraph of this Agreement and includes each Grantor's respective successors and assigns.

"***Instrument***" means any "*instrument*", as such term is defined in *Section 9.102(a)(47)* of the UCC.

"***Pledged Equity Interests***" means all limited liability company interests issued by Borrower listed on ***Exhibit A***, including but not limited to all rights to participate in the management of the Borrower as a member, and any and all certificates representing such limited liability company interests and any interest of Grantors on the books and records of Borrower with respect to such limited liability company interests and all dividends, other distributions, cash, warrants, rights, options, instruments, securities and other property or other Proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such limited liability company interests.

"***Proceeds***" means any "*proceeds*," as such term is defined in *Section 9-102(a)(64)* of the UCC, and, in any event, shall include, but not be limited to, (a) any and all dividends and distributions with respect to any of the Pledged Equity Interests, (b) proceeds of any insurance, indemnity, warranty, or guaranty payable to any Grantor from time to time with respect to any of the Pledged Equity Interests, (c) any and all payments (in any form whatsoever) made or due and payable to any Grantor from time to time in connection with any requisition, confiscation, condemnation, seizure, or forfeiture of all or any part of the Pledged Equity Interests by any Governmental Authority (or any person acting under color of Governmental Authority), and (d) any and all other amounts from time to time paid or payable under or in connection with any of the Pledged Equity Interests.

"***Section***" means a numbered Section of this Agreement, unless another document is specifically referenced.

"***Secured Obligations***" means, collectively, the Obligations (as defined in the Credit Agreement), whether or not (a) such Obligations arise or accrue before or after the filing by or against any Grantor of a petition under the Bankruptcy Code, or any similar filing by or against any Grantor under the laws of any jurisdiction, or any bankruptcy, insolvency, receivership or other similar proceeding, (b) such Obligations are allowable under *Section 502(b)(2)* of the Bankruptcy Code or under any other insolvency proceedings, (c) the right of payment in respect of such Obligations is reduced to judgment, or (d) such Obligations are liquidated, unliquidated, similar, dissimilar, related, unrelated, direct, indirect, fixed, contingent, primary, secondary, joint, several, or joint and several, matured, disputed, undisputed, legal, equitable, secured, or unsecured.

"***Security***" has the meaning set forth in *Section 8-102(a)(15)* of the UCC.

"***Security Interests***" means the pledge and security interests securing the Secured Obligations, including (a) the pledge and security interest in the Collateral granted in this Agreement, and (b) all other security interests created or assigned as additional security for the Secured Obligations pursuant to the provisions of this Agreement.

"***Specified LLC Rights***" means any equity interests, securities, dividends or other distributions and any other right or property which any Grantor shall receive or shall become entitled to receive for any reason whatsoever with respect to, in substitution for or in exchange for the Pledged Equity Interests.

"***UCC***" means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of Florida; provided, however, that in any event, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority (or terms of similar import in any applicable jurisdiction) of Secured Party's Security Interest in any Collateral is governed by the UCC (or other similar law) as in effect in a jurisdiction (whether within or outside the United States) other than the State of Florida, the term "UCC" shall mean the Uniform Commercial Code (or other similar law) as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority (or terms of similar import in such jurisdiction) and for purposes of definitions related to such provisions.

2. **GRANT OF SECURITY INTEREST**

2.1. **Grant of Security Interest**.

(a) As collateral security for the Secured Obligations, each Grantor hereby pledges and grants to Secured Party (including its Affiliates), a first priority Lien on and security interest in and to, and agrees and acknowledges that Secured Party has and shall continue to have, a Security Interest in and to, all of such Grantor's right, title and interest in and to (i) the Pledged Equity Interests and (ii) all Proceeds of the Pledged Equity (all of the property being described in the preceding clauses (i) and (ii) the "***Collateral***"), whether now owned or hereafter acquired, wherever located, howsoever arising or created and whether now existing or hereafter arising, existing or created.

(b) The Security Interests are granted as security only and shall not subject Secured Party or any holder of the Secured Obligations to, or transfer or in any way modify, any Obligations or liability of any Grantor with respect to any of the Collateral.

2.2. **Grantors Remains Liable**. Notwithstanding anything to the contrary contained herein, (a) each Grantor shall remain liable under the contracts and agreements included in the Collateral, and under the Borrower's Operating Agreement, to the extent set forth therein to perform all of its respective duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by Secured Party of any of its rights hereunder shall not release any Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral or under the Borrower's Operating Agreement, and (c) Secured Party shall not have any obligations or liability under any of the contracts and agreements included in the Collateral by reason of this Agreement or under the Borrower Operating Agreement, nor shall Secured Party be obligated to perform any of the obligations or duties of any Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

2.3. **Authorization to File Financing Statements**. Each Grantor hereby irrevocably authorizes Secured Party at any time and from time to time to file in any UCC jurisdiction any initial financing statements and amendments thereto that describe the Collateral and contain any other information required by Part 5 of Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including whether such Grantor is an organization, the type of organization and any organization identification number issued to such Grantor. Each Grantor agrees to furnish any such information to Secured Party promptly upon request.

3. **REPRESENTATIONS AND WARRANTIES**. Each Grantor represents and warrants to Secured Party that:

3.1. **Title, Authorization, Validity and Enforceability**. Such Grantor has good and valid rights in and title to the Collateral with respect to which it has purported to grant a Security Interest hereunder, free and clear of all other Liens, and has full power and authority to grant to Secured Party the Security Interest in such Collateral pursuant hereto. The execution and delivery by such Grantor of this Agreement has been duly authorized by proper limited liability company proceedings, and this Agreement constitutes a legal, valid and binding obligation of such Grantor and creates a Security Interest which is enforceable against such Grantor in all now owned and hereafter acquired Collateral. When financing statements have been filed in the appropriate offices against such Grantor in the locations listed on ***Exhibit B***, Secured Party will have a fully perfected first priority Security Interest in that Collateral in which a Security Interest may be perfected by filing, subject to no other Liens.

3.2. **Conflicting Laws and Contracts**. Neither the execution and delivery by each Grantor of this Agreement, the creation and perfection of the Security Interest in the Collateral granted hereunder, nor compliance with the terms and provisions hereof will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on such Grantor or such Grantor's articles or certificate of incorporation, bylaws, articles of organization or operating agreement or other charter documents, as the case may be, the provisions of any

indenture, instrument or agreement to which such Grantor is a party or is subject, or by which it, or its property, is bound, or conflict with or constitute a default thereunder, or result in the creation or imposition of any Lien pursuant to the terms of any such indenture, instrument or agreement (other than any Lien of Secured Party).

3.3. **Reserved**.

3.4. **Litigation**. There is no litigation investigation or governmental proceeding threatened against any Grantor or any of its properties which would reasonably be expected to result in a Material Adverse Event with respect to the Collateral or such Grantor.

3.5. **No Other Names**. No Grantor has conducted business under any name except the name in which it has executed this Agreement.

3.6. **No Default or Event of Default**. No Default or Event of Default has occurred.

3.7. **No Financing Statements**. No financing statement describing all or any portion of the Collateral which has not lapsed or been terminated naming any Grantor as debtor has been filed in any jurisdiction except (a) financing statements naming Secured Party as the secured party, and (b) as permitted by ***Section 4.1(d)***.

3.8. **Pledged Equity Interests**. ***Exhibit A*** sets forth a true, correct, and complete list of the Pledged Equity Interests. Each Grantor is the direct and beneficial owner of the Pledged Equity Interests set forth in Exhibit A free and clear of any Liens, except for the security interest granted to Secured Party hereunder. Each Grantor further represents and warrants that (a) all such Pledged Equity Interests are duly and validly issued, are fully paid and non-assessable and (b) none of the Pledged Equity Interests are certificated, and they are not Securities as defined in Article 8 of the UCC of the applicable jurisdiction.

4. **COVENANTS**. From the date of this Agreement, and thereafter until this Agreement is terminated:

4.1. **General**.

(a) **Inspection**. Each Grantor will permit Secured Party, by its representatives and agents (i) to inspect the Collateral, (ii) to examine and make copies of the records of such Grantor relating to the Collateral and (iii) to discuss the Collateral and the related records of such Grantor with, and to be advised as to the same by, Grantor's officers, employees, and accountants all at such reasonable times and intervals as Secured Party may determine, and all at such Grantor's expense.

(b) **Taxes**. Each Grantor will pay when due all taxes, assessments and governmental charges and levies upon the Collateral, except those which are being contested in good faith by appropriate proceedings and with respect to which no Lien exists and as to which appropriate reserves are being maintained.

(c) **Records and Reports; Notification of a Default and Event of Default**. Each Grantor will maintain true, complete, and accurate books and records with respect

to the Collateral, and furnish to Secured Party such reports relating to the Collateral at such intervals as Secured Party shall from time to time reasonably request. Grantor will, upon becoming aware thereof, give prompt notice in writing to Secured Party of the occurrence of any Default or Event of Default and of any other development, financial or otherwise, which would reasonably be expected to materially and adversely affect the Collateral. Each Grantor shall mark its books and records to reflect the Security Interest of Secured Party under this Agreement.

(d) **Financing Statements and Other Actions; Defense of Title**. Each Grantor will deliver to Secured Party all financing statements and deliver to the Secured Party the originals of all certificates (if any) evidencing any of the Pledged Equity Interests and take such other actions as may from time to time be reasonably requested by Secured Party in order to maintain a first perfected Security Interest in the Collateral and/or to otherwise enable the Secured Party to enjoy its interest, rights and remedies under this Agreement. Each Grantor will take any and all actions necessary to defend title to the Collateral against all persons and to defend the Security Interest of Secured Party in the Collateral and the priority thereof against any Lien not expressly permitted hereunder.

(e) **Disposition of Collateral**. No Grantor will sell, lease or otherwise dispose of the Collateral except as permitted under the Credit Agreement.

(f) **Liens**. No Grantor will create, incur, or suffer to exist any Lien on the Collateral except the Security Interest created by this Agreement.

(g) **Change in Location, Jurisdiction of Organization or Name**. No Grantor will (a) maintain a place of business at a location other than a location specified on ***Exhibit D***, (b) change its name or taxpayer identification number, (c) change its mailing address, or (d) change its jurisdiction of organization, unless in each case such Grantor shall have given Secured Party not less than thirty (30) days' prior written notice thereof, and Secured Party shall have reasonably determined that such change will not adversely affect the validity, perfection or priority of Secured Party's Security Interest in the Collateral. Prior to making any of the foregoing changes, any Grantor shall execute and deliver all such additional documents and perform all additional acts as Secured Party, in its sole discretion, may request in order to continue or maintain the existence and priority of its Security Interest in all of the Collateral.

(h) **Other Financing Statements**. No Grantor will sign and/or file or authorize the signing and/or filing on its behalf of any financing statement naming it as debtor covering all or any portion of the Collateral, except for financing statements naming the Secured Party as secured party.

4.2. **Securities**. Each Grantor will (a) deliver to Secured Party immediately upon execution of this Agreement the originals of all certificates evidencing any Collateral (if any), (b) hold in trust for Secured Party upon receipt and immediately thereafter deliver to Secured Party any future certificates evidencing Collateral, and (c) upon Secured Party's request, deliver to Secured Party (and thereafter hold in trust for Secured Party upon receipt and immediately deliver to Secured Party) any other document evidencing or constituting Collateral.

4.3. **Stock, Pledged Equity Interests, and Other Ownership Interests** .

(a) **Issuance of Securities**. No Grantor shall permit any Pledged Equity Interest to at any time constitute a Security or consent to the issuer of any such interests taking any action to have such interests treated as a Security unless (i) Secured Party has consented to such action in writing, and (ii)(A) all certificates or other documents constituting such Security have been delivered to Secured Party and such Security is properly defined as such under Article 8 of the UCC of the applicable jurisdiction, whether as a result of actions by the issuer thereof or otherwise, or (B) Secured Party has entered into a control agreement with the issuer of such Security or with a securities intermediary relating to such Security, and such Security is defined as such under Article 8 of the UCC of the applicable jurisdiction, whether as a result of actions by the issuer thereof or otherwise.

4.4. **Compliance with Agreements**. Each Grantor shall comply in all material respects with all mortgages, deeds of trust, instruments, and other agreements binding on it or affecting its properties or business.

4.5. **Compliance with Laws**. Each Grantor shall comply, in all material respects, with all applicable laws, rules, regulations, and orders of any court or Governmental Authority.

4.6. **Further Assurances**. At any time and from time to time, upon the request of Secured Party, and at the sole expense of Grantors, each Grantor shall promptly execute and deliver all such further instruments and documents and take such further action as Secured Party may deem reasonably necessary or desirable (a) to assure Secured Party that its Security Interests hereunder are perfected with a first priority Lien and (b) to carry out the provisions and purposes of this Agreement, including (i) the filing of such financing statements as Secured Party may require, (ii) furnishing to the Secured Party from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Secured Party may reasonably request, all in reasonable detail, and (iii) taking all actions required by law in any relevant UCC, or by other law as applicable in any foreign jurisdiction. Each Grantor shall promptly endorse and deliver to Secured Party all documents, instruments, and chattel paper that it now owns or may hereafter acquire with respect to the Collateral.

5. **EVENTS OF DEFAULT**

5.1. **Remedies**. Upon the occurrence and during the continuance of an Event of Default under the Credit Agreement or any other Loan Document (as such term is defined in the Credit Agreement), and subject to the terms and conditions of the Cure Agreement, Secured Party may exercise any or all of the following rights and remedies:

(a) Those rights and remedies provided in this Agreement, Credit Agreement or any other applicable Loan Document.

(b) Those rights and remedies available to a secured party under the UCC (whether or not the UCC applies to the affected Collateral) or under any other applicable law (including any law governing the exercise of a bank's right of setoff or bankers' lien) when a Grantor is in default under a security agreement.

(c) Without notice except as specifically provided in ***Section 8.1*** or elsewhere herein, sell, lease, assign, grant an option or options to purchase or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, for cash, on credit or for future delivery, and upon such other terms as Secured Party may deem commercially reasonable. Neither Secured Party's compliance with any applicable state or federal law in the conduct of such sale, nor its disclaimer of any warranties relating to the Collateral, shall be considered to affect the commercial reasonableness of such sale.

(d) During the existence of any Event of Default, all payments and distributions made on behalf of any Grantor's Specified LLC Rights shall be paid or delivered to Secured Party (except that if the Secured Party has not taken any other material enforcement action, such Grantor may receive tax distributions (in accordance with Section 4.5 of the Borrower Operating Agreement) and distribute same as "Tax Distributions" under the Credit Agreement), and each Grantor agrees to take all such action as Secured Party may deem necessary or appropriate to cause all such payments and distributions to be made to Secured Party. Further, Secured Party shall have the right, during the existence of any Event of Default, to notify and direct Borrower (subject as aforesaid with respect to tax distributions) to make all payments, dividends, and any other distributions payable in respect thereof directly to Secured Party. Borrower shall be fully protected in relying on the written statement of Secured Party that it then holds a Security Interest which entitles it to receive such payments and distributions. Any and all money and other property paid over to or received by Secured Party hereunder shall be retained by as additional Collateral hereunder or applied to the Obligations.

(e) Each Grantor recognizes that, by reason of certain prohibitions contained in the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (collectively, the "***Securities Act***") and applicable state securities laws, Secured Party may be compelled, with respect to any sale of all or any part of the Collateral conducted without prior registration or qualification of such Collateral under the Securities Act and/or such state securities laws, to limit purchasers to those who will agree, among other things, to acquire the Collateral for their own account, for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges that any such private sale may be at prices and on terms less favorable than those obtainable through a public sale without such restrictions (including a public offering made pursuant to a registration statement under the Securities Act) and, notwithstanding such circumstances, such Grantor agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner and that Secured Party shall have no obligation to engage in public sales and no obligation to delay the sale of any Collateral for the period of time necessary to permit the issuer thereof to register it for a form of public sale requiring registration under the Securities Act or under applicable state securities laws, even if such issuer would, or should, agree to so register it. If Secured Party determines to exercise its right to sell any or all of the Collateral, upon written

request, each Grantor shall furnish to Secured Party all such information as Secured Party may request in order to determine the number and nature of interest, shares or other instruments included in the Collateral which may be sold by Secured Party in exempt transactions under the Securities Act and the rules and regulations of the Securities and Exchange Commission thereunder, as the same are from time to time in effect. In case of any sale of all or any part of the Collateral on credit or for future delivery, such Collateral so sold may be retained by Secured Party until the selling price is paid by the purchaser thereof, but the Secured Party shall not incur any liability in case of the failure of such purchaser to take up and pay for such assets so sold and in case of any such failure, such Collateral may again be sold upon like notice. Secured Party, instead of exercising the power of sale herein conferred upon them, may proceed by a suit or suits at law or in equity to foreclose Security Interests created hereunder and sell such Investment Property, or any portion thereof, under a judgment or decree of a court or courts of competent jurisdiction.

(f) If Secured Party sells any of the Collateral upon credit, Grantors will be credited only with payments actually made by the purchaser, received by Secured Party, and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, Secured Party may resell the Collateral, and Grantors shall be credited with the Proceeds of the sale

6. **WAIVERS, AMENDMENTS AND REMEDIES**. No delay or omission of Secured Party to exercise any right or remedy granted under this Agreement shall impair such right or remedy or be construed to be a waiver of any Event of Default, or an acquiescence therein, and any single or partial exercise of any such right or remedy shall not preclude any other or further exercise thereof or the exercise of any other right or remedy. No waiver, amendment or other variation of the terms, conditions or provisions of this Agreement whatsoever shall be valid unless in writing signed by Secured Party and then only to the extent in such writing specifically set forth. All rights and remedies contained in this Agreement or by law afforded shall be cumulative and all shall be available to Secured Party until this Agreement has been terminated pursuant to ***Section 8.11***.

7. **PROCEEDS**

7.1. **Application of Proceeds**. Upon the occurrence and during the continuation of an Event of Default, the Proceeds of the Collateral may be applied by Secured Party to payment of the Secured Obligations in such manner and order as Secured Party may elect in its sole discretion.

8. **GENERAL PROVISIONS**

8.1. **Notice of Disposition of Collateral**. Each Grantor hereby waives notice of the time and place of any public sale or the time after which any private sale or other disposition of all or any part of the Collateral may be made. To the extent such notice may not be waived under applicable law, any notice made shall be deemed reasonable if sent to Grantors, addressed as set forth in ***Section 9.1***, at least ten (10) days prior to (a) the date of any such public sale or (b) the time after which any such private sale or other disposition may be made. Secured Party

shall not be obligated to make any sale or other disposition of the Collateral regardless of notice having been given. Subject to the provisions of applicable law, Secured Party may postpone or cause the postponement of the sale of all or any portion of the Collateral by announcement at the time and place of such sale, and such sale may, without further notice, to the extent permitted by law, be made at the time and place to which the sale was postponed, or Secured Party may further postpone such sale by announcement made at such time and place.

8.2. **Secured Party Performance of Grantors' Obligations**. Without having any obligation to do so, Secured Party may perform or pay any Obligations which any Grantor has agreed to perform or pay in this Agreement, and Grantors shall reimburse Secured Party for any amounts paid by Secured Party pursuant to this ***Section 8.2***. Grantors' obligation to reimburse Secured Party pursuant to the preceding sentence shall be a Secured Obligation payable on demand.

8.3. **Authorization for Secured Party to Take Certain Action**. Each Grantor irrevocably authorizes Secured Party at any time and from time to time in the sole discretion of Secured Party, and appoints Secured Party as its attorney in fact, coupled with an interest, (a) to execute on behalf of such Grantor as debtor and to file financing statements necessary or desirable in Secured Party's sole discretion to perfect and to maintain the perfection and priority of Secured Party's Security Interest in the Collateral, (b) during the existence of any Event of Default, to indorse and collect any cash Proceeds of the Collateral, (c) to apply the Proceeds of any Collateral received by Secured Party to the Secured Obligations as provided in ***Section 7*** and (d) to discharge past due taxes, assessments, charges, fees or Liens on the Collateral (except for such Liens as are specifically permitted hereunder), and each Grantor agrees to reimburse Secured Party on demand for any payment made or any expense incurred by Secured Party in connection therewith, *provided that* this authorization shall not relieve any Grantor of any of its obligations under this Agreement, the Credit Agreement or any other Loan Document (as defined in the Credit Agreement).

8.4. **Specific Performance of Certain Covenants**. Each Grantor acknowledges and agrees that a breach of any of the covenants contained in ***Sections 4.1(d)***, ***4.1(f)***, ***4.2***, or ***8.6*** or in ***Section 7*** will cause irreparable injury to Secured Party, that Secured Party has no adequate remedy at law in respect of such breaches and therefore agrees, without limiting the right of Secured Party to seek and obtain specific performance of other Obligations of such Grantor contained in this Agreement, that the covenants of such Grantor contained in the Sections referred to in this ***Section 8.4*** shall be specifically enforceable against such Grantor.

8.5. **Reserved.**

8.6. **Dispositions Not Authorized**. No Grantor is authorized to sell or otherwise dispose of the Collateral, except for dispositions permitted under the Credit Agreement, and notwithstanding any course of dealing between Grantors and Secured Party or other conduct of Secured Party, no authorization to sell or otherwise dispose of the Collateral (except as permitted under the Credit Agreement) shall be binding upon Secured Party unless such authorization is in writing signed by Secured Party.

8.7. **Benefit of Agreement**. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of Grantors, Secured Party and their respective successors and assigns, except that no Grantor shall have the right to assign its rights or delegate its obligations under this Agreement or any interest herein, without the prior written consent of Secured Party.

8.8. **Survival of Representations**. All representations and warranties of Grantors contained in this Agreement shall survive the execution and delivery of this Agreement.

8.9. **Taxes and Expenses**. Any taxes (including income taxes) payable or ruled payable by Federal or State authority in respect of this Agreement shall be paid by Grantors, together with interest and penalties, if any. Grantors shall reimburse Secured Party for any and all out-of-pocket expenses and internal charges (including reasonable attorneys', auditors' and accountants' fees) paid or incurred by Secured Party in connection with the preparation, execution, delivery, and administration of this Agreement and in the audit, analysis, administration, collection, preservation or sale of the Collateral (including the expenses and charges associated with any periodic or special audit of the Collateral). In addition, Grantors shall be obligated to pay all of the costs and expenses incurred by Secured Party, including attorneys' fees and court costs, in obtaining or liquidating the Collateral, in enforcing payment of the Secured Obligations, or in the prosecution or defense of any action or proceeding by or against Secured Party or any Grantor concerning any matter arising out of or connected with this Agreement, any Collateral or the Secured Obligations, including any of the foregoing arising in, arising under or related to a case under any bankruptcy, insolvency or similar law. Any and all costs and expenses incurred by Grantors in the performance of actions required pursuant to the terms hereof shall be borne solely by Grantors.

8.10. **Headings**. The title of and Section headings in this Agreement are for convenience of reference only, and shall not govern the interpretation of any of the terms and provisions of this Agreement.

8.11. **Termination**. This Agreement shall continue in effect (notwithstanding the fact that from time to time there may be no Secured Obligations outstanding) until (a) the Credit Agreement has terminated pursuant to its express terms and (b) all of the Secured Obligations (except Secured Obligations consisting of contingent indemnification provisions for which no claim has been asserted) have been paid in full in cash in full and no commitments of Secured Party which would give rise to any Secured Obligations are outstanding; *provided that* any termination of this Agreement under this ***Section 8.11*** is subject to ***Section 8.18*****.** Upon any such termination, the Secured Party shall (i) return any original certificates evidencing the Pledged Equity Interests previously delivered by the Grantors to the Secured Party, (ii) authorize, at the expense of the Grantors, UCC-3 termination statements to be filed terminating financing statements filed to perfect the Security Interests and (iii) at the expense of the Grantors, take such other actions as the Grantors may reasonably request to reflect such termination.

8.12. **FINAL AGREEMENT**. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

8.13. **CHOICE OF LAW**. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF FLORIDA, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

8.14. **INDEMNITY**. GRANTORS DO HEREBY ASSUME ALL LIABILITY FOR THE COLLATERAL, FOR THE SECURITY INTEREST OF SECURED PARTY, AND FOR ANY USE, POSSESSION, MAINTENANCE, AND MANAGEMENT OF, ALL OR ANY OF THE COLLATERAL, INCLUDING ANY TAXES ARISING AS A RESULT OF, OR IN CONNECTION WITH, THE TRANSACTIONS CONTEMPLATED HEREIN, AND AGREE TO ASSUME LIABILITY FOR, AND TO INDEMNIFY AND HOLD SECURED PARTY AND ITS RESPECTIVE SUCCESSORS, ASSIGNS, AGENTS, ATTORNEYS, AND EMPLOYEES HARMLESS FROM AND AGAINST, ANY AND ALL CLAIMS, CAUSES OF ACTION, OR LIABILITY, FOR INJURIES TO OR DEATHS OF PERSONS AND DAMAGE TO PROPERTY, HOWSOEVER ARISING FROM OR INCIDENT TO SUCH USE, POSSESSION, MAINTENANCE, AND MANAGEMENT, WHETHER SUCH PERSONS BE AGENTS OR EMPLOYEES OF GRANTORS OR OF THIRD PARTIES, OR SUCH DAMAGE BE TO PROPERTY OF GRANTORS OR OF OTHERS.. GRANTORS DO HEREBY INDEMNIFY, SAVE, AND HOLD SECURED PARTY AND ITS RESPECTIVE SUCCESSORS, ASSIGNS, AGENTS, ATTORNEYS, AND EMPLOYEES HARMLESS FROM AND AGAINST, AND COVENANTS TO DEFEND SECURED PARTY AGAINST, ANY AND ALL LOSSES, DAMAGES, CLAIMS, COSTS, PENALTIES, LIABILITIES, AND EXPENSES (COLLECTIVELY, "***CLAIMS***"), INCLUDING COURT COSTS AND ATTORNEYS' FEES, **AND ANY OF THE FOREGOING ARISING FROM THE NEGLIGENCE OF SECURED PARTY OR ANY OF THEIR RESPECTIVE OFFICERS, EMPLOYEES, AGENTS, ADVISORS, EMPLOYEES, OR REPRESENTATIVES**, HOWSOEVER ARISING OR INCURRED BECAUSE OF, INCIDENT TO, OR WITH RESPECT TO COLLATERAL OR ANY USE, POSSESSION, MAINTENANCE, OR MANAGEMENT THEREOF; *PROVIDED*, *HOWEVER*, THAT THE INDEMNITY SET FORTH IN THIS ***SECTION 8.14*** WILL NOT APPLY TO CLAIMS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SECURED PARTY OR ANY OF THEIR RESPECTIVE OFFICERS, EMPLOYEES, AGENTS, ADVISORS, EMPLOYEES, OR REPRESENTATIVES, AS DETERMINED BY A COURT OF COMPETENT JURISDICTION IN FINAL AND NONAPPEALABLE JUDGMENT.

8.15. **Limitation of Obligations**.

(a) The provisions of this Agreement are severable, and in any action or proceeding involving any applicable law affecting the rights of creditors generally, if the Obligations of Grantors under this Agreement would otherwise be held or determined to be avoidable, invalid or unenforceable on account of the amount of Grantors' liability under this Agreement, then, notwithstanding any other provision of this Agreement to the contrary, the amount of such liability shall, without any further action by Grantors or Secured Party, be automatically limited and reduced to the highest amount that is valid and enforceable as determined in such action or proceeding (such highest amount determined hereunder being Grantors' "***Maximum Liability***").

(b) Notwithstanding any or all of the Secured Obligations becoming unenforceable against any Grantor or the determination that any or all of the Secured Obligations shall have become discharged, disallowed, invalid, illegal, void or otherwise unenforceable as against any Grantor (whether by operation of any present or future law or by order of any court or governmental agency), the Secured Obligations shall, for the purposes of this Agreement, continue to be outstanding and in full force and effect.

8.16. **Reserved.**

8.17. **Reserved**.

8.18. **Recovered Payments**. The Secured Obligations shall be deemed not to have been paid, observed or performed, and the Grantors' obligations under this Agreement in respect thereof shall continue and not be discharged, to the extent that any payment, observance or performance thereof by any Grantor is recovered from or paid over by or for the account of Secured Party for any reason, including as a preference or fraudulent transfer or by virtue of any subordination (whether present or future or contractual or otherwise) of the Secured Obligations, whether such recovery or payment over is effected by any judgment, decree or order of any court or governmental agency, by any plan of reorganization or by settlement or compromise by Secured Party (whether or not consented to by Grantors) of any claim for any such recovery or payment over. Each Grantor hereby expressly waives the benefit of any applicable statute of limitations and agrees that it shall be liable hereunder whenever such a recovery or payment over occurs.

9. **NOTICES**

9.1. **Sending Notices**. Whenever any notice is required or permitted to be given under the terms of this Agreement, the same shall, except as otherwise expressly provided for in this Agreement, be given in writing, and sent by: (a) certified mail, return receipt requested, postage pre-paid; (b) a national overnight delivery service; (c) hand delivery with written receipt acknowledged; or (d) facsimile, followed by a copy sent in accordance with ***clause (b)*** or ***(c)*** of this ***Section 9.1*** sent the same day as the facsimile, in each case to the address or facsimile number (together with a contemporaneous copy to each copied addressee), as applicable, set forth in ***Exhibit D***. Grantors and Secured Party shall not conduct communications contemplated by this Agreement by electronic mail or other electronic means, except by facsimile transmission as expressly provided in this ***Section 9.1***, and the use of the phrase "in writing" or the word "written" shall not be construed to include electronic communications except by facsimile transmissions as expressly provided in this ***Section 9.1***. Any notice required or given hereunder shall be deemed received the same Business Day if sent by hand delivery or facsimile, the next Business Day if sent by overnight courier, or three (3) Business Days after posting if sent by certified mail, return receipt requested; *provided that* any notice received after 5:00 p.m. Little Rock, Arkansas time on any Business Day or received on any day that is not a Business Day shall be deemed to have been received on the following Business Day.

9.2. **Change in Address for Notices**. Any Grantor and Secured Party may change the address for service of notice upon it by a notice in writing to the other parties.

9.3 **Subject to Agreements**. The terms and provisions of this Agreement are (whether or not expressly so stated above) subject to the terms and provisions of the Borrower Operating Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, each Grantor and Secured Party have executed this Agreement as of the date first above written.

GRANTORS:

LM FUNDING, LLC,
a Florida limited liability company

By: _____
Name: Carol Gould
Title: Manager

CRE FUNDING, LLC,
a Florida limited liability company

By: CRE Capital, LLC, a Florida limited liability company and Manager of CRE Funding, LLC

By: _____
Name: Konstantin V. Katsadouros
Title: Manager

SECURED PARTY:

HEARTLAND BANK,
an Arkansas state bank

By: _____
Name: Phil Thomas
Title: Executive Vice President

EXHIBIT A

List of Pledged Equity Units

Grantor	Issuer	Certificate Number	Membership Interests
LM Funding, LLC	LMF SPE#2, LLC	N/A	95%
CRE Funding, LLC	LMF SPE#2, LLC	N/A	5%

Exhibit A to Pledge Agreement

EXHIBIT B

UCC Filing Jurisdictions

Grantor	Jurisdiction
LM Funding, LLC	Florida Secretary of State
CRE Funding, LLC	Florida Secretary of State

EXHIBIT C

Federal Employer Identification Number

Grantor	Federal Employer Identification Number
LM Funding, LLC	45-3685695
CRE Funding, LLC	45-3411551

Exhibit C to Pledge Agreement

EXHIBIT D

Principal Place of Business and Mailing Address:

LM Funding LLC
302 Knights Run Ave Suite #1000
Tampa, Florida 33602
Attention: Carol Gould
Fax No.: (813) 221-7909

With a copy of notices to be sent to:

Business Law Group, P.A.
302 Knights Run Avenue
Suite 1000
Tampa, FL 33602
Fax No.: (813) 221-7909

CRE Funding, LLC
[address]
Attention:
Fax No.: [●]

With a copy of notices to be sent to:

Exhibit 10.16

_____, 2015

International Assets Advisory, LLC
390 North Orange Avenue, #750
Orlando, Florida 32801
Attention: Mr. Edward R. Cofrancesco, President

Re: Public Offering of LM Funding America, Inc.

Ladies and Gentlemen:

The undersigned, a holder of shares of common stock, par value $0.001 per share ("Common Shares"), or rights to acquire Common Shares, of LM Funding America, Inc., a Delaware corporation (the "Company"), understands that International Assets Advisory, LLC, a Florida limited liability company ("IAA"), as Representative of certain firms (the "Sales Agents"), proposes to enter into an Sales Agency Agreement (the "Sales Agency Agreement") with the Company providing for the public offering (the "Public Offering") by the several Sales Agents of units, with each unit consisting of one common share, $0.001 par value, and one warrant, of the Company (the "Securities").

In connection with the Public Offering, IAA is requiring each of the Company's officers, directors and shareholders owning five percent (5%) or more of the outstanding Common Shares after the offering contemplated hereby to enter into lock-up agreements designed to prohibit the sale of the Common Shares held (nominally or beneficially) by those individuals and entities (in any manner, including pursuant to Rule 144 under the Act) for a period of 180 days following the closing of the Public Offering. These so called lock-ups are intended to induce Sales Agents that may participate in the Public Offering to continue their efforts in connection with the Public Offering and to allow the Securities to be traded for a period of time before influential owners may sell their Common Shares.

For other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby agrees for the benefit of the Company and the Sales Agents that, the undersigned will not, during the period commencing on the date hereof and ending 180 days after the closing of the Public Offering (the "Lock-Up Period"), directly or indirectly (1) offer, pledge, assign, encumber, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, any Common Shares or any securities directly or indirectly convertible into or exercisable or exchangeable for Common Shares owned either of record or beneficially (as defined in the Securities Exchange Act of 1934, as amended (the "Exchange Act")) by the undersigned on the date hereof or hereafter acquired or (2) enter into any swap or other agreement or arrangement that transfers, in whole or in part, any of the economic consequences of ownership of the Common Shares, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Shares or such other securities, in cash or otherwise, or publicly announce an intention to do any of the foregoing. The foregoing sentence shall not apply to:

(i) the sale of Common Shares pursuant to the Sales Agency Agreement;

(ii) transactions relating to Common Shares acquired in open market transactions after the completion of the Public Offering, or the exercise of any stock option to purchase Common Shares pursuant to any benefit plan of the Company;

(iii) transfers of Common Shares or any security directly or indirectly convertible into or exercisable or exchangeable for Common Shares as a bona fide gift or in connection with estate planning, including but not limited to, dispositions to any trust for the direct or indirect benefit of the undersigned and/or the immediate family of the undersigned and dispositions from any grantor retained annuity trust established for the direct benefit of the undersigned and/or a member of the immediate family of the undersigned, or by will or intestacy;

(iv) distributions of Common Shares or any security directly or indirectly convertible into or exercisable or exchangeable for Common Shares to limited partners, members, stockholders or affiliates of the undersigned, or to any partnership, corporation or limited liability company controlled by the undersigned or by a member of the immediate family of the undersigned; or

(v) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of Common Shares, provided that such plan does not provide for the transfer of Common Shares during the Lock-Up Period.

provided, however, that (a) in the case of any transfer or distribution pursuant to clause (iii) or (iv), each donee or distributee shall sign and deliver a lock-up letter agreement substantially in the form of this letter agreement (the "Lock-Up Agreement") and (b) in the case of any transaction pursuant to clauses (iii), (iv) or (v), such transaction is not required to be reported during the Lock-Up Period by anyone in any public report or filing with the Securities and Exchange Commission or otherwise (other than a required filing on Form 5, Schedule 13D or Schedule 13G (or 13D-A or 13G-A) and no such filing shall be made voluntarily during the Lock-Up Period. In addition, the undersigned agrees that, without the prior written consent of IAA on behalf of the Sales Agents, the undersigned will not, during the Lock-Up Period, make any demand for or exercise any right with respect to, the registration of any Common Shares or any security directly or indirectly convertible into or exercisable or exchangeable for Common Shares.

Notwithstanding the foregoing, if (x) during the last 17 days of the Lock-Up Period the Company issues an earnings release or material news or a material event relating to the Company occurs, or (y) prior to the expiration of the Lock-Up Period, the Company announces that it will release earnings results during the 16-day period beginning on the last day of the Lock-Up Period, the restrictions imposed in this Lock-Up Agreement shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event, unless IAA waives, in writing, such extension.

The undersigned hereby further agrees that, prior to engaging in any transaction or taking any other action that is subject to the terms of this Lock-Up Agreement during the period from the date of this Lock-Up Agreement to and including the 34th day following the scheduled expiration of the Lock-Up Period, it will give notice thereof to the Company and will not consummate such transaction or take such action unless it has received written confirmation from the Company that the Lock-Up Period (as such may have been extended pursuant to the preceding paragraph) has expired.

In furtherance of the foregoing, (1) the undersigned also agrees and consents to the entry of stop transfer instructions with any duly appointed transfer agent for the registration or transfer of the securities described herein against the transfer of any such securities except in compliance with the foregoing restrictions, and (2) the Company, and any duly appointed transfer agent for the registration or transfer of the securities described herein, are hereby authorized to decline to make any transfer of securities if such transfer would constitute a violation or breach of this Lock-Up Agreement.

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this Lock-Up Agreement. The undersigned hereby waives any applicable notice requirement concerning the Company's intention to file a prospectus in connection with the Public Offering and sell Securities thereunder.

The undersigned understands that the Company and the Sales Agents are relying upon this Lock-Up Agreement in proceeding toward consummation of the Public Offering. The undersigned further understands that this Lock-Up Agreement is irrevocable and shall be binding upon the undersigned's heirs, legal representatives, successors and assigns.

Whether or not the Public Offering actually occurs depends on a number of factors, including market conditions. Any Public Offering will only be made pursuant to a Sales Agency Agreement, the terms of which are subject to negotiation between the Company and the Sales Agents and there is no assurance that the Company and the Sales Agents will enter into a Sales Agency Agreement with respect to the Public Offering or that the Public Offering will be consummated.

This Lock-Up Agreement shall automatically terminate upon the earliest to occur, if any, of (1) either IAA on behalf of the Sales Agents, on the one hand, or the Company, on the other hand, advising the other in writing, prior to the execution of the Sales Agency Agreement, that they have determined not to proceed with the Public Offering, (2) termination of the Sales Agency Agreement before the sale of any Securities to the Sales Agents, (3) the withdrawal of the registration statement filed with the Securities and Exchange Commission with respect to the Public Offering, or (4) _____, 2015, in the event that the Sales Agency Agreement has not been executed by that date.

[Signature page follows]

This Lock-Up Agreement shall be governed by and construed in accordance with the laws of the State of Florida, without regard to the conflict of laws principles thereof.

Very truly yours,

_____

[Name]

Exhibit 10.17

LOAN AGREEMENT

THIS LOAN AGREEMENT ("Agreement") is entered into this day of January, 2015, by and between LMF OCTOBER 2010 FUND, LLC, a Florida limited liability company, which has its principal place of business and chief executive office at 302 Knights Run Ave., Suite 1000, Tampa, FL 33602 (together with its successors and assigns, the "Borrower"), LM FUNDING, LLC, a Florida limited liability company whose address is 302 Knights Run Ave., Suite 1000, Tampa, FL 33602, (LMF), CAROL LINN GOULD, an individual, whose address is 1109 S. Rome Avenue, Tampa, Florida 33606 (Gould) and BRUCE M. RODGERS, an individual, whose address is 1109 S. Rome Avenue, Tampa, Florida 33606 (Rodgers) (collectively referred to herein as the "Guarantors") and DAVID A. STRAZ, JR. REVOCABLE LIVING TRUST OF 1986, whose address is 4401 W. Kennedy Blvd., Suite 150, Tampa, Florida 33609 (the "Lender").

RECITALS

The Borrower wishes to borrow Two Million Dollars ($2,000,000.00) from the Lender in the form of a loan to finance the purchase of the LMF membership interest currently owned by LM Funding Management, LLC and Frank Silcox. Capitalized terms used in this Agreement which are not otherwise defined herein shall have the meanings set forth in Article I.

AGREEMENTS

In consideration of the terms and conditions contained in this Agreement and of any loan made to or for the benefit of the Borrower by the Lender, the parties agree as follows:

ARTICLE I
DEFINITIONS; CONSTRUCTION

1.1 General Terms. When used in this Agreement, the following terms shall have the following meanings:

"Account" or "Accounts" shall have the meaning set forth in the Security Agreement and shall include all of Borrower's right, title and interest to accounts receivable and contract rights and lien rights arising from or relating to the collection of the Association advances of the Borrower, whether now owned or hereafter acquired and wherever located, including, without limitation: (a) Accounts; (b) contract rights, documents, and documents of title; (c) all of the deposit accounts with any financial institution with which the Borrower maintains deposits; (d) all of the now owned or hereafter acquired monies coming into the actual possession, custody, or control of the Borrower (whether for safekeeping, deposit, custody, pledge, transmission, collection, or otherwise); (d) all insurance proceeds of or relating to any of the foregoing; (e) all insurance proceeds relating to any business interruption insurance; (f) all of the books and records (including computer software and the data contained in the software) of the Borrower relating to any of the foregoing; and (g) all accessions and additions to, substitutions for, and replacements, products, and proceeds of any of the foregoing.

"Affiliate" shall mean, with respect to any Person, a Person: (a) that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, the

first-named Person; (b) that directly or beneficially owns or holds ten percent or more of any class of the voting equity interests of the first-named Person; or (c) ten percent or more of the voting equity interests of which is owned directly or beneficially by the first-named Person or held by the first-named Person.

"Association" shall mean a condominium association as defined by Chapter 718, Florida Statutes or a homeowners association as defined by Chapter 720, Florida Statutes.

"Authorized Officer" shall mean at any time an individual whose authority has been approved by the board of directors or other governing body of the applicable Person and has not been revoked by written notice from the Person to the Lender.

"Business Day" shall mean any day (a) other than a Saturday, Sunday (or other day on which banks are authorized to be closed in Florida and (b) which is also a day on which dealings in dollar deposits are carried out in the London Interbank market.

"Capitalized Lease" shall mean as to any Person at any time any lease which, in accordance with GAAP, is required to be capitalized on the balance sheet of the Person at the time.

"Capitalized Lease Obligations" shall mean as to any Person at any time the aggregate amount which, in accordance with GAAP, is required to be reported as a liability on the balance sheet of the Person at the time as lessee under Capitalized Leases.

"Claim" shall mean any demand, cause of action, proceeding, or suit for damages (actual or punitive), injuries to person or property, damages to natural resources, fines, penalties, interest, or losses, whether fixed, absolute, accrued, contingent or otherwise and whether direct, primary or secondary, known or unknown.

"Closing Date" shall mean the date when the note is delivered to Lender.

"Code" shall mean the Uniform Commercial Code of the State of Florida, as amended from time to time, and any successor statute.

"Collateral" shall mean all of Borrower's right, title and interest in and to real and personal property and interests in real and personal property now owned or hereafter acquired by the Borrower in or upon which a security interest, lien, or mortgage is granted to the Lender by the Borrower, whether under this Agreement, the Financing Agreements, or any other documents, instruments, or writings signed and delivered by the Borrower or the Guarantor to the Lender. Without limiting the generality of the foregoing, the Collateral shall include, without duplication, all of Borrower's right, title and interest in and to accounts receivable and contract rights and lien rights arising from or relating to the collection of the Association advances of the Borrower, whether now owned or hereafter acquired and wherever located, including, without limitation: (a) Accounts; (b) contract rights, documents, and documents of title; (c) all of the deposit accounts with any financial institution with which the Borrower maintains deposits; (d) all of the now owned or hereafter acquired monies coming into the actual possession, custody, or control of the Borrower (whether for safekeeping, deposit, custody, pledge, transmission, collection, or otherwise); (d) all insurance proceeds of or relating to any of the foregoing; (e)

all insurance proceeds relating to any business interruption insurance; (f) all of the books and records (including computer software and the data contained in the software) of the Borrower relating to any of the foregoing; and (g) all accessions and additions to, substitutions for, and replacements, products, and proceeds of any of the foregoing.

"Commitment" shall mean the Lender's commitment to extend to the Borrower a loan for $2,000,000.00.

"Commitment Loan" shall mean any Loan made pursuant to the Commitment.

"Commitment Maturity Date" shall mean the earlier of (a) the date on which any Default shall occur, or (b) the Maturity Date.

"Commitment Rate" shall mean fourteen percent (14%) per annum on all amounts of the Commitment received by Borrower until repaid.

"Default" shall mean the occurrence or existence of any one or more of the events described in Section 7.1 of this Agreement.

"Financing Agreements" or "Financing Documents, or "Financing Instruments" shall mean all agreements, instruments, and documents that evidence the terms and conditions of the Loan or implement the terms and conditions of this Agreement, whether heretofore, now, or hereafter signed by or on behalf of the Borrower and delivered to the Lender or any affiliate of the Lender in connection with this Agreement, together with all agreements, documents, and instruments referred to in or contemplated by such agreements, instruments, and documents, including, without limitation, security agreements, loan agreements, promissory notes, guaranties, mortgages, deeds of trust, subordination agreements, pledges, hypothecations, powers of attorney, consents, assignments, collateral assignments, intercreditor agreements, mortgagee waivers, reimbursement agreements, contracts, notices, leases, financing statements, and all other written matter. Without limitation, the Financing Agreements shall include this Agreement, the Note, the Guaranty, and the Security Agreement.

"GAAP" shall mean U.S. generally accepted accounting principles and all references to GAAP shall mean "in the ordinary course of business consistent with past practice" when and until Borrower's financial statements can be prepared, reviewed or audited in accordance with GAAP.

"Guaranty" shall mean the Guaranty executed by the Guarantors, of even date herewith, pursuant to which the Guarantors unconditionally guarantee the Liabilities.

"Indebtedness" of any Person shall mean, without duplication: (a) all indebtedness of the Person for borrowed money or for the deferred purchase price of property or services; (b) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by the Person (even though the rights and remedies of the seller or Lender under the agreement in the Default are limited to repossession or sale of the property); (c) all Capitalized Lease Obligations of the Person; (d) all guaranteed indebtedness of the Person; and (e) all indebtedness of a type referred to in clause (a), (b), or (c) above secured by (or for which the holder of the indebtedness has an existing right, contingent or otherwise, to be secured

by) any lien, security interest, or other charge or encumbrance upon or in property (including, without limitation, accounts and contract rights) owned by the Person, even though the Person has not assumed or become liable for the payment of the indebtedness.

"Indemnified Matters" shall have the meaning given that term in Section 8.16 of this Agreement.

"Indemnitee" shall have the meaning given that term in Section 8.16 of this Agreement.

"Interest Period" shall mean any successive one month period, provided that: (a) the initial Interest Period shall commence on the date of this Agreement and end on the last day of the month; (b) each one month period occurring after the initial period shall commence on the first (1st) day of the next succeeding month; and (c) the final Interest Period shall expire on the Maturity Date.

"IRC" shall mean the Internal Revenue Code of 1986, as amended from time to time, and any successor statute.

"IRS" shall mean the Internal Revenue Service.

"Liabilities" shall mean any and all of the Borrower's liabilities, obligations and Indebtedness to the Lender or the Lender's affiliates of any and every kind and nature, whether heretofore, now, or hereafter owing, arising, due, or payable and howsoever evidenced, created, incurred, acquired, or owing, whether primary, secondary, direct, contingent, fixed, or otherwise (including obligations of performance) pursuant to or evidenced by the Financing Instruments, or by operation of law, including but not limited to all obligations under this Agreement, the Notes, the Guaranty and the Financing Agreements.

"Loan" shall mean the Commitment.

"Margin Stock" shall mean margin stock as the term is defined in Regulation U of the Board of Governors of the Federal Reserve System.

"Material Adverse Effect" shall mean: (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, or condition (financial or otherwise) of the Borrower; (b) a material impairment of the ability of the Borrower to perform under this Agreement or any of the Financing Agreements or to avoid a Default; or (c) a material adverse effect upon: (i) the legality, validity, binding effect, or enforceability against the Borrower of this Agreement or of any of the Financing Agreements; or (ii) the perfection or priority of any lien granted under this Agreement or under any of the Financing Agreements.

"Maturity Date" shall mean three years after the date hereof.

"Note" shall mean that certain Promissory Note in the amount of Two Million and 00/100 Dollars ($2,000,000.00) given by Borrower in favor of Lender issued and dated the date hereof.

"Person" shall mean any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, institution, entity, party, or government (whether national, federal, state, provincial, county, city, municipal, or otherwise, including, without limitation, any instrumentality, division, agency, body, or department thereof).

"Qualified Collateral" shall mean accrued interest, accrued administrative late fees, plus Borrower's advance costs for purchase of rights of collection.

"Security Agreement" shall mean the Security Agreement of even date herewith by the Borrower in favor of the Lender and encumbering the Collateral, other than the Supplemental Collateral, as collateral security for the obligations.

"Unmatured Default" shall mean an event which, with the passage of time or the giving of notice, or both, will become a Default as defined in the Security Agreement.

1.2 Accounting Terms. Any accounting terms used in this Agreement which are not specifically defined in this Agreement shall have the meanings customarily given them in accordance with the definition of GAAP contained herein.

1.3 Other Terms; Terms Defined in Florida Uniform Commercial Code. The terms or words set out in the upper case in this Agreement, that are not defined in the context of this Agreement where they are used, shall have the meanings ascribed to them in Section 1.1 of this Agreement. All other words or terms contained in this Agreement (and which are not otherwise specifically defined in this Agreement) shall have the meanings provided in the Code to the extent the same are used or defined in the Code.

ARTICLE II
THE LOAN

2.1 The Commitment and the Loan. The Lender agrees, on the terms and conditions hereinafter set forth, to make a Loan to the Borrower. The Commitment Loan will be funded with the execution and delivery of this Agreement in the amount of Two Million Dollars ($2,000,000.00), provided the Borrower is in compliance with all the terms and conditions of this Agreement, the Funding and Servicing Agreement, the Security Agreement, or any other agreement executed in conjunction with the Note.

2.2 Principal and Interest Payments. Interest on the Note shall commence accruing on the date hereof until payment in full of the principal sum, together with all accrued and unpaid interest and other amounts which may become due hereunder, has been made. Interest shall be computed on the basis of a 365-day year and actual days elapsed and shall be payable monthly, in arrears, on or before the first (1st) day of each month commencing in March 2015, based upon the outstanding principal balance except that, if any such date is not a Business Day, then such payment shall be due on the next succeeding Business Day (each, a "***Payment Date***"). Amounts due under this Note shall be payable by the Maker on each Payment Date in lawful money of the United States of America at the rate of 14% per annum. Principal shall be repayable on each Payment Date in an amount equal to the face amount on this Note divided by thirty six (36) months (or portion thereof) which equals a monthly principal amortization payment of Fifty Five Thousand Five Hundred Fifty Five Dollars and 56/100 ($55,555.56) on each Payment Date. The entire unpaid principal balance plus all accrued interest shall be due and payable on the third anniversary of the date hereof (the "***Maturity Date***") upon presentment of this Note.

2.3 Prepayments.

(a) Voluntary Prepayments. The Borrower may prepay any portion of the Loan in whole or in part at any time without a prepayment penalty.

(b) Mandatory Prepayments of Term. In addition to any scheduled installments due on the Loan, the following mandatory prepayments on the Loan shall be made:

(i) Sale of Assets. Except in the ordinary course of business of Borrower, upon the sale, transfer or other disposition of substantially all of the assets of the Borrower which is permitted by the terms of this Agreement and the Financing Agreements, the Borrower shall make a mandatory prepayment in an amount equal to the lesser of 100% of the net proceeds realized from such sale, transfer or other disposition or the outstanding balance of the Loan, unless otherwise waived in writing by a duly authorized representative of the Lender.

(ii) Sale of Equity Interest. Upon the sale of any common stock, preferred stock, warrant, membership interest or other equity in the Borrower by the Borrower, or upon the receipt of proceeds from the issuance of any subordinated indebtedness, if Borrower is in Default of this Agreement, the Borrower shall make a mandatory prepayment in an amount equal to the lesser of 100% of the net proceeds so realized or so received from such sale or issuance or the outstanding balance of the Loan, unless otherwise waived in writing by a duly authorized representative of the Lender.

(c) Allocation of Prepayments. All voluntary partial prepayments shall be applied first to interest then due on such Loan, and then to the installment or installments of principal last maturing.

2.4 Matters Involving Interest.

(a) Payments to be made on Business Day. If any payment of principal or interest under this Agreement shall fall due on a date that is not a Business Day, such payment shall be made on the next preceding Business Day.

(b) Default Interest Rate. Upon the occurrence of a Default and during the continuance thereof, interest shall accrue on the outstanding principal balance of the Liabilities from the date of the Default at the Default Rate (18%). Any interest payment, charge, or fee not paid when due shall be added to and become a part of the Liabilities.

(c) Interest Computation. All interest shall be computed on the basis of a 365 day year, and actual days elapsed.

(d) Usury Savings Clause. Notwithstanding anything herein or in any Financing Agreement to the contrary, the sum of all interest and all other amounts deemed interest under Florida law that may be collected by the Lender hereunder shall not exceed the maximum lawful interest rate permitted by such law from time to time. The Lender and the

Borrower intend and agree that under no circumstance shall the Borrower be required to pay interest on the Note or on any of the other Liabilities at a rate in excess of the maximum interest rate permitted by applicable law from time to time, and in the event any such interest is received or charged by the Lender in excess of that rate, the Borrower shall be entitled to an immediate refund of any such excess interest by a credit to and payment toward the unpaid balance of the Loan (such credit to be considered to have been made at the time of the payment of the excess interest) with any excess interest not so credited to be immediately repaid to the Borrower by the Lender.

2.5 Origination Fee; Annual Fee; Non-usage Fee.

(a) Fees. The Borrower shall not be liable to the Lender for any Origination, Annual or Non-usage fees with respect to the Loan. All third-party costs associated with the Loan, including those third-party costs incurred by the Lender, will be paid by the Borrower including, but limited to, legal costs and fees, recording costs, filing fees, and outside consulting charges.

2.6 Making Payments.

(a) Time of Payment. All payments of principal or interest on the Notes, and of all fees, shall be made by the Borrower to the Lender in immediately available funds at the office specified by the Lender no later than 4:00 p.m., Eastern time, on the date due; and funds received after that hour shall be deemed to have been received by the Lender on the following Business Day.

(b) Manner of Payment. Unless otherwise agreed in writing by the Lender, all payments which the Borrower is required to make to the Lender under this Agreement or under any of the Financing Instruments shall be made by crediting a commercial demand deposit account or any other bank account maintained by the Lender with immediately available funds. The Lender may in its sole discretion elect to bill the Borrower for the amounts, in which case the amounts shall be immediately due and payable with interest and in immediately-available funds at the office of the Lender in Tampa, Florida. For so long as no Default is existing, all payments made under this Agreement shall be applied first to interest then due on such Loan and then to the installment or installments of principal last maturing on such Loan. Upon the occurrence of a Default and during the continuation thereof, all payments made under this Agreement shall be applied in the sole discretion of the Lender to any of the Liabilities.

2.7 Note: Loan One Obligation and Equally Secured. The Loan shall be evidenced by a Note in substantially the form of Exhibit A, with appropriate insertions, payable to the order of the Lender in a face principal amount equal to $2,000,000.00. The Loan made under this Agreement shall constitute one loan, and all of the Liabilities under this Agreement, the Note and the Financing Agreements shall constitute one general obligation secured by the security interest in all of the Collateral and all other liens or security interests now or at any time or times hereafter granted by the Borrower to the Lender for the benefit of the Lender.

ARTICLE III
COLLATERAL

3.1 Security Interest. To secure payment and performance of the Liabilities, the Borrower is granting to Lender certain liens on and security interests in the Collateral by executing and delivering the Security Agreement in which it is granting the Lender a prior security interest in all of its now owned or hereafter acquired accounts receivable and contract rights arising from or relating to the collection of the Association advances of the Borrower.

The security interest granted by the Borrower in the foregoing agreements shall continue to attach to all the Collateral notwithstanding any sale, exchange, or other disposition of the Collateral that is not in the ordinary course of the business of the Borrower or which is not otherwise expressly permitted by this Agreement.

ARTICLE IV
AFFIRMATIVE COVENANTS

The Borrower (and where applicable, the Guarantors) and the Lender agree and covenant until the indefeasible payment in full of the Liabilities and the expiration of any and all commitments hereunder for the Lender to make available a Loan to the Borrower, as follows:

4.1 Financial Information. The Borrower shall provide the following information or items to the Lender:

(a) Accounts Receivable, Other. As soon as available and in any event within fifteen (15) calendar days after the end of each calendar month, with respect to the Borrower, a detailed list of Accounts and a summary of Borrower's purchase and collection activity in forms acceptable to the Lender, in its reasonable discretion.

(b) Annual Financials. As soon as available after the end of each fiscal year and in any event before the date which is one hundred twenty (120) days after the end of each fiscal year of the Borrower a copy of the annual financial report of the Borrower for such fiscal year, including therein a balance sheet and statements of earnings and cash flows of the Borrower as of the end of such fiscal year, certified by an Authorized Officer of the Borrower as presenting fairly in all material respects the financial condition and results of operations of the Borrower in accordance with GAAP and after taking into account any year-end audit adjustments, together with a comparison with the previous fiscal year.

(c) Default Notices. The Borrower shall notify and fully inform the Lender immediately after the Borrower obtains knowledge of: (i) the occurrence of an event or the existence of factual circumstances giving rise to a Default; (ii) a Default under this Agreement; (iii) any defaults under any of the other Financing Agreements; or (iv) facts and/or circumstances that could give rise to an event of Default.

(d) Notice of Default, Litigation. Promptly upon becoming aware of any of the following, written notice describing the same and the steps being taken by the Borrower affected thereby with respect thereto:

(i) the occurrence of a Default;

(ii) any litigation, arbitration or governmental investigation or proceeding not previously disclosed by the Borrower to the Lender which has been instituted or, to the knowledge of the Borrower, is threatened against the Borrower or to which any of the properties of any thereof is subject which might reasonably be expected to have a Material Adverse Effect; the Borrower; or

(iii) any cancellation or material change in any insurance maintained; or

(iv) any other event, including the enactment or effectiveness of any law, rule or regulation, which might reasonably be expected to have a Material Adverse Effect.

(e) Information Concerning Guarantors. The following information concerning each Guarantor (if more than one), if applicable:

(i) Within forty five (45) days after the end of each calendar quarter, financial statements as of the end of such calendar quarter for LMF, an unaudited balance sheet of LMF as of the end of such quarterly period and the related unaudited statements of income and cash flows of LMF for such quarterly and year-to-date periods, certified by an Authorized Officer of LMF as presenting fairly in all material respects the financial condition and results of operations of the LMF in accordance with GAAP, subject to normal year-end audit adjustments and the absence of footnotes; and

(ii) as soon as possible, but in no case later than 120 days from each calendar year, an audited financial statement of LMF prepared by a certified public accounting firm; and

The failure of the Guarantors to provide such information as and when required shall be deemed a breach of this Agreement by the Borrower.

(f) Other Information. With reasonable promptness, other business or financial data as the Lender reasonably may request from the Borrower and/or Guarantor(s) from time to time.

All financial statements delivered to the Lender pursuant to this Section 4.1 shall be certified by an Authorized Officer as being true, complete, and accurate in all material respects and having been prepared from the books and records of the Borrower or Guarantor as the case may be, and all financial statements delivered to the Lender pursuant to the requirements of Section 4.1 shall be prepared in accordance with GAAP in effect as of the date of the financial statements consistently applied, except as the case may be, for changes in the financial statements with which the certified public accountants auditing the financial statements delivered pursuant to Section 4.1 of this Agreement have previously concurred in writing. The Borrower authorizes the Lender to discuss the financial condition of the Borrower with the Borrower's independent certified public accountants and agrees that the discussion or communication shall be without liability to either the Lender or the independent certified public accountants.

4.2 Inspection. The Lender or any authorized representatives designated by the Lender in writing shall have the right, from time to time after the date of this Agreement, upon two (2) days notice, to call at the place or places of business of the Borrower (or any other place where the Collateral or any information relating to the Collateral is kept or located) during regular business hours and, without hindrance or delay: (a) inspect, audit, check, and make copies of

and extracts from the books, records, journals, orders, receipts, and any correspondence and other data relating to the business of the Borrower or to any transactions between the parties to this Agreement; (b) verify any fact concerning the Collateral as the Lender may consider reasonable under the circumstances; and (c) discuss the affairs, finances, and business of the Borrower with any officers or directors of the Borrower or, upon approval of an officer or director of the Borrower, with any employees of the Borrower; provided, however, that so long as no Default exists, such inspections shall be made upon at least five (5) Business Days' prior written notice and there shall be no more than two (2) inspection in any twelve (12) month period. The Borrower shall pay on demand all reasonable photocopying expenses incurred by the Lender in exercising its rights under this Section 4.2.

4.3 Conduct of Business. Except as contemplated in this Agreement, the Borrower shall: (a) maintain its LLC existence; (b) maintain in full force and effect all licenses, bonds, franchises, software programs, leases, patents, permits, contracts, and other rights necessary or desirable to the profitable conduct of its business; (c) continue in, and limit its operations to, the same general line of business as that presently conducted by it; (d) maintain its qualification to transact business and good standing as a foreign LLC in each jurisdiction where the failure to be so qualified would have a Material Adverse Effect; and (e) comply in all material respects with all laws, orders, regulations, and ordinances of any federal, foreign, state, or local governmental authority.

4.4 Claims and Taxes. The Borrower shall indemnify and hold the Lender and each of its officers, directors, employees, attorneys, and the Lender harmless from and against any and all claims, demands, liabilities, losses, damages, penalties, costs, and expenses (including, without limitation, reasonable attorneys' and consultants' fees) relating to or in any way arising out of the possession, use, operation, or control of any of its assets, except for the Lender's gross negligence or intentional misconduct. The Borrower shall pay or cause to be paid all material license fees, bonding premiums, and related taxes and charges, and shall pay or cause to be paid all of its real and personal property taxes, assessments, and charges and all of its franchise, income, unemployment, use, excise, old age benefit, withholding, sales and other taxes, and other governmental charges assessed against the Borrower, or payable by the Borrower, at the times and in the manner as to prevent any penalty from accruing or any lien or charge from attaching to its property. The Borrower shall have the right to contest in good faith, by an appropriate proceeding promptly initiated and diligently conducted, the validity, amount, or imposition of any tax, assessment, or charge. Upon a good faith contest, the Borrower may delay or refuse payment of the tax, assessment, or charge, if: (a) the Borrower, as the case may be, establishes adequate reserves to cover the contested taxes, assessments, or charges; and (b) the contest does not have a material adverse effect on the Borrower's financial condition, results of operations or business, the ability of the Borrower to pay any of the Liabilities, or the priority of the Lender's security interest in the Collateral.

4.5 Insurance. The Borrower shall maintain, at the Borrower's expense, public liability and third party property damage insurance policies with respect to the Borrower in amounts and with deductibles as are carried ordinarily by other businesses similar to the Borrower. The Lender may request a copy of any insurance policy at any time, which copy shall be promptly provided by Borrower.

4.6 Notice of Suit or Adverse Change in Business. The Borrower shall, as soon as possible, and in any event within five (5) Business Days after the Borrower learns of the following, give written notice to the Lender of: (a) any material proceeding (including, without limitation, litigation, investigations, arbitration, or governmental proceedings) being instituted or threatened to be instituted by or against the Borrower in any federal, state, local, or foreign court or before any commission or other regulatory body (federal, state, local, or foreign); (b) any notice that the operations of the Borrower are not in full compliance with requirements of applicable federal, state, or local law, except for notices as to matters which, either individually or in the aggregate, could not have a material adverse effect on Borrower's financial condition, results of operations, or business; (c) any material adverse change in Borrower's financial condition, results of operations or business; or (d) any Accounts to which the warranties in Section 6.6 fail to be true.

4.7 Supervening Illegality. If at any time or times after the date of this Agreement there shall become effective any amendment, deletion, revision, modification, or other change in any provision of any applicable statute, rule, or regulation or in the interpretation of any applicable statute, rule, or regulation, or any similar law or regulation, which makes, in Lender's reasonable determination, the Lender's extension of credit under this Agreement illegal, the Borrower shall pay to the Lender the then outstanding balance of the Liabilities and hold the Lender harmless from and against any and all obligations, fees, liabilities, losses, penalties, costs, expenses, and damages, of every kind and nature, imposed upon or incurred by the Borrower by reason of the Lender's failure or inability to comply with the terms of this Agreement or any of the other Financing Agreements; provided, however, that in the event that the Borrower fails to pay to the Lender the then outstanding balance of the Liabilities in accordance with this Section 4.7, the Borrower shall indemnify and hold the Lender harmless from and against any and all obligations, fees, liabilities, losses, penalties, costs, expenses and damages, of every kind and nature, imposed upon or incurred by the Lender by reason of the amendment, deletion, revision, modification, or other change, and the indemnification shall satisfy the Borrower's obligation under this Section 4.7. The obligations of the Borrower under this Section 4.7 shall survive payment of the other Liabilities and termination of this Agreement.

4.8 Collateral Locations. The Borrower shall keep the tangible Collateral, if any, at the principal office of the Borrower at all times, except as may otherwise be agreed by the Lender in writing.

4.9 Confidential Information. Notwithstanding anything to the contrary contained herein, the Lender and each of its representatives and employees shall hold all non-public information obtained by any of them pursuant to the requirements of this Agreement in strict confidence and shall not disclose such confidential information to any other Person unless consented to in writing by the Borrower, except that such information may be disclosed (a) to the directors, officers, employees and agents of the Lender, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, provided, however, if permitted under such laws, regulations, subpoena or similar legal process, the Lender shall give the Borrower prior notice so that the Borrower may obtain a protective order in respect of such information, (d) to any other party to this Agreement, (e) in connection with the exercise of any

remedy hereunder, if such disclosure if necessary to exercise such remedies, or any suit, action or proceeding relating to any Financing Agreement or the enforcement of any right thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section 4.9, to (i) any actual or prospective assignee of any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, or (g) to the extent such information either (A) becomes publicly available other than as a result of a breach of this Section 4.9 or (B) becomes available to the Lender on a non-confidential basis from a source other than the Borrower. The obligation to maintain the confidentiality of such information shall survive the termination of this Agreement and the full payment of the Liabilities.

ARTICLE V
NEGATIVE COVENANTS

The Borrower (and where applicable, the Guarantor) covenants and agrees until the indefeasible payment in full of the Liabilities and the expiration of any and all Commitments hereunder for the Lender to make available the Loan to the Borrower, as follows:

5.1 Encumbrances. The Borrower will not create, incur, assume, or suffer to exist any security interest, mortgage, pledge, lien, or other encumbrance of any nature whatsoever on any of its real or personal property assets, including, without limitation, the Collateral, except for permitted liens.

5.2 Indebtedness. The Borrower shall not incur, create, assume, or become or be liable in any manner with respect to, or permit to exist any Indebtedness except the Liabilities as defined above. Except as otherwise permitted by this Agreement, the Borrower shall not pay any obligations or Indebtedness before the obligation is due.

5.3 Consolidation, Mergers, Transfers, Acquisitions or Sales. Without the prior consent of the Lender which consent shall not be unreasonably withheld, the Borrower will not, directly or indirectly: (a) recapitalize except for the transactions permitted by Section 2.3(b); (b) enter into any transaction of merger or consolidation into or with any other Person; (c) transfer, sell, assign, lease, or otherwise dispose of all or a substantial part of its properties or assets with or to any other Person; (d) transfer, sell, assign, discount, lease, or otherwise dispose of any of its accounts receivable, except for collection in the ordinary course of business, or any assets or properties necessary or desirable for the proper conduct of its businesses; or (e) acquire, lease or purchase a substantial portion of the assets, capital stock, interests or properties of any other Person; provided, however, that no such consent shall be required and no Default shall be deemed to occur hereunder if, in connection with one of the aforementioned transactions, the Borrower contemporaneously repays the entire outstanding balance of principal, accrued and unpaid interest, and fees and charges due Lender under this Agreement and the Financing Agreements, and this Agreement and the Financing Agreements are terminated.

5.4 Investments or Loans. Except in the ordinary course of business of Borrower, the Borrower shall not make or permit to exist investments or loans in or to any other Person, except: (a) investments in short-term direct obligations of the United States Government; (b) investments in negotiable certificates of deposit; (c) investments in commercial paper rated Al or PI; and (d) permitted investments.

5.5 Guaranties. Except as it relates solely to the purchase of Accounts, the Borrower shall not guarantee, endorse, or otherwise in any way become or be responsible for obligations of any other Person including, without limitation, by agreement to purchase the Indebtedness of any other Person, by agreement to purchase goods, supplies, or services, by agreement to maintain working capital or other balance sheet covenants or conditions, by agreement to make a stock purchase, a capital contribution, or an advance or loan for the purpose of paying or discharging any Indebtedness or obligation of the other Person, or by any other agreements, except endorsements of negotiable instruments for collection in the ordinary course of business and with respect to ordinary course indemnity provisions contained in any lease, loan agreement, surety bond or other ordinary course agreement or transaction otherwise permitted by this Agreement.

5.6 Disposal of Property. Except as otherwise permitted under this Agreement, the Borrower shall not sell, lease, transfer, or otherwise dispose of any of its material properties, assets, or rights to any Person.

5.7 Amendment of Documents: Name: Places of Business. The Borrower shall not, without the prior written consent of the Lender (which shall not be withheld or delayed unreasonably), make any amendment to its articles of organization, bylaws or operating agreement, except that the Borrower may amend its articles of organization or operating agreement to effect a change in its name, provided that it furnishes to the Lender (a) any financing statements which the Lender may request prior to the filing of the amendment, and (b) a copy of the amendment, certified by the Secretary of State or other appropriate official of the state of incorporation or organization, within ten (10) days of the date the amendment is filed with the appropriate official. The Borrower shall not change the location of its jurisdiction of incorporation from Florida or its principal place of business or chief executive office as warranted in Section 6.8 or cause, suffer, or permit any Collateral or records to be located at any location other than those warranted in the Security Agreement unless prior to the effective date of the change in location, the Borrower (x) gives thirty days prior written notice to the Lender of the new location or locations, and (y) delivers any other documents and instruments as Lender may reasonably request in connection with the change in name or location within ten (10) days of the effectiveness of the change or of the Lender's request for the documents or instruments; provided, that the Borrower shall not change the location of its principal place of business or chief executive officer to a country other than the United States without the prior written consent of Lender.

5.8 Transactions with Affiliates. Except for the Funding and Servicing Agreement, the Borrower shall not enter into any transaction with or make any payment to any Affiliate of the Borrower.

5.9 Restricted Payments. Except as provided by the Funding and Servicing Agreement or as otherwise permitted by this Agreement and with the prior consent of Lender, the Borrower shall not:

(a) make any direct or indirect dividend, distribution, payment or contribution with respect to its stock, membership interests, or other equity interests now or hereinafter outstanding,

(b) make any direct or indirect redemption, retirement, sinking fund or similar payment, purchase or acquisition for value of any of its stock, membership interests or other equity interests now or hereinafter outstanding,

(c) make any direct or indirect payment to redeem, purchase, repurchase or retire or to obtain surrender of, any outstanding warrant, options or other rights to acquire its stock, membership interests or other equity interests now or hereinafter outstanding.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lender that as of the date of the execution of this Agreement:

6.1 Existence. The Borrower (a) is an LLC duly organized and in good standing under the laws of the State of Florida, and (b) is qualified and in good standing in all other states and jurisdictions where the nature and extent of the business transacted by it or the ownership of its assets makes qualification necessary. The Borrower has full power and authority to carry on its business as it now is conducted and to own or hold under lease the properties and assets it now owns or holds under lease, all as and in the places where its business now is conducted.

6.2 Authority. The execution by the Borrower of this Agreement and of all the Financing Agreements to which it is a party, and the performance of its respective obligations under this Agreement and such Financing Agreements: (a) are within the Borrower's powers; (b) are duly authorized, and such documents have been executed and delivered by all necessary corporate actions; (c) are not in contravention of the terms of their respective articles of organization, bylaws, operating agreement or of any material indenture, agreement, or undertaking to which the Borrower is a party or by which the Borrower or any of its respective property is bound; (d) do not, as of the execution of this Agreement, require any governmental consent, registration or approval; (e) do not contravene any governmental restriction binding upon the Borrower; and (f) will not, except as contemplated in this Agreement, result in the imposition of any lien, charge, security interest, or encumbrance upon any property of the Borrower under any existing indenture, mortgage, deed of trust, loan or credit agreement, or other material agreement or instrument to which the Borrower is a party or by which the Borrower or any of its respective property may be bound or affected.

6.3 Binding Effect. This Agreement and all of the Financing Agreements are the legal, valid, and binding obligations of the Borrower and are enforceable against the Borrower in accordance with their terms.

6.4 Financial Data. All financial statements and data regarding the financial condition of the Borrower and its Affiliates previously furnished to the Lender or required to be furnished to the Lender as a condition of the Lender's executing this Agreement (the "Financial Statements") are true, complete, and accurate in all material respects, as of the dates set forth therein. The Financial Statements are in accordance with the books and records of the Borrower and fairly present the financial condition of the Borrower as of the dates set forth in the Financial Statements and the results of operations for the periods indicated in accordance with GAAP (subject, in the

case of unaudited financial statements, if any, to normal year-end adjustments and footnotes). All information, reports, and other papers and data furnished to the Lender are true, complete, and accurate in all material respects.

6.5 Collateral. The Borrower has good, indefeasible, and merchantable title to its real and personal properties and assets (including, without limitation, the Collateral), free and clear of all liens, claims, or encumbrances of any kind. Upon the giving of value, the filing of financing statements describing the Collateral in the State of Florida and the taking of all applicable actions in respect of perfection contemplated by the Security Agreement in respect of Collateral, the Lender's security interest in the Collateral will be valid, enforceable and perfected and will be of a first priority in all Collateral in which a security interest can be perfected by the Lender filing a financing statement, taking possession or obtaining control under the Code.

6.6 Accounts. With respect to the Accounts, to the best of Borrower's knowledge: (a) the Accounts are genuine, are in all respects what they purport to be, and are not evidenced by a judgment; (b) the Accounts represent undisputed, bona fide transactions completed in accordance with the terms and provisions contained in the documents related to the transactions; (c) the amounts shown on the respective schedule of Accounts, the Borrower's books and records, and all invoices and statements with respect to the Accounts are actually and absolutely owing to the Borrower and are not in any way contingent; (d) there are no material set-offs, counterclaims, or disputes (as determined on an aggregate basis of all Accounts of the Borrower) existing or asserted with respect to the Accounts, and the Borrower has not made any agreement with any Account Debtor for any deduction from the Account balance, except a discount or allowance allowed by the Borrower in the ordinary course of its business for prompt payment and contra accounts; (e) the Accounts have not been sold, pledged, or assigned to any other Person and there are no facts, events, or occurrences which in any way impair the validity or enforcement of the Accounts or tend to reduce the amount payable under the Accounts, the Borrower's books and records, and all invoices and statements delivered to the Lender with respect to the Accounts; (f) to the Borrower's knowledge, all Account Debtors have the capacity to contract and are solvent (except as the Borrower shall otherwise notify the Lender in writing from time to time); (g) the services furnished and goods sold giving rise to the Accounts are not subject to any lien, claim, encumbrance, or security interest, except that of the Lender; (h) the Borrower has no knowledge of any fact or circumstance which would impair the validity of the Accounts or reduce the chances of collecting the Accounts; and (i) to the Borrower's knowledge, there are no proceedings or actions which are threatened or pending against any Account Debtor which might result in any material adverse change in the Account Debtor's financial condition.

6.7 Solvency. The Borrower is solvent, is able to pay debts as they become due, has capital sufficient to carry on its current business and all businesses in which it is about to engage, and now owns property having a value both at fair valuation and at present fair salable value greater than the amount required to pay its debts. The Borrower will not be rendered insolvent by the execution of this Agreement or of any of the Financing Agreements or by the transactions contemplated under this Agreement or under the Financing Agreements.

6.8 Chief Place of Business. The principal place of business and the chief executive office of the Borrower are located at 302 Knights Run Avenue, Suite 1000, Tampa, FL 33606. The Borrower conducts its business, keeps its books and records, all its chattel paper, and all its records of account at its principal place of business.

6.9 Other Names. The Borrower has not used any corporate, company or fictitious name other than the name shown on its articles. The Borrower acknowledges and agrees that the Borrower shall only assume a new name or a "doing business as" name upon thirty (30) days prior written notice to the Lender.

6.10 Taxes. The Borrower has filed all federal, state, and local tax reports and returns it is required by any law or regulation to file, except for reports not filed pursuant to extensions duly obtained, has either duly paid all taxes, duties, and charges indicated due on the basis of the returns and reports or made adequate provision for the payment of such taxes, duties, and charges, and the assessment of any material amount of additional taxes in excess of those paid and reported reasonably is not expected. To the Borrower's knowledge, the IRS has not audited the federal income tax returns of the Borrower for at least the past four years. The reserves for taxes, if any, reflected on the Financial Statements submitted to the Lender will be adequate in amount for the payment of all liabilities for all taxes (whether or not disputed) of the Borrower, as the case may be, accrued through the date of Financial Statements. There are no material unresolved questions or claims concerning any tax liability of the Borrower. The Loan will not result in any liability for taxes for the Borrower. For purposes of this Section 6.10, the term "Borrower" includes any predecessor entities.

6.11 Loans. Except as disclosed in the Financial Statements, as contemplated by this Agreement, or for trade payables arising in the ordinary course of the business of the Borrower since the date of the Financial Statements, the Borrower has no loans or Indebtedness.

6.12 Margin Stock. The Borrower does not own any Margin Stock. None of the loan proceeds advanced under this Agreement will be used for the purpose of purchasing or carrying any Margin Stock, for the purpose of reducing or retiring any Indebtedness which was originally incurred to purchase any Margin Stock, or for any other purpose not permitted by Regulation U of the Board of Governors of the Federal Reserve System.

6.13 Capital Structure. All of the outstanding capital stock or membership interests of the Borrower are owned by LMF and have been duly and validly issued, is fully paid and non-assessable, has been issued in full compliance with all applicable federal and state securities laws, and has not been issued in violation of any preemptive rights. There are no outstanding subscriptions, options, rights, warrants, convertible securities, or other agreements or commitments obligating the Borrower to issue any additional stock, membership interests or equity interests of any kind, nor are there any preemptive rights with respect to the stock or membership interests of the Borrower.

6.14 Litigation and Proceedings. No litigation, investigation, contested claim, or governmental proceeding is now pending or, to the Borrower's knowledge, threatened, by or against the Borrower, except judgments and pending or threatened litigation, investigations, contested claims, and governmental proceedings that if resolved in a manner unfavorable to the Borrower would not, in the aggregate, have a Material Adverse Effect. To the Borrower's knowledge, the Borrower does not have any contingent liabilities that can reasonably be expected to have, in the aggregate, a Material Adverse Effect.

6.15 Other Agreements. The Borrower is not in default under any material contract, lease, or commitment to which it is a party or by which it is bound. To the Borrower's knowledge, the Borrower does not have any disputes regarding any contracts, leases, or commitments that can reasonably expected to have, in the aggregate, a Material Adverse Effect.

6.16 Employee Controversies. There are no claims, proceedings or controversies pending or, to the Borrower's knowledge, threatened against the Borrower by any of its employees, other than employee grievances arising in the ordinary course of business that can reasonably be expected to in the aggregate, have a Material Adverse Effect.

6.17 Compliance with Laws and Regulations. Neither the execution nor the performance by the Borrower of this Agreement and of the other Transaction Documents to which they are parties is in contravention of any applicable laws. The Borrower is in compliance with all applicable laws, orders, regulations, and ordinances of all federal, foreign, state, and local governmental authorities relating to its business, operations, and assets, except for laws, orders, regulations, and ordinances, the violation of which would not, in the aggregate, have a Material Adverse Effect. The Borrower has not committed or been charged with any act or omission affording the federal government or any state or local government the right of forfeiture as against any of the Collateral or any monies paid in satisfaction of the Liabilities.

6.18 Patents, Trademarks and Licenses: Permits. To Borrower's Knowledge, the Borrower possesses adequate assets, licenses, permits, patents, patent applications, copyrights, service marks, trademarks, trademark applications, trade styles and trade names, governmental approvals or other authorizations, and other rights that legally are necessary for them to continue to conduct its business as conducted currently. The Borrower doesn't own any patents, registered trademarks, or copyrights. The Borrower has obtained all material authorizations, consents, approvals, licenses, permits, exemptions of, or filings or registrations with all commissions, boards, bureaus, agencies, and instrumentalities necessary to carry on its business activities as contemplated currently, for the valid execution, delivery, and performance by the Borrower of this Agreement and the other agreements, documents, and instruments to which it is a party, and to effectuate the transactions contemplated by this Agreement.

6.19 Labor Matters. The Borrower is not a party to any collective bargaining agreements. There are no material grievances, disputes, claims, proceedings or controversies with any union or any other organization of the Borrower's employees. No union or other employee organization has made threats of strikes or of work stoppages or has a demand for collective bargaining pending. The Borrower does not maintain any mandatory retirement age policies.

6.20 Financial Condition. Since, there has been no material adverse change in the Borrower's financial condition, results of operations or business, or in the value of the Collateral, and the Borrower has not incurred any other material liabilities or Indebtedness, except in the ordinary course of business.

6.21 Contracts and Leases. All of the Material Contracts are valid, binding, and enforceable against the Borrower according to their terms in all material respects. To the Borrower's knowledge, there is no default or event that with notice or lapse of time, or both, would

constitute a material default by any party to any of the Material Contracts (other than the Borrower). The Borrower has not received any notice that any party to any of the Material Contracts intends to cancel or terminate any of the Material Contracts or to exercise or to decline to exercise any options under any of the Material Contracts. The Borrower is not a party to or bound by any agreement that would give rise to a Material Adverse Effect.

6.22 Consents. There are no persons, governmental agencies, or other entities from which the Borrower must obtain consent to the consummation of the transactions described in this Agreement. The Borrower is not required to file any notice or other report regarding the transactions contemplated by this Agreement or the other Financing Documents with any governmental agency.

6.23 Contributions and Payments. Neither the Borrower, nor to the knowledge of the Borrower, any of their respective officers, the Lender, or employees, acting on behalf of the Borrower: (a) has made or have agreed to make any contributions, payments, or gifts of cash or other property to any governmental official, employee, or Lender where either the contribution, payment, or gift or the purpose of the contribution, payment, or gift was or is illegal under any applicable federal, state, local, or foreign law; (b) has established or maintained any unrecorded fund or asset for any purpose or has made any false or artificial entries on any of the Borrower's books or records for any reason; or (c) has made or has agreed to make any contribution or has reimbursed any political gift or contribution made by any other Person to candidates for public office, whether federal, state, or local or whether foreign or domestic where such contribution, payment, or gift or the purpose of the contribution, payment, or gift was or is illegal under any applicable federal, state, local, or foreign law.

6.24 Real Estate Representations and Warranties. The Borrower does not own any real property or interests in real property, other than in the ordinary course of business.

6.25 Collateral Locations. The tangible Collateral, if any, is located at the locations listed in the Security Agreement.

6.26 Business Loan. The Loan is being made for business purposes and is not a consumer loan.

6.27 Absolute Reliance on Representations and Warranties. All representations and warranties contained in this Agreement and any financial statements, instruments, certificates, schedules or other documents delivered in connection herewith, shall survive the execution and delivery of this Agreement, regardless of any investigation made by the Lender or on the Lender's behalf.

ARTICLE VII
DEFAULT AND RIGHTS AND REMEDIES OF THE LENDER

7.1 Default. For purposes of this Agreement, the occurrence of any of the following events shall be a "Default":

(a) The Borrower shall fail to perform any of the Liabilities requiring the payment of money when the payment is due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) and such failure shall not be cured within ten (10) Business Days of the applicable due date.

(b) The Borrower fails or neglects to perform, keep, or observe any of the covenants, conditions, or agreements contained in Sections 4.2, 4.4, 4.7, or Article V of this Agreement or a Guarantor fails to perform keep or observe any of the covenants conditions or agreements contained in a Guaranty.

(c) The Borrower fails or neglects to perform, keep or observe any of the covenants, conditions or agreements contained in this Agreement, and the breach continues for a period of ten (10) days after notice of the breach has been given by the Lender to the Borrower.

(d) The Borrower or Guarantors fail or neglect to perform, keep, or observe any of their respective covenants, conditions, or agreements contained in this Agreement or in any of the Financing Agreements, other than the covenants, conditions, or agreements as provided in clause (a), (b) or (c) above, and the breach continues for a period of thirty (30) days after notice of the breach has been given by the Lender to the Borrower.

(e) Any representation or warranty now or hereafter made by the Borrower or Guarantors in or in connection with this Agreement or any of the Financing Agreements is untrue or incorrect in any material respect when made; or any schedule, certificate, statement, report, financial statement, notice, or other writing furnished at any time by the Borrower to the Lender is untrue or incorrect in any material respect on the date as of which the facts are stated or certified; or any representation, warranty, schedule, certificate, statement, report, financial statement, notice, or other writing furnished at any time by the Borrower or Guarantors to the Lender omits to state or include a material fact necessary to make the statement or the writing not misleading.

(f) A judgment or order requiring payment in excess of $100,000.00 individually or in the aggregate shall be rendered against the Borrower, and the judgment or order shall remain unsatisfied or un-discharged and in effect for 30 consecutive days without a stay of enforcement or execution. However, this Section 7.1(f) shall not apply to any judgment for which the Borrower is fully insured and with respect to which the insurer is not defending under a reservation of rights.

(g) A notice of lien, levy, or assessment is filed or recorded with respect to all or a substantial part of the assets of the Borrower by the United States of America, or any department, agency, or instrumentality of the United States of America, or by any state, county, municipality, or other governmental agency, or any material taxes or debts owing at any time or times after the date of this Agreement to anyone of them becomes a lien upon all or a substantial part of the Collateral, and the lien, levy, or assessment is not discharged or released within thirty (30) days of the notice or attachment of the lien or the Borrower does not contest the validity of a lien, levy, or assessment on reasonable grounds and set aside an adequate reserve to cover the disputed liability. However, this Section 7.1(g) shall not apply to any liens, levies, or assessments that relate to current taxes not yet due and payable.

(h) There shall occur any loss, theft, substantial damage, or destruction of any item or items of Collateral not covered by insurance and with an aggregate value in excess of $100,000.00.

(i) All or any part of the Collateral is attached, seized, subjected to a writ or distress warrant, levied upon, or comes within the possession of any receiver, trustee, custodian, or assignee for the benefit of creditors and on or before the Sixtieth (60th) day thereafter the assets are not returned to the Borrower or the writ, distress warrant, or levy is not dismissed, stayed, or lifted.

(j) The Borrower or a Guarantors: (i) generally shall not pay, shall be unable to pay, shall admit in writing its inability to pay its debts as the debts become due, or shall become insolvent; (ii) shall make an assignment for the benefit of creditors or petition or apply to any court or other governmental agency for the appointment of a custodian or receiver for it or for all or any material part of its properties; (iii) shall commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; (iv) shall have had any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, or liquidation petition, application, or proceeding filed or any of these proceedings commenced against it in which an order for relief is entered or an adjudication or appointment is made, and which remains un- dismissed for a period of Sixty (60) days; (v) shall indicate, by act or omission, its consent to, approval of, or acquiescence in any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, or liquidation petition, application, or proceeding, or any order for relief or the appointment of a custodian, receiver, or trustee for all or any material part of its properties; (vi) shall suffer any custodianship, receivership, or trusteeship to continue un-discharged for a period of Sixty (60) days; or (vii) in the case of a Guarantor, shall die or cease to exist.

(k) The Borrower voluntarily or involuntarily dissolves or is dissolved.

(1) A breach by the Borrower shall occur under any agreement, document, or instrument existing between the Borrower and any other Person (aside from the Lender), which breach gives rise to a Material Adverse Effect, except a breach which the Borrower is contesting in good faith and for which the Borrower has adequately reserved in accordance with GAAP, and the breach continues un-waived for more than 30 days after the breach first occurs.

(m) The Borrower shall be in material default with respect to any material Indebtedness to any Person that is not cured within any applicable cure period, and such default results in the acceleration of the maturity of at least $100,000.00 of the obligations of the Borrower thereunder.

(n) A Guaranty shall cease to be in full force and effect, or the Borrower or a Guarantors shall contest in any manner the validity, binding nature or enforceability of a Guaranty.

Without limiting the foregoing, a Default hereunder shall be a default under each of the other Financing Agreements and any and all Financing Agreements, agreements and undertakings evidencing or regarding the Liabilities, and a default under any of the other Financing Agreements and any and all Financing Agreements, agreements and undertakings evidencing or regarding the Liabilities shall be a Default hereunder, subject only to the grace and cure periods, if any, provided herein with respect to the applicable default.

If a Default occurs and during the continuation thereof, then the Lender may, upon notice to the Borrower, declare all of the Liabilities to be immediately due and payable, whereupon all of the Liabilities shall become immediately due and payable, except that in the event that a Default described in Section 7.1(i) of this Agreement shall exist or occur all of the Liabilities then shall automatically, without notice of any kind, be immediately due and payable.

7.2 Rights and Remedies Generally. In the event of a Default and during the continuation thereof, the Lender shall have, in addition to any other rights and remedies contained in this Agreement or in any of the Financing Agreements, all of the rights and remedies of a secured party under the Code or other applicable laws, all of which rights and remedies shall be cumulative and non-exclusive, to the extent permitted by law, and may be exercised concurrently or consecutively in the Lender's sole discretion.

7.3 Waiver of Demand. Demand, presentment, protest, and notice of nonpayment, except as provided by this Agreement, are hereby waived by the Borrower with respect to the Liabilities and with respect to any notes, checks, or other negotiable instruments that may be included in the Collateral or which at any time may be held by the Lender with respect to which the Borrower is an endorser, drawer or other surety, or other party, and the Borrower hereby consent to any and every renewal or extension of time that may be granted with respect to the instruments. The Borrower also waives the benefit of all valuation, appraisal, and exemption laws.

ARTICLE VIII
MISCELLANEOUS

8.1 Waiver: Amendments. No delay on the part of the Lender in the exercise of any right, power or remedy shall operate as a waiver thereof, nor shall any single or partial exercise by any of them of any right, power or remedy preclude other or further exercise thereof, or the exercise of any other right, power or remedy. No amendment, modification or waiver of, or consent with respect to, any provision of this Agreement or the other Financing Agreements shall in any event be effective unless the same shall be in writing and acknowledged by the Lender, and then any such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

8.2 Costs and Attorneys' Fees. If at any time or times the Lender employs outside counsel in connection with protecting or perfecting the Lender's security interest in the Collateral or in connection with any matters contemplated by or arising out of this Agreement or any of the Financing Agreements, whether: (a) to prepare, negotiate, or execute (i) any amendment to or modification or extension of this Agreement, any Financing Agreements, or any instrument, document, or agreement executed by any Person in connection with the transactions contemplated by this Agreement, or (ii) any new or supplemental Financing Agreements, or any instrument, document, or agreement to be executed by any Person in connection with the transactions contemplated by this Agreement; (b) to commence, defend, or intervene in any litigation or to file a petition, complaint, answer, motion, or other pleadings; (c) to take any other action in or with respect to any suit or proceeding (bankruptcy or otherwise); (d) to consult with officers of the Lender to advise the Lender; (e) to protect, collect, lease, sell, take possession of, release, or liquidate any of the Collateral; or (f) to attempt to enforce or to enforce any security interest in

any of the Collateral, or to enforce any rights of the Lender, under this Agreement, including, without limitation, the Lender's rights to collect any of the Liabilities, then all of the reasonable out-of-pocket attorneys' fees arising from the services, and any expenses, costs, and charges relating to the services.

8.3 Expenditures by Lender. In the event the Borrower shall fail to pay taxes, insurance, assessments, costs, or expenses which the Borrower is, under any of the terms of this Agreement or any of the Financing Agreements, required to pay, or fails to keep the Collateral free from other security interests, liens, or encumbrances, except as permitted in this Agreement, the Lender may, in its sole discretion, make expenditures for any or all of these purposes, and the amount so expended, together with interest at the rate of eighteen percent (18%) per annum, shall be part of the Liabilities, payable on demand and secured by the Collateral.

8.4 Custody and Preservation of Collateral. The Lender shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral in its possession if it takes the action for the purpose as the Borrower shall request in writing, but failure by the Lender to comply with any request shall not of itself be deemed a failure to exercise reasonable care; and no failure by the Lender to preserve or protect any right with respect to the Collateral against prior parties, or to do any act with respect to the preservation of the Collateral not so requested by the Borrower, shall not of itself be deemed a failure to exercise reasonable care in the custody or preservation of the Collateral.

8.5 Reliance by Lender. All covenants, agreements, representations, and warranties made in this Agreement by the Borrower shall, notwithstanding any investigation by the Lender, be deemed to be material to and to have been relied upon by the Lender.

8.6 Parties. Whenever in this Agreement there is reference made to any of the parties to this Agreement, the reference is deemed to include, wherever applicable, a reference to the successors and assigns of the Borrower and the successors and assigns of the Lender, and the provisions of this Agreement shall be binding upon and shall inure to the benefit of said successors and assigns. Notwithstanding anything in this Agreement to the contrary, the Borrower may not assign or otherwise transfer its rights or obligations under this Agreement without the prior written consent of the Lender.

8.7 Entire Agreement; Severability. This Agreement, together with the Exhibits to this Agreement and the Financing Agreements, constitutes the entire agreement between the parties to this Agreement with respect to the subject matter of this Agreement, and supersedes and is in full substitution for any and all prior agreements and understandings between them relating to the subject matter of this Agreement. Wherever possible, each provision of this Agreement shall be interpreted in a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, the provision shall be ineffective only to the extent of the prohibition or invalidity, without invalidating the remainder of the provision or the remaining provisions of this Agreement or the validity of the provision in any other jurisdiction. To the extent any terms of the other Financing Agreements conflict with this Agreement, this Agreement shall govern.

8.8 Application of Payments. Notwithstanding any contrary provision contained in this Agreement or in any of the Financing Agreements, the Borrower irrevocably waives the right to direct the application of any and all payments at any time or times hereafter received by the Lender from the Borrower or with respect to any of the Collateral; and the Borrower irrevocably agrees that the Lender shall have the continuing exclusive right to apply and reapply any and all payments received at any time or times hereafter, whether with respect to the Collateral or otherwise, against the Liabilities in the manner as the Lender may deem advisable, notwithstanding any entry by the Lender upon any of its books and records.

8.9 Marshaling: Payments Set Aside. The Lender shall be under no obligation to marshal any assets in favor of the Borrower or any other party or against or in payment of any or all of the Liabilities. To the extent that the Borrower makes a payment or payments to the Lender or the Lender enforces its security interests or exercises its rights of setoff, and the payment or payments or the proceeds of the enforcement or setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, or required to be repaid to a trustee, receiver, or any other party under any bankruptcy law, state or federal law, common law, or equitable cause, then to the extent of the recovery the obligation or part thereof originally intended to be satisfied shall be revived, reinstated, and continued in full force and effect as if the payment had not been made or the enforcement or setoff had not occurred.

8.10 Additional Borrower. Addition of any Person as a party to this Agreement is subject to approval of the Lender, and may be conditioned upon such requirements as it may determine in its discretion, including, without limitation, (a) the furnishing of such financial and other information as the Lender may request; (b) approval by all appropriate approval authorities of the Lender; (c) execution and delivery by the then existing Borrower, such Person, and the Lender of such agreements and other documentation (including, without limitation, an amendment to this Agreement or any other Financing Agreements), and the furnishing by such Person or the Borrower of such certificates, opinions, and other documentation, as the Lender may request. The Lender shall not have any obligation to approve any such Person for addition as a party to this Agreement.

8.11 Express Waivers By Loan Parties In Respect of Cross Guaranties and Cross Collateralization. The Borrower agrees as follows:

(a) The Borrower hereby waives, to the extent permitted by law: (i) notice of acceptance of this Agreement; (ii) notice of the making of any Loan, or any other financial accommodations made or extended under the Financing Agreements or the creation or existence of any Liabilities; (iii) notice of the amount of the Liabilities, subject, however, to the Borrower's right to make inquiry of the Lender to ascertain the amount of the Liabilities at any reasonable time; (iv) notice of presentment for payment, demand, protest, and notice thereof as to any promissory notes or other instruments among the Financing Agreements; and (v) all other notices (except if such notice is specifically required to be given to the Borrower hereunder or under any of the other Financing Agreements to which the Borrower is a party) and demands to which the Borrower might otherwise be entitled;

(b) The Borrower consents and agrees, to the extent permitted by law, that, without notice to or by the Borrower and without affecting or impairing the obligations of the Borrower hereunder, the Lender may, by action or inaction: (i) compromise, settle, extend the duration or

the time for the payment of, or discharge the performance of, or may refuse to or otherwise not enforce the Financing Agreements; (ii) release all or anyone or more parties to any one or more of the Financing Agreements or grant other indulgences to the Guarantor in respect thereof; (iii) amend or modify in any manner and at any time (or from time to time) any of the Financing Agreements (other than Financing Agreements to which the Borrower is a party, if such document expressly requires the Borrower's consent to such amendment or modification);or (iv) release or substitute any Person liable for payment of the Liabilities, or enforce, exchange, release, or waive any security for the Liabilities or any Guaranty of the Liabilities.

8.12 Section Titles. The section titles contained in this Agreement shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties.

8.13 Continuing Effect. This Agreement, the Lender's security interest in the Collateral and all of the other Financing Agreements shall continue in full force and effect until the indefeasible payment in full of the Liabilities and the expiration of any and all commitments hereunder for the Lender to make available the Loan to the Borrower. All representations and warranties contained in this Agreement or any of the Financing Agreements shall survive the termination of this Agreement.

8.14 Notices. Except as otherwise expressly provided in this Agreement, any notice required or desired to be served, given, or delivered under this Agreement shall be in writing, and shall be deemed to have been validly served, given, or delivered (a) three days after deposit in the United States mails, with proper postage prepaid, (b) when sent after receipt of confirmation or answer back if sent by facsimile transmission, (c) one Business Day after deposited with a reputable overnight courier with all charges prepaid, or (d) when delivered, if hand-delivered by messenger, all of which shall be properly addressed to the party to be notified and sent to the address or number indicated as follows:

If to the Borrower and Guarantors	LMF OCTOBER 2010 FUND, LLC By: LM FUNDING, LLC 302 Knights Run Avenue, Suite 1000 Tampa, FL 33606 Attention: Carol Linn Gould Facsimile: 813-221-7909
If to the Lender:	David A. Straz, Jr. Revocable Living Trust of 1986 4401 W. Kennedy Blvd. Suite 150, Tampa, Florida 33609 Attention: David A. Straz, Jr., Trustee
With a copy to:	Business Law Group, P.A 301 W. Platt St., #375 Tampa, Florida 33606 Attention: Bruce M. Rodgers, Esq.

or to another address or number as each party designates to the other in the manner prescribed in this Agreement.

8.15 Equitable Relief. The Borrower recognizes that in the event it fails to perform, observe, or discharge any of its obligations or liabilities under this Agreement, any remedy at law may prove to be inadequate relief to the Lender; therefore, the Borrower agrees that the Lender, if the Lender so requests, shall be entitled to temporary and permanent injunctive relief in the case without the necessity of proving actual damages.

8.16 Indemnification. The Borrower agrees to defend, protect, indemnify, and hold harmless the Lender and each of its officers, directors, employees, attorneys, consultants, and the Lender (collectively called the "Indemnitees") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses, and reasonable disbursements of any kind or nature whatsoever (other than taxes owed on the income of the Lender and recurring intangible taxes payable by the Lender) (including, without limitation, the reasonable out-of-pocket fees and disbursements of counsel for and consultants of the Indemnitees in connection with any investigative, administrative, or judicial proceeding, whether or not the Indemnitees shall be designated a party to the investigative, administrative, or judicial proceeding), which may be imposed on, incurred by, or asserted against the Indemnitees (whether direct or indirect, (but excluding consequential damages) and whether based on any federal or state laws or other statutory regulations, including, without limitation, securities and commercial laws and regulations, under common law, or an equitable cause or on contract or otherwise) in any manner relating to or arising out of this Agreement or the Financing Agreements, or any act, event or transaction related or attendant thereto, the agreements of the Lender contained in this Agreement, the making of the loan under this Agreement, the management of the loan or the Collateral or the use or intended use of the proceeds of the loan (collectively, the "Indemnified Matters"). However, the Borrower shall have no obligation to any Indemnitee under this Agreement with respect to Indemnified Matters caused by or resulting from the willful misconduct or gross negligence of the Indemnitee. To the extent that the undertaking to indemnify, pay, and hold harmless set forth in this Section may be unenforceable because it violates any law or public policy, the Borrower shall contribute the maximum portion which they are permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Matters incurred by the Indemnitees.

8.17 Choice of Law. Any dispute between the Lender and the Borrower arising out of, connected with, related to, or incidental to the relationship established between them in connection with this Agreement, and whether arising in contract, tort, equity, or otherwise, shall be resolved in accordance with the internal laws and not the conflicts of law provisions of the State of Florida.

8.18 PERSONAL JURISDICTION.

(A) EXCLUSIVE JURISDICTION. EXCEPT AS PROVIDED IN SECTION 8.18(B), THE LENDER, THE BORROWER, AND GUARANTORS AGREE THAT ALL DISPUTES BETWEEN THEM ARISING OUT OF, CONNECTED WITH, RELATED TO OR

INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT AND THE FINANCING DOCUMENTS, AND WHETHER ARISING IN CONTRACT, TORT, EQUITY, OR OTHERWISE, SHALL BE RESOLVED EXCLUSIVELY BY STATE COURTS LOCATED IN HILLSBOROUGH COUNTY, FLORIDA, OR BY FEDERAL COURTS LOCATED IN TAMPA, HILLSBOROUGH COUNTY, FLORIDA, BUT LENDER, BORROWER AND GUARANTORS ACKNOWLEDGE THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF HILLSBOROUGH COUNTY, FLORIDA. THE BORROWER AND GUARANTORS WAIVE IN ALL DISPUTES ANY OBJECTION THAT THEY MAY HAVE TO THE LOCATION OF THE COURT CONSIDERING THE DISPUTE.

(B) OTHER JURISDICTIONS. THE BORROWER AGREES THAT THE LENDER SHALL HAVE THE RIGHT TO PROCEED AGAINST THE BORROWER, A GUARANTOR, OR ITS PROPERTY IN A COURT IN ANY LOCATION TO ENABLE THE LENDER TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE LIABILITIES OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER ENTERED IN FAVOR OF THE LENDER. THE BORROWER AND A GUARANTOR AGREE THAT IT WILL NOT ASSERT ANY PERMISSIVE COUNTERCLAIM, EXCEPT A COUNTERCLAIM ALLEGING THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE LENDER, IN ANY PROCEEDING BROUGHT BY THE LENDER TO REALIZE ON PROPERTY, COLLATERAL, OR ANY OTHER SECURITY FOR THE LIABILITIES OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF THE LENDER. THE BORROWER WAIVES ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT IN WHICH THE LENDER HAS COMMENCED A PROCEEDING DESCRIBED IN THIS SECTION.

8.19 WAIVER OF BOND. THE BORROWER AND GUARANTORS WAIVE THE POSTING OF ANY BOND OTHERWISE REQUIRED OF THE LENDER IN CONNECTION WITH ANY JUDICIAL PROCESS OR PROCEEDING TO OBTAIN POSSESSION OF, REPLEVY, ATTACH, OR LEVY UPON COLLATERAL OR ANY OTHER SECURITY FOR THE LIABILITIES, TO ENFORCE ANY JUDGMENT OR OTHER COURT ORDER ENTERED IN FAVOR OF THE LENDER, OR TO ENFORCE BY SPECIFIC PERFORMANCE, TEMPORARY RESTRAINING ORDER, OR PRELIMINARY OR PERMANENT INJUNCTION THIS AGREEMENT OR ANY OTHER AGREEMENT OR DOCUMENT BETWEEN THE LENDER AND THE BORROWER AND ANY GUARANTOR.

8.20 WAIVER OF JURY TRIAL. THE BORROWER, GUARANTORS, AND THE LENDER EACH WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN THE LENDER AND THE BORROWER ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION THEREWITH OR THE TRANSACTIONS RELATED THERETO. THE BORROWER, THE GUARANTORS, AND THE LENDER HEREBY AGREE AND CONSENT THAT ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT

TRIAL WITHOUT A JURY AND THAT EITHER MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

8.21 Advice of Counsel. The Borrower represents and warrants to the Lender that the Borrower and Guarantor have had the advice and counsel of competent legal counsel during the negotiation of the terms and conditions of this Agreement.

8.22 Assignments.

(a) The Lender may at any time assign to one or more Persons (any such Person, an "Assignee") all or any portion of the Loan and Commitment and, so long as no Default exists.

(b) The consent of the Borrower (which consents shall be in Borrower's sole discretion but shall not be required for an assignment by the Lender to an Affiliate of the Lender) shall be required. The Borrower shall be deemed to have granted its consent to any assignment requiring its consent hereunder unless the Borrower has expressly objected to such assignment within three Business Days after notice thereof.

(c) From and after the date on which the conditions described above have been met, (A) such Assignee shall be deemed automatically to have become a party hereto and, to the extent that rights and obligations hereunder have been assigned to such Assignee pursuant to such assignment agreement, shall have the rights and obligations of the Lender hereunder and (B) the assigning Lender, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment Agreement other than to an Affiliate of Lender, shall be released from its rights (other than its indemnification rights) and obligations hereunder. Upon the request of the Assignee (and, as applicable, the assigning Lender) pursuant to an effective Assignment Agreement, the Borrower shall execute and deliver to the Lender for delivery to the Assignee a Note in the principal amount of the Assignee's Pro Rata Share of the Commitment plus the principal amount of the Assignee's Loan, and, as applicable, a Note in the principal amount of the portion of the Commitment retained by the Lender plus the principal amount of the Loan retained by the Lender. Each such Note shall be dated the effective date of such assignment. Upon receipt by the Lender of such replacement Note, the assigning Lender shall return to the Borrower any prior Note held by it.

(d) The Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of the Lender, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release the Lender from any of its obligations hereunder or substitute any such pledgee or assignee for the Lender as a party hereto.

8.23 Time of Essence. Time is of the essence in making payments of all amounts due the Lender under this Agreement and in the performance and observance by the Borrower of each covenant, agreement, provision, and term of this Agreement.

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IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the date first set forth above.

"BORROWER":

LMF OCTOBER 2010 FUND, LLC,
a Florida limited liability company

By: LM FUNDING, LLC, a Florida limited liability company, as Manager

Witnesses:

Printed Name: _____

By: _____
CAROL LINN GOULD, Manager

Printed Name: _____

Printed Name: _____

By: _____
FRANK C. SILCOX, Manager

Printed Name: _____

Witnesses:

"LENDER":

DAVID A. STRAZ, JR. REVOCABLE LIVING TRUST OF 1986,
a Florida limited liability company

Printed Name: _____

Printed Name: _____

By: _____
DAVID A. STRAZ, JR., Trustee

Witnesses:

"GUARANTORS":

LM FUNDING, LLC,
a Florida limited liability company

Printed Name: _____

Printed Name: _____

By: _____
CAROL LINN GOULD, Manager

Printed Name: _____

By: _____
FRANK C. SILCOX, Manager

Printed Name: _____

Witnesses:

Printed Name: _____

Printed Name: _____

CAROL LINN GOULD, Individually

Witnesses:

Printed Name: _____

Printed Name: _____

BRUCE M. RODGERS, Individually

EXHIBIT A
Form of Promissory Note

Exhibit 10.18

SECURITY AGREEMENT

THIS SECURITY AGREEMENT ("Agreement") is made and entered into as of the date indicated on the signature page attached hereto, by LMF OCTOBER 2010 FUND, LLC, a Florida limited liability company ("Borrower"), in favor of DAVID A. STRAZ, JR. REVOCABLE LIVING TRUST OF 1986, whose address is 4401 W. Kennedy Blvd., Suite 150, Tampa, Florida 33609 (together with its successors and assigns, the "Lender").

The parties hereto hereby agree as follows:

1. Defined Terms. As used in this Agreement, the term "Code" means the Uniform Commercial Code as in effect in the State of Florida from time to time, as amended. Capitalized terms used herein without definition shall have the meanings given such terms in the Loan Agreement between Borrower, LM Funding, LLC, a Florida limited liability company, Carol Linn Gould, individually and Bruce M. Rodgers, individually (collectively the "Guarantors") and Lender (the "Loan Agreement") or in the Funding and Servicing Agreement dated October 4, 2010 between the Borrower, LM Funding, LLC and Business Law Group, P.A. ("BLG"), (the "Funding and Servicing Agreement"). References to "this Agreement" shall mean this Agreement as in effect from time to time, including all amendments, modifications and supplements and any annexes, exhibits and schedules to any of the foregoing.

2. Grant of Security Interest. In order to secure the payment of the principal of and interest on the Loan and the performance and observance by the Borrower of all the covenants expressed or implied herein and in the Loan Agreement, Borrower does hereby grant to the Lender a first security interest in the Collateral (as defined in the Loan Agreement) which includes all rights, title, interest and privileges of the Borrower (i) in, to, and under the Accounts and (ii) in and to the proceeds of the sale and settlement of the Accounts (until distributed or expended for the purpose for which the Loan were issued, as described in Section 3).

3. Proceeds. The loan shall be made simultaneously with the execution and delivery of this Agreement in the amount of Two Million Dollars and 00/100 ($2,000,000.00).

4. Creation of Accounts. The following account is hereby created and established to be held by the Borrower and maintained in accordance with the provisions of this Agreement:

(a) Distribution Account. BLG, or any successor servicer of the Accounts constituting part of the Assets, shall retain all amounts collected on the Accounts properly attributable to fees and costs of such servicer, respecting the order of applying proceeds required by Florida law and relevant provisions of the Purchase Agreements with the Associations and the Funding and Servicing Agreement. BLG, or any successor servicer of the Accounts constituting part of the Assets shall remit all other amounts collected on the Accounts to Borrower. The Borrower shall credit to the Distribution Account: (i) all

amounts received from BLG, or any successor servicer, in respect of the Accounts and (ii) all amounts received as earnings on the Distribution Account. On each Payment Date or Maturity Date (as defined in the Note), as the case may be, Borrower shall apply the funds in the Distribution Account as provided in Section 5 hereof, without further authorization or direction. Pending application of monies in the Distribution Account, such monies may be invested, at the discretion of Borrower, as provided in Section 7 hereof, and any earnings on or income from such investments shall be retained therein.

5. Distribution of Available Funds. Available funds in the Distribution Account will be applied in the following order of priority:

First, all collection funds will be deposited into the Borrower's DDA/checking account.

Second, principal and interest payments will be paid on the Loan in accordance with the terms of the Note.

Third, collection of the lien purchase price will remain in the Borrower's DDA account as collateral for the Loan or be used solely for the purchase of additional liens to further secure the Loan.

6. Pledge. The Loan, including the principal thereof and interest thereon, and any other obligations of the Borrower arising hereunder or under the Loan, shall be limited obligations of the Borrower specifically secured as provided in Section 2 hereof. The Loan, including (if applicable) the principal thereof and interest thereon, shall be secured hereunder by the foregoing pledge of the Collateral and by a lien thereon, subject to the priorities expressly provided herein. The pledge of such Collateral shall be legal, valid and binding from the initial Closing Date and such Collateral shall thereupon be immediately subject to the lien, pledge and charge hereof as a first security interest thereon upon receipt thereof by the Borrower, without any physical delivery or segregation thereof or further act.

7. Investments. Monies held by the Borrower for the credit of the Distribution Account may be invested by Borrower in United States government securities, short-term certificates of deposit or money market funds (collectively, "Investment Securities"). The Investment Securities purchased shall be held by the Borrower and shall be deemed at all times to be part of the Distribution Account. Borrower shall not be liable for the selection of Investment Securities, for determining whether an investment qualifies as an "Investment Security," or for investment losses incurred in respect of Investment Securities acquired and held as provided herein. Borrower shall not have any liability in respect of losses incurred as a result of the liquidation of any such Investment Security prior to its stated maturity or the failure of Borrower to provide timely written investment direction.

8. Protection of Security; Further Assurances. Borrower shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Collateral pledged under this Agreement and all the rights of Borrower and the Lender against all claims and demands of all persons whomsoever. Borrower agrees with the Lender that Borrower will

not limit or alter its powers to fulfill the terms of any agreements made in this Agreement or in the Loan, or in any way impair the rights and remedies of the Lender hereunder until the Loan (together with interest thereon (if any), including interest on any unpaid installments of interest (if any)) and all costs and expenses in connection with any action or proceeding by or on behalf of the Lender, are fully met and discharged.

Borrower shall at any and all times, insofar as it may be authorized so to do, pass, make, do, execute, acknowledge and deliver all and every such further resolutions, indentures, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming any and all of the rights, revenues, securities and other monies hereby pledged or charged with or assigned to the payment of the Loan, or intended so to be, or which Borrower may hereafter become bound to pledge or charge or assign.

Without limiting the generality of the foregoing, Borrower shall periodically file UCC continuation statements as required to maintain and continue the perfection of the security interest granted hereunder by Borrower, as debtor, to the Lender, as secured party.

9. Bankruptcy. Borrower covenants that it shall not file a petition in bankruptcy with respect to itself unless such filing has been approved by the unanimous action of its board of managers and the written consent of the Lender.

10. No Encumbrances. Subject to and except for the rights of the Associations set forth in the Purchase Agreements, Borrower shall not create, or permit the creation of, any lien or encumbrance upon the Collateral pledged under this Agreement.

11. Lender's Perfected Security Interest; Negotiable Collateral. Borrower agrees to make appropriate entries upon its financial statements and its books and records disclosing the Lender's security interest in the Collateral.

12. Inspection: Verification of Accounts. If an event of default occurs under any of the Loan, any of Lender's officers, employees or agents shall have the right, at any time or times hereafter, on behalf of the Lender, to verify the validity, amount or any other matter relating to Accounts by mail, telephone, telegraph or otherwise. Lender (by any of its officers, employees and/or agents) shall have the right, at any time or times during Borrower's usual business hours, to inspect the Collateral, all records related thereto (and to make extracts from such records), and the premises upon which any of the Collateral is located, and for so long as no event of default under the Loan has occurred or is continuing, with prior written notice to Borrower, to discuss Borrower's affairs and finances with any person and to verify the amount, quality, quantity, value and condition of, or any other matter relating to the Collateral.

13. Representations and Warranties of Borrower. By execution of this Agreement, Borrower makes the following representations and warranties:

(a) Organization and Good Standing. It has been duly organized and is validly existing as a limited liability company in good standing under the laws of the State of

Florida, with power and authority to own its properties and to conduct its business as such properties are currently owned and as such business is currently conducted and is proposed to be conducted pursuant to its operating agreement.

(b) Power and Authority. It has the power and authority to execute and deliver this Agreement and to perform its obligations pursuant hereto; and the execution, delivery and performance of this Agreement and the Loan have been duly authorized by all necessary limited liability company action.

(c) Authorization. It is duly authorized under all applicable laws to create and issue the Loan, to enter into this Agreement, and to pledge and assign the Collateral and other assets and revenues purported to be pledged and assigned by this Agreement in the manner and to the extent provided in this Agreement. The assets and revenues so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by this Agreement, except as otherwise expressly provided herein and in the Funding and Servicing Agreement and Purchase Agreements, and all action on the part of the Borrower to that end has been duly and validly taken.

(d) No Consent Required. No consent, license, approval or authorization of, or registration or declaration with, any person, entity or any governmental authority, bureau or agency is required to be obtained by Borrower in connection with the execution, delivery or performance of this Agreement or the Loan, except for such as have been obtained, effected or made as of the initial Closing Date.

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the Loan and the fulfillment of its obligations under this Agreement and the Loan will not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice, lapse of time or both) a default under, its articles of organization or its operating agreement, or any indenture, agreement, mortgage, deed of trust or other instrument to which it is a party or by which it is bound, or result in the creation or imposition of any lien upon any of its properties pursuant to the terms of any such indenture, agreement, mortgage, deed of trust or other instrument, or violate any law, order, rule or regulation applicable to it of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over it or any of its properties.

(f) No Proceedings. There are no proceedings or investigations pending or, to its knowledge, threatened against it before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality having jurisdiction over it or its properties (i) asserting the invalidity of this Agreement or any Loan, (ii) seeking to prevent the issuance of the Loan or the consummation of any of the transactions contemplated by this Agreement or the Note, or (iii) seeking any determination or ruling that might materially and adversely affect its performance of its obligations under, or the validity or enforceability of, this Agreement or the Note.

(g) Place of Business. The principal executive offices of the Borrower are in Tampa, Florida, and the offices where the Borrower keeps its records concerning the Collateral and related documents are in Tampa, Florida.

(h) Binding Obligations. This Agreement and the Loan constitute the legal, valid and binding obligations of Borrower, enforceable against Borrower in accordance with their respective terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect, affecting the enforcement of creditors' rights in general, and (ii) as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity).

(i) Security Interests. Upon the Closing Date:

(i) This Agreement creates a valid and continuing security interest (as defined in the UCC) in the Accounts, in favor of the Lender, which security interest is prior to all other liens and encumbrances, and is enforceable as such as against creditors of and purchasers from Borrower.

(ii) The Accounts that are part of the Collateral constitute either an "account" or a "general intangible" within the meaning of the UCC.

(iii) Borrower has caused or will have caused, within ten days of the Closing Date, the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interests in the Collateral (to the extent perfection can be obtained through filing).

(iv) Subject to and except for the rights of the Associations set forth in the Purchase Agreements, upon receipt of the proceeds of the Loan pursuant to Section 3 hereof, Borrower will own and have good and marketable title to the Collateral, free and clear of all liens, encumbrances, security interests, and rights of others.

(j) Representations and Warranties. The representations and warranties of Borrower made in this Section 13 are made as of the Closing Date and shall survive the execution and delivery of this Agreement and the issuance of the Loan.

14. Discharge of Liens and Pledges; Securities No Longer Outstanding and Deemed To Be Paid Hereunder. The obligations of Borrower under this Agreement, and the liens, pledges, charges, trusts, covenants and agreements of Borrower herein made or provided for, shall be fully discharged and satisfied as to the Note and such Note shall no longer be deemed to be outstanding and shall no longer be secured by or entitled to the benefits of this Agreement:

(i) when such Note shall have been surrendered for payment, transfer or exchange and thereby cancelled (and no such Note may be cancelled except in exchange for adequate consideration, such adequacy to be determined by Lender in its sole discretion); or

(ii) as to any Note not canceled, when payment of the principal of the Note, together with interest thereon to the due date thereof (whether such due date be by reason of stated maturity or otherwise), shall have been made in accordance with the terms of such Note.

15. Miscellaneous.

(a) Waiver. Neither the failure nor any delay on the part of Lender to exercise any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise of any other right, power or privilege of Lender.

(b) Successors. This Agreement shall bind the Borrower and its successors and permitted assigns, and inure to the benefit of Lender, and its successors and assigns.

(c) Amendments; Modifications. This Agreement may not be modified except by a writing executed by Borrower and the written consent of the Lender.

(d) Governing Law. This Agreement shall be construed and interpreted in accordance with the internal laws of the State of Florida without regard to conflicts of law principles that would cause the application of the laws of another jurisdiction.

(e) Consent to Jurisdiction. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF FLORIDA OR OF THE UNITED STATES FOR THE MIDDLE DISTRICT OF FLORIDA AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, THE BORROWER AND LENDER CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF THOSE COURTS. THE BORROWER AND LENDER IRREVOCABLY WAIVE ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, THAT IT MAY NOW OR HEREAFTER HAVE TO BRING ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. THE BORROWER AND LENDER WAIVE PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT, OR OTHER PROCESS, THAT MAY BE MADE BY ANY OTHER MEANS PERMITTED BY APPLICABLE LAW.

(f) Jury Trial Waiver. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER AND LENDER HEREBY IRREVOCABLY WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF LENDER IN THE ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

(g) Severability. If any paragraph or part thereof of this Agreement shall for any reason be held or adjudged to be invalid, illegal or unenforceable by any court of competent jurisdiction, such paragraph or part thereof so adjudicated invalid, illegal or unenforceable shall be deemed separate and the remainder of this Agreement shall remain in full force and effect.

(h) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such separate counterparts shall together constitute but one and the same instrument. Delivery of a counterpart hereof via facsimile transmission shall be as effective as delivery of a manually executed counterpart hereof.

(i) Paragraph Titles. The paragraph titles herein are for convenience of reference only, and shall not affect in any way the interpretation of any of the provisions hereof.

(j) Consent, Etc., of Lender. Any consent, request, direction, approval, objection or other instrument required by this Agreement to be executed by Lender will not be effective unless and until a directive has been signed by an authorized signatory of Lender.

(k) Limitation of Rights. With the exception of rights herein conferred, nothing expressed or mentioned in or to be implied from this Agreement or the Loan is intended or shall be construed to give to any person other than the parties hereto and the Lender, any legal or equitable right, remedy, or claim under or in respect to this Agreement or any covenants, conditions and provisions herein contained; this Agreement and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and any Lender as herein provided or as provided in the Loan.

(l) Notices. Any notices, consents, waivers or other communications required or permitted to be given to Borrower under the terms of this Agreement must be in writing, must be delivered by (i) courier, mail or hand delivery or (ii) facsimile, and will be deemed to have been delivered upon receipt. The addresses and facsimile numbers for such communications shall be:

If to the Borrower:	LMF OCTOBER 2010 FUND, LLC By: LM FUNDING, LLC 302 Knights Run Avenue, Suite 1000 Tampa, FL 33606 Attention: Carol Linn Gould Facsimile: 813-221-7909
If to the Lender:	David A. Straz, Jr. Revocable Living Trust of 1986 4401 W. Kennedy Blvd. Suite 150, Tampa, Florida 33609 Attention: David A. Straz, Jr., Trustee

Borrower shall provide five (5) days prior written notice to the Lender, on behalf of the Lender, of any change in address, telephone number or facsimile number. All such notices and communications shall be effective (i) when sent by Federal Express or other overnight service of recognized standing, on the business day following the deposit with such service; (ii) when mailed, by registered or certified mail, first class postage prepaid and addressed as aforesaid through the United States Postal Service, upon receipt; (iii) when delivered by hand, upon delivery; and (iv) when faxed, upon confirmation of receipt.

Except as is otherwise provided in this Agreement, any provision in this Agreement for the mailing of notice or other instrument to Lender shall be fully complied with if it is mailed by first-class mail, postage prepaid, to the Borrower and Lender at the addresses set forth above.

REMAINDER OF THE PAGE LEFT BLANK INTENTIONALLY

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day of January, 2015

BORROWER:

LMF OCTOBER 2010 FUND, LLC

Witnesses

By: LM FUNDING, LLC, Florida limited liability company, its Manager

Printed Name: _____

By: _____
Carol Linn Gould, Manager

Printed Name: _____

Printed Name: _____

By: _____
Frank C. Silcox, Manager

Printed Name: _____

LENDER:

DAVID A. STRAZ, JR., REVOCABLE LIVING TRUST OF 1986

Printed Name: _____

By: _____
DAVID A. STRAZ, JR., Trustee

Printed Name: _____

Exhibit 10.19

GUARANTY

FOR VALUE RECEIVED, LM FUNDING, LLC, a Florida limited liability company whose address is 302 Knights Run Ave., Suite 1000, Tampa, FL 33602, CAROL LINN GOULD, an individual, whose address is 1109 S. Rome Avenue, Tampa, Florida 33606 and BRUCE M. RODGERS, an individual, whose address is 1109 S. Rome Avenue, Tampa, Florida 33606"). (each, "Guarantor" and collectively, "Guarantors"), hereby unconditionally jointly and severally guarantee the due and punctual payment of the $2,000,000.00 Promissory Note (as such amount may be increased thereunder), of which LMF October 2010 Fund, LLC, a Florida limited liability company, is the Maker and David A. Straz, Jr. Revocable Living Trust of 1986 is the Holder (the "Note"), and all extensions or renewals thereof and all sums payable under or by virtue thereof including, without limitation, all amounts of principal and interest and all expenses (including attorneys' fees, whether incurred in trial or appellate proceedings) incurred in the collection thereof, the enforcement of rights thereunder or with respect to any security therefor and the enforcement hereof, and each Guarantor waives presentment, demand, notice of dishonor, protest, and notice of protest. Guarantors hereby acknowledge and agree that the consideration received by Guarantors is adequate and sufficient for the obligations of Guarantors hereunder, and that Guarantors are deriving a significant benefit from the loan evidenced by the Note.

Each of the undersigned hereby consents and agrees that each Guarantor is bound as Guarantor under the terms of, and is subject to all provisions set forth in the Note as fully as though Guarantor were a Maker thereof, and to the exercise by the Holder of each and every right therein set forth or permitted by law, all without notice to or consent of and without effecting the liability of the undersigned.

The obligations of each Guarantor hereunder shall be absolute and unconditional, shall not be subject to any counterclaim, set-off, deduction or defense, and shall remain in full force and effect without regard to, and the obligations of each Guarantor hereunder shall not be released, discharged or terminated or in any other way affected or impaired by, any circumstance or condition, whether or not such Guarantor shall have notice or knowledge thereof, including, without limitation, (a) any amendment or modification of or addition or supplement to the Note or the Security Agreement dated the date hereof ("Security Agreement"); (b) any compromise, release, consent, extension, indulgence or other action or inaction in respect of the Note or Security Agreement; (c) any default by Maker or Guarantors under, or any invalidity or unenforceability of, or any irregularity or any defect in the Note or the Security Agreement; (d) any exercise or nonexercise of any right, remedy, power or privilege under or in respect of this Guaranty, the Note or the Security Agreement (e) any assignment or transfer of the assets of the Guarantors to, or any consolidation or merger of the Guarantors with or into any other person or corporation; (f) any bankruptcy, insolvency, reorganization, arrangement, adjustment, composition, liquidation or similar proceeding involving or affecting Maker; (g) any assignment, sale, mortgage, sublease, surrender, forfeiture or other transfer in respect of any or all of the Collateral under the Security Agreement (as such term is particularly defined in the Security Agreement); (h) the release, regardless of consideration, of the whole or any part of the Collateral; (i) any partial prepayment, assignment or transfer of the Note; or (j) any limitation of Maker's liability which may now or hereafter be imposed by any statute, regulation or rule of law, or any invalidity or unenforceability, in whole or in part, of any of the terms of the Note.

Each Guarantor unconditionally waives any right it may have to (a) all notices which may be required by statute, rule or law or otherwise to preserve intact any rights of any holder of the Note against Guarantor, including, without limitation, notice to Maker of default, presentment to and demand of payment from Maker and protest for nonpayment or dishonor, (b) require Holder to proceed against Maker or the Guarantors, (c) require Holder to proceed against the Collateral or other security granted by Maker or Guarantors, or (d) require Holder to pursue any other remedy within the power of Holder, and each Guarantor agrees that all of its obligations under this Guaranty are independent of the obligations of Maker and that a separate action may be brought against Guarantors whether or not an action is commenced against Maker.

This Guaranty shall inure to the benefit of Holder, Holder's successors and assigns, and the owners and holder of the Note.

The obligations under this Guaranty shall be construed in accordance with the laws of the State of Florida and shall bind the heirs, executors, legal representatives, successors and assigns of the undersigned. Venue for any action in connection with this Guaranty shall be the same as provided for in the Note.

REMAINDER OF THE PAGE LEFT BLANK INTENTIONALLY

DATED EFFECTIVE the day of January, 2015.

Witnesses:

Printed Name: _____

Printed Name: _____

Printed Name: _____

Printed Name: _____

Printed Name: _____

Printed Name: _____

Printed Name: _____

Printed Name: _____

"GUARANTORS":

LM FUNDING, LLC
a Florida limited liability company

By: _____
Carol Linn Gould, Manager

By: _____
Frank C. Silcox, Manager

_____
Carol Linn Gould, Individually

_____
Bruce M. Rodgers, Individually

Exhibit 10.20

PROMISSORY NOTE

$2,000,000.00 **January , 2015**

FOR VALUE RECEIVED, the receipt and sufficiency of which is hereby acknowledged, the undersigned, **LMF OCTOBER 2010 FUND, LLC**, a Florida limited liability company (hereinafter "***Maker***") promises to pay to the order of **DAVID A. STRAZ, JR. REVOCABLE LIVING TRUST OF 1986**, (hereinafter "***Holder***") the principal sum of **TWO MILLION DOLLARS AND 00/100 ($2,000,000.00)**, together with interest on the unpaid principal balance from this date at the rate of fourteen percent (14%) per annum (the "Note").

Interest on this Note shall commence accruing on the date hereof until payment in full of the principal sum, together with all accrued and unpaid interest and other amounts which may become due hereunder, has been made. Interest shall be computed on the basis of a 365-day year and actual days elapsed and shall be payable monthly, in arrears, on or before the first (1st) day of each month commencing in March 2015, based upon the outstanding principal balance except that, if any such date is not a Business Day, then such payment shall be due on the next succeeding Business Day (each, an "***Payment Date***"). Amounts due under this Note shall be payable by the Maker on each Payment Date in lawful money of the United States of America at the rate of 14% per annum. Principal shall be repayable on each Payment Date in an amount equal to the face amount on this Note divided by thirty six (36) months (or portion thereof) which equals a monthly principal amortization payment of Fifty Five Thousand Five Hundred Fifty Five Dollars and 56/100 ($55,555.56) on each Payment Date. The entire unpaid principal balance plus all accrued interest shall be due and payable on the third anniversary of the date hereof (the "***Maturity Date***") upon presentment of this Note.

The Maker may prepay the loan in whole or in part at any time without payment of any prepayment penalty.

This Note is secured by a Security Agreement (the "Security Agreement") executed simultaneously herewith. The provisions of said Security Agreement are by this reference made a part hereof. If required, Documentary Tax made payable to the State of Florida in the proper amount has been paid, and Documentary Stamps have been affixed to this Note and have been canceled.

If there is a default in the payment of any of the sums mentioned herein or in the performance (whether monetary or not) of any of the agreements contained herein or in the Security Agreement or the Loan Agreement, or in any other agreement or loan document executed in conjunction with the Note, then the entire principal sum, plus all accrued but unpaid interest, shall be at the option of the Holder hereof at once due and payable without notice, time being of the essence; and said principal sum shall bear interest from the date of default at the highest rate allowable under the laws of the State of Florida. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of a subsequent default. Each person liable hereon whether Maker or Guarantor, hereby waives presentment, protest, notice of protest and notice of dishonor and agrees to pay all costs, including reasonable attorneys' fees, including all appeals, if any, whether suit be brought or not if, after maturity of this Note or default hereunder, counsel shall be employed to collect this Note or to protect the security of said loan or enforce the provisions of this Note or any agreements referenced herein.

Nothing herein contained nor any transaction related hereto shall be construed or so operate as to require the Maker or any person liable for repayment of the same to pay interest at a greater rate than is lawful in such case to contract for or to make any payment or to do any act contrary to law. Such rate of interest shall never exceed the maximum legal rate of interest which shall be permitted under the laws of the State of Florida from time to time; and if such rate of interest, computed in the amount hereinabove provided for, shall exceed the said maximum legal rate; then said rate of interest shall be automatically reduced to such maximum legal rate. Should any interest or other charges paid by the Maker or parties liable for the payment of this Note or any other document delivered in connection with said loan result in the computation or earning of interest in excess of the maximum legal interest which is legally permitted under the laws of the State of Florida, then any and all such excess shall be and the same is hereby waived by payee and any holder hereof and any and all such excess shall be void automatically ab initio from the date of this Note and as of the date of the payment credited against and in reduction of the principal of said excess which exceeds the balance due under this indebtedness shall be paid by the Holder hereof to the Maker and parties liable for the payment of this Note.

This Note shall be construed and enforced according to the laws of the State of Florida, without regard to any conflicts of law. Any case, controversy, or conflict arising from or out of this Note shall be brought solely and exclusively in a court of competent jurisdiction within Tampa, Hillsborough County, Florida. The Maker agrees to submit itself to personal jurisdiction in the State of Florida and Hillsborough County, Florida.

WITNESSETH:

LMF OCTOBER 2010 FUND, LLC
a Florida limited liability company

By: LM FUNDING, LLC, a Florida limited company, its Manager

By: _____
Carol Linn Gould, Manager

By: _____
Frank C. Silcox, Manager

Exhibit 10.21

INDEMNIFICATION AGREEMENT

This Indemnification Agreement ("**Agreement**"), dated as of [ ], is by and between LM FUNDING AMERICA, INC., a Delaware corporation (the "**Company**"), and [NAME] (the "**Indemnitee**").

WHEREAS, [Indemnitee is a director or officer of the Company/the Company expects Indemnitee to join the Company as a director or officer];

WHEREAS, both the Company and Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and officers of public companies;

WHEREAS, the board of directors of the Company (the "**Board**") has determined that enhancing the ability of the Company to retain and attract as directors and officers the most capable persons is in the best interests of the Company and that the Company therefore should seek to assure such persons that indemnification and insurance coverage is available; and

WHEREAS, in recognition of the need to provide Indemnitee with substantial protection against personal liability, in order to procure Indemnitee's [continued] service as a director or officer of the Company and to enhance Indemnitee's ability to serve the Company in an effective manner, and in order to provide such protection pursuant to express contract rights (intended to be enforceable irrespective of, among other things, any amendment to the Company's certificate of incorporation or bylaws (collectively, the "**Constituent Documents**"), any change in the composition of the Board or any change in control or business combination transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification of, and the advancement of Expenses (as defined in **Section 1(f)** below) to, Indemnitee as set forth in this Agreement and to the extent insurance is maintained for the [continued] coverage of Indemnitee under the Company's directors' and officers' liability insurance policies.

NOW, THEREFORE, in consideration of the foregoing and the Indemnitee's agreement to [continue to] provide services to the Company, the parties agree as follows:

1. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(a) "**Beneficial Owner**" has the meaning given to the term "beneficial owner" in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**").

(b) "**Change in Control**" means the occurrence after the date of this Agreement of any of the following events:

(i) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the Company's then outstanding Voting Securities unless the change in relative Beneficial Ownership of the Company's securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors;

(ii) the consummation of a reorganization, merger or consolidation, unless immediately following such reorganization, merger or consolidation, all of the Beneficial Owners of the Voting Securities of the Company immediately prior to such transaction beneficially own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the outstanding Voting Securities of the entity resulting from such transaction;

(iii) during any period of two consecutive years, not including any period prior to the execution of this Agreement, individuals who at the beginning of such period constituted the Board (including for this purpose any new directors whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved) cease for any reason to constitute at least a majority of the Board; or

(iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the assets of the Company and its Subsidiaries.

(c) "**Claim**" means:

(i) any threatened, pending or completed action, suit, proceeding or alternative dispute resolution mechanism, whether civil, criminal, administrative, arbitrative, investigative or other, and whether made pursuant to federal, state or other law; or

(ii) any inquiry, hearing or investigation that the Indemnitee determines might lead to the institution of any such action, suit, proceeding or alternative dispute resolution mechanism.

(d) "**Delaware Court**" shall have the meaning ascribed to it in **Section 9(e)** below.

(e) "**Disinterested Director**" means a director of the Company who is not and was not a party to the Claim in respect of which indemnification is sought by Indemnitee.

(f) "**Expenses**" means any and all expenses, including attorneys' and experts' fees, court costs, transcript costs, travel expenses, duplicating, printing and binding costs, telephone charges, and all other costs and expenses incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness or participate in, any Claim. Expenses also shall include (i) Expenses incurred in connection with any appeal resulting from any Claim, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, and (ii) for purposes of Section 5 only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement, by litigation or otherwise. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(g) "**Expense Advance**" means any payment of Expenses advanced to Indemnitee by the Company pursuant to **Section 4** or **Section 5** hereof.

(h) "**Indemnifiable Event**" means any event or occurrence, whether occurring before, on or after the date of this Agreement, related to the fact that Indemnitee is or was a director, officer, employee or agent of the Company or any of its Subsidiaries, or is or was serving at the request of the Company or any of its Subsidiaries as a director, officer, employee, member, manager, trustee or agent of any other corporation, limited liability company, partnership, joint venture, trust or other entity or enterprise (collectively with the Company, "**Enterprise**") or by reason of an action or inaction by Indemnitee in any such capacity (whether or not serving in such capacity at the time any Loss is incurred for which indemnification can be provided under this Agreement).

(i) "**Independent Counsel**" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently performs, nor in the past five (5) years has performed, services for either: (i) the Company or Indemnitee (other than in connection with matters concerning Indemnitee under this Agreement or of other indemnitees under similar agreements) or (ii) any other party to the Claim giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(j) "**Losses**" means any and all Expenses, damages, losses, liabilities, judgments, fines, penalties (whether civil, criminal or other), ERISA excise taxes, amounts paid or payable in settlement, including any interest, assessments, any federal, state, local or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this Agreement and all other charges paid or payable in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness or participate in, any Claim.

(k) "**Person**" means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, governmental entity or other entity and includes the meaning set forth in Sections 13(d) and 14(d) of the Exchange Act.

(l) "**Standard of Conduct Determination**" shall have the meaning ascribed to it in **Section 9(b)** below.

(m) "**Subsidiaries**" means any and all Persons of which the Company owns or controls, either directly or indirectly, fifty percent (50%) or more of the outstanding shares of stock normally entitled to vote for the election of directors or of comparable equity participation and voting power.

(n) "**Voting Securities**" means any securities of the Company that vote generally in the election of directors.

2. Services to the Company. Indemnitee agrees to [serve/continue to serve] as a director or officer of the Company for so long as Indemnitee is duly elected or appointed or until Indemnitee tenders his or her resignation or is no longer serving in such capacity. This Agreement shall not be deemed an employment agreement between the Company (or any of its Subsidiaries or Enterprise) and Indemnitee. Indemnitee specifically acknowledges that his or her employment with and/or service to the Company or any of its Subsidiaries or Enterprise is at will and the Indemnitee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written employment agreement between Indemnitee and the Company (or any of its Subsidiaries or Enterprise), other applicable formal severance policies duly adopted by the Board or, with respect to service as a director or officer of the Company, by the Company's Constituent Documents or Delaware law. This Agreement shall continue in force after Indemnitee has ceased to serve as a director or officer of the Company or, at the request of the Company, of any of its Subsidiaries or Enterprise, as provided in **Section 12** hereof.

3. Indemnification. Subject to **Section 9** and **Section 10** of this Agreement, the Company shall indemnify Indemnitee, to the fullest extent permitted by the laws of the State of Delaware in effect on the date hereof, or as such laws may from time to time hereafter be amended to increase the scope of such permitted indemnification, against any and all Losses if Indemnitee was or is or becomes a party to or participant in, or is threatened to be made a party to or participant in, any Claim by reason of or arising in part out of an Indemnifiable Event, including, without limitation, Claims brought by or in the right of the Company, Claims brought by third parties, and Claims in which the Indemnitee is solely a witness.

4. Advancement of Expenses. Indemnitee shall have the right to advancement by the Company, prior to the final disposition of any Claim by final adjudication to which there are no further rights of appeal, of any and all Expenses actually and reasonably paid or incurred by Indemnitee in connection with any Claim arising out of an Indemnifiable Event. Indemnitee's right to such advancement is not subject to the satisfaction of any standard of conduct. Without limiting the generality or effect of the foregoing, within thirty (30) days after any request by Indemnitee, the Company shall, in accordance with such request, (a) pay such Expenses on behalf of Indemnitee, (b) advance to Indemnitee funds in an amount sufficient to pay such Expenses, or (c) reimburse Indemnitee for such Expenses. In connection with any request for Expense Advances, Indemnitee shall not be required to provide any documentation or information to the extent that the provision thereof would undermine or otherwise jeopardize attorney-client privilege. Indemnitee hereby undertakes to repay such amounts paid, advanced, or reimbursed by the Company for such Expenses only if, and to the extent that, it is ultimately determined in a decision by a court of competent jurisdiction from which no appeal can be taken that Indemnitee is not entitled to indemnification hereunder. Indemnitee's obligation to reimburse the Company for Expense Advances shall be unsecured and no interest shall be charged thereon.

5. Indemnification for Expenses in Enforcing Rights. To the fullest extent allowable under applicable law, the Company shall also indemnify against, and, if requested by Indemnitee, shall advance to Indemnitee subject to and in accordance with **Section 4**, any Expenses actually and reasonably paid or incurred by Indemnitee in connection with any action or proceeding by Indemnitee for (a) indemnification or reimbursement or advance payment of Expenses by the Company under any provision of this Agreement, or under any other agreement or provision of the Constituent Documents now or hereafter in effect relating to Claims relating to Indemnifiable Events, and/or (b) recovery under any directors' and officers' liability insurance policies maintained by the Company. However, in the event that Indemnitee is ultimately determined not to be entitled to such indemnification or insurance recovery, as the case may be, then all amounts advanced under this **Section 5** shall be repaid. Indemnitee shall be required to reimburse the Company in the event that a final judicial determination is made that such action brought by Indemnitee was frivolous or not made in good faith.

6. Partial Indemnity. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for a portion of any Losses in respect of a Claim related to an Indemnifiable Event but not for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

7. Notification and Defense of Claims.

(a) Notification of Claims. Indemnitee shall notify the Company in writing as soon as practicable of any Claim which could relate to an Indemnifiable Event or for which Indemnitee could seek Expense Advances, including a brief description (based upon information then available to Indemnitee) of the nature of, and the facts underlying, such Claim. The failure by Indemnitee to timely notify the Company hereunder shall not relieve the Company from any liability hereunder unless the Company's ability to participate in the defense of such claim was materially and adversely affected by such failure/except that the Company shall not be liable to indemnify Indemnitee under this Agreement with respect to any judicial award in a Claim related to an Indemnifiable Event if the Company was not given a reasonable and timely opportunity to participate at its expense in the defense of such action.

(b) Defense of Claims. The Company shall be entitled to participate in the defense of any Claim relating to an Indemnifiable Event at its own expense and, except as otherwise provided below, to the extent the Company so wishes, it may assume the defense thereof with counsel reasonably satisfactory to Indemnitee. After notice from the Company to Indemnitee of its election to assume the defense of any such Claim, the Company shall not be liable to Indemnitee under this Agreement or otherwise for any Expenses subsequently directly incurred by Indemnitee in connection with Indemnitee's defense of such Claim other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ its own legal counsel in such Claim, but all Expenses related to such counsel incurred after notice from the Company of its assumption of the defense shall be at Indemnitee's own expense; provided, however, that if (i) Indemnitee's employment of its own legal counsel has been authorized by the Company, (ii) Indemnitee has reasonably determined that there may be a conflict of interest between Indemnitee and the Company in the defense of such Claim, (iii) after a Change in Control, Indemnitee's employment of its own counsel has been approved by the Independent Counsel or (iv) the Company shall not in fact have employed counsel to assume the defense of such Claim, then Indemnitee shall be entitled to retain its own separate counsel (but not more than one law firm plus, if applicable, local counsel in respect of any such Claim) and all Expenses related to such separate counsel shall be borne by the Company.

8. Procedure upon Application for Indemnification. In order to obtain indemnification pursuant to this Agreement, Indemnitee shall submit to the Company a written request therefor, including in such request such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of the Claim. Indemnification shall be made insofar as the Company determines Indemnitee is entitled to indemnification in accordance with **Section 9** below.

9. Determination of Right to Indemnification.

(a) Mandatory Indemnification; Indemnification as a Witness.

(i) To the extent that Indemnitee shall have been successful on the merits or otherwise in defense of any Claim relating to an Indemnifiable Event or any portion thereof or in defense of any issue or matter therein, including without limitation dismissal without prejudice, Indemnitee shall be indemnified against all Losses relating to such Claim in accordance with Section 3 to the fullest extent allowable by law.

(ii) To the extent that Indemnitee's involvement in a Claim relating to an Indemnifiable Event is to prepare to serve and serve as a witness, and not as a party, the Indemnitee shall be indemnified against all Losses incurred in connection therewith to the fullest extent allowable by law.

(b) Standard of Conduct. To the extent that the provisions of Section 9(a) are inapplicable to a Claim related to an Indemnifiable Event that shall have been finally disposed of, any determination of whether Indemnitee has satisfied any applicable standard of conduct under Delaware law that is a legally required condition to indemnification of Indemnitee hereunder against Losses relating to such Claim and any determination that Expense Advances must be repaid to the Company (a "Standard of Conduct Determination") shall be made as follows:

(i) if no Change in Control has occurred, (A) by a majority vote of the Disinterested Directors, even if less than a quorum of the Board, (B) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum or (C) if there are no such Disinterested Directors, by Independent Counsel in a written opinion addressed to the Board, a copy of which shall be delivered to Indemnitee; and

(ii) if a Change in Control shall have occurred, (A) if the Indemnitee so requests in writing, by a majority vote of the Disinterested Directors, even if less than a quorum of the Board or (B) otherwise, by Independent Counsel in a written opinion addressed to the Board, a copy of which shall be delivered to Indemnitee.

The Company shall indemnify and hold harmless Indemnitee against and, if requested by Indemnitee, shall reimburse Indemnitee for, or advance to Indemnitee, within thirty (30) days of such request, any and all Expenses incurred by Indemnitee in cooperating with the person or persons making such Standard of Conduct Determination.

(c) Making the Standard of Conduct Determination. The Company shall use its reasonable best efforts to cause any Standard of Conduct Determination required under **Section 9(b)** to be made as promptly as practicable. If the person or persons designated to make the Standard of Conduct Determination under **Section 9(b)** shall not have made a determination within thirty (30) days after the later of (A) receipt by the Company of a written request from Indemnitee for indemnification pursuant to **Section 8** (the date of such receipt being the "**Notification Date**") and (B) the selection of an Independent Counsel, if such determination is to be made by Independent Counsel, then Indemnitee shall be deemed to have satisfied the applicable standard of conduct; provided that such thirty (30)-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person or persons making such determination in good faith requires such additional time to obtain or evaluate information relating thereto. Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement of Indemnitee to indemnification under this Agreement shall be required to be made prior to the final disposition of any Claim.

(d) Payment of Indemnification. If, in regard to any Losses:

(i) Indemnitee shall be entitled to indemnification pursuant to **Section 9(a)**;

(ii) no Standard Conduct Determination is legally required as a condition to indemnification of Indemnitee hereunder; or

(iii) Indemnitee has been determined or deemed pursuant to **Section 9(b)** or **Section 9(c)** to have satisfied the Standard of Conduct Determination,

then the Company shall pay to Indemnitee, within five (5) business days after the later of (A) the Notification Date or (B) the earliest date on which the applicable criterion specified in clause (i), (ii) or (iii) is satisfied, an amount equal to such Losses.

(e) Selection of Independent Counsel for Standard of Conduct Determination. If a Standard of Conduct Determination is to be made by Independent Counsel pursuant to **Section 9(b)(i)**, the Independent Counsel shall be selected by the Board of Directors, and the Company shall give written notice to Indemnitee advising him or her of the identity of the Independent Counsel so selected. If a Standard of Conduct Determination is to be made by Independent Counsel pursuant to **Section 9(b)(ii)**, the Independent Counsel shall be selected by Indemnitee, and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either case, Indemnitee or the Company, as applicable, may, within five (5) business days after receiving written notice of selection from the other, deliver to the other a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not satisfy the criteria set forth in the definition of "Independent Counsel" in **Section 1(i)**, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person or firm so selected shall act as Independent Counsel. If such written objection is properly and timely made and substantiated, (i) the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit; and (ii) the non-objecting party may, at its option, select an alternative Independent Counsel and give written notice to the other party advising such other party of the identity of the alternative Independent Counsel so selected, in which case the provisions of the two immediately preceding sentences, the introductory clause of this sentence and numbered clause (i) of this sentence shall apply to such subsequent selection and notice. If applicable, the provisions of clause (ii) of the immediately preceding sentence shall apply to successive alternative selections. If no Independent Counsel that is permitted under the foregoing provisions of this **Section 9(e)** to make the Standard of Conduct Determination shall have been selected within twenty (20) days after the Company gives its initial notice pursuant to the first sentence of this **Section 9(e)** or Indemnitee gives its initial notice pursuant to the second sentence of this **Section 9(e)**, as the case may be, either the Company or Indemnitee may petition the Court of Chancery of the State of Delaware ("**Delaware Court**") to resolve any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or to appoint as Independent Counsel a person to be selected by the Court or such other person as the Court shall designate, and the person or firm with respect to whom all objections are so resolved or the person or firm so appointed will act as Independent Counsel. In all events, the Company shall pay all of the reasonable fees and expenses of the Independent Counsel incurred in connection with the Independent Counsel's determination pursuant to **Section 9(b)**.

(f) Presumptions and Defenses.

(i) Indemnitee's Entitlement to Indemnification. In making any Standard of Conduct Determination, the person or persons making such determination shall presume that Indemnitee has satisfied the applicable standard of conduct and is entitled to indemnification, and the Company shall have the burden of proof to overcome that presumption and establish that Indemnitee is not so entitled. Any Standard of Conduct Determination that is adverse to Indemnitee may be challenged by the Indemnitee in the Delaware Court. No determination by the Company (including by its directors or any Independent Counsel) that Indemnitee has not satisfied any applicable standard of conduct may be used as a defense to any legal proceedings brought by Indemnitee to secure indemnification or reimbursement or advance payment of Expenses by the Company hereunder or create a presumption that Indemnitee has not met any applicable standard of conduct.

(ii) Reliance as a Safe Harbor. For purposes of this Agreement, and without creating any presumption as to a lack of good faith if the following circumstances do not exist, Indemnitee shall be deemed to have acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company if Indemnitee's actions or omissions to act are taken in good faith reliance upon the records of the Company, including its financial statements, or upon information, opinions, reports or statements furnished to Indemnitee by the officers or employees of the Company or any of its Subsidiaries in the course of their duties, or by committees of the Board or by any other Person (including legal counsel, accountants and financial advisors) as to matters Indemnitee reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company. In addition, the knowledge and/or actions, or failures to act, of any director, officer, agent or employee of the Company shall not be imputed to Indemnitee for purposes of determining the right to indemnity hereunder.

(iii) No Other Presumptions. For purposes of this Agreement, the termination of any Claim by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, will not create a presumption that Indemnitee did not meet any applicable standard of conduct or have any particular belief, or that indemnification hereunder is otherwise not permitted.

(iv) Defense to Indemnification and Burden of Proof. It shall be a defense to any action brought by Indemnitee against the Company to enforce this Agreement (other than an action brought to enforce a claim for Losses incurred in defending against a Claim related to an Indemnifiable Event in advance of its final disposition) that it is not permissible under applicable law for the Company to indemnify Indemnitee for the amount claimed. In connection with any such action or any related Standard of Conduct Determination, the burden of proving such a defense or that the Indemnitee did not satisfy the applicable standard of conduct shall be on the Company.

10. Exclusions from Indemnification. Notwithstanding anything in this Agreement to the contrary, the Company shall not be obligated to:

(a) indemnify or advance funds to Indemnitee for Expenses or Losses with respect to proceedings initiated by Indemnitee, including any proceedings against the Company or its directors, officers, employees or other indemnitees and not by way of defense, except:

(i) proceedings referenced in **Section 5** above (unless a court of competent jurisdiction determines that each of the material assertions made by Indemnitee in such proceeding was not made in good faith or was frivolous); or

(ii) where the Company has joined in or the Board has consented to the initiation of such proceedings.

(b) indemnify Indemnitee if a final decision by a court of competent jurisdiction determines that such indemnification is prohibited by applicable law.

(c) indemnify Indemnitee for the disgorgement of profits arising from the purchase or sale by Indemnitee of securities of the Company in violation of Section 16(b) of the Exchange Act, or any similar successor statute.

(d) indemnify or advance funds to Indemnitee for Indemnitee's reimbursement to the Company of any bonus or other incentive-based or equity-based compensation previously received by Indemnitee or payment of any profits realized by Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements under Section 304 of the Sarbanes-Oxley Act of 2002 in connection with an accounting restatement of the Company or the payment to the Company of profits arising from the purchase or sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act).

11. Settlement of Claims. The Company shall not be liable to Indemnitee under this Agreement for any amounts paid in settlement of any threatened or pending Claim related to an Indemnifiable Event effected without the Company's prior written consent, which shall not be unreasonably withheld; provided, however, that if a Change in Control has occurred, the Company shall be liable for indemnification of Indemnitee for amounts paid in settlement if an Independent Counsel has approved the settlement. The Company shall not settle any Claim related to an Indemnifiable Event in any manner that would impose any Losses on the Indemnitee without the Indemnitee's prior written consent.

12. Duration. All agreements and obligations of the Company contained herein shall continue during the period that Indemnitee is a director or officer of the Company (or is serving at the request of the Company as a director, officer, employee, member, trustee or agent of another Enterprise) and shall continue thereafter (i) so long as Indemnitee may be subject to any possible Claim relating to an Indemnifiable Event (including any rights of appeal thereto) and (ii) throughout the pendency of any proceeding (including any rights of appeal thereto) commenced by Indemnitee to enforce or interpret his or her rights under this Agreement, even if, in either case, he or she may have ceased to serve in such capacity at the time of any such Claim or proceeding.

13. Non-Exclusivity. The rights of Indemnitee hereunder will be in addition to any other rights Indemnitee may have under the Constituent Documents, the General Corporation Law of the State of Delaware, any other contract or otherwise (collectively, "**Other Indemnity Provisions**"); provided, however, that (a) to the extent that Indemnitee otherwise would have any greater right to indemnification under any Other Indemnity Provision, Indemnitee will be deemed to have such greater right hereunder and (b) to the extent that any change is made to any Other Indemnity Provision which permits any greater right to indemnification than that provided under this Agreement as of the date hereof, Indemnitee will be deemed to have such greater right hereunder.

14. Liability Insurance. For the duration of Indemnitee's service as a director or officer of the Company, and thereafter for so long as Indemnitee shall be subject to any pending Claim relating to an Indemnifiable Event, the Company shall use commercially reasonable efforts (taking into account the scope and amount of coverage available relative to the cost thereof) to continue to maintain in effect policies of directors' and officers' liability insurance providing coverage that is at least substantially comparable in scope and amount to that provided by the Company's current policies of directors' and officers' liability insurance. In all policies of directors' and officers' liability insurance maintained by the Company, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits as are provided to the most favorably insured of the Company's directors, if Indemnitee is a director, or of the Company's officers, if Indemnitee is an officer (and not a director) by such policy. Upon request, the Company will provide to Indemnitee copies of all directors' and officers' liability insurance applications, binders, policies, declarations, endorsements and other related materials.

15. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment to Indemnitee in respect of any Losses to the extent Indemnitee has otherwise received payment under any insurance policy, the Constituent Documents, Other Indemnity Provisions or otherwise of the amounts otherwise indemnifiable by the Company hereunder.

16. Subrogation. In the event of payment to Indemnitee under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee. Indemnitee shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

17. Amendments. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be binding unless in the form of a writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall operate as a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided herein, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

18. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company and its Subsidiaries), assigns, spouses, heirs and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part of the business and/or assets of the Company and its Subsidiaries, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. No such assumption and agreement shall relieve the Company of any of its obligations hereunder, and this Agreement shall not otherwise be assignable by the Company.

19. Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any portion thereof) are held by a court of competent jurisdiction to be invalid, illegal, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

20. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered by hand, against receipt, or mailed, by postage prepaid, certified or registered mail:

(a) if to Indemnitee, to the address set forth on the signature page hereto.

(b) if to the Company, to:

LM Funding America, Inc.
Attn: [Chief Financial Officer]
302 Knights Run Avenue, Suite 1000
Tampa, FL 33602

Notice of change of address shall be effective only when given in accordance with this Section. All notices complying with this Section shall be deemed to have been received on the date of hand delivery or on the third business day after mailing.

21. Governing Law and Forum. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in such state without giving effect to its principles of conflicts of laws. The Company and Indemnitee hereby irrevocably and unconditionally: (a) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court and not in any other state or federal court in the United States, (b) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement and (c) waive, and agree not to plead or make, any claim that the Delaware Court lacks venue or that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

22. Headings. The headings of the sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction or interpretation thereof.

23. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original, but all of which together shall constitute one and the same Agreement. Any facsimile or electronically transmitted copies hereof or signature hereon shall, for all purposes, be deemed originals.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

LM FUNDING AMERICA, INC.

By: _____

Name: _____

Title: _____

INDEMNITEE

By: _____

Name: _____

Title: _____

Address: _____

_____

[SIGNATURE PAGE TO INDEMNIFICATION AGREEMENT]

Exhibit 21.1

SUBSIDIARIES OF LM FUNDING AMERICA, INC.

Except as indicated below, all of the following subsidiaries are 100% owned by LM Funding, LLC, a Florida limited liability company:

NAME OF SUBSIDIARY	JURISDICTION OF ORGANIZATION
LM Funding, LLC(1)	Florida
LMF October 2010 Fund, LLC	Florida
REO Management Holdings, LLC	Florida
LM Funding of Colorado, LLC	Colorado
LM Funding of Washington, LLC	Washington
LMF SPE#2, LLC(2)	Florida

(1) Owned 100% by LM Funding America, Inc.
(2) Owned 95% by LM Funding, LLC

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-1 of LM Funding America, Inc. of our report dated April 28, 2015 relating to the financial statements of LM Funding and Subsidiaries, LLC as of and for the years ended December 31, 2014 and 2013, which appears in such Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/S/ SKODA MINOTTI

Tampa, Florida
June 25, 2015

Exhibit 99.1

CONSENT OF DIRECTOR NOMINEE

The undersigned hereby consents to being named in the registration statement on Form S-1 and in all subsequent amendments and post-effective amendments or supplements thereto and in any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "Registration Statement"), of LM Funding America, Inc., a Delaware corporation (the "Company"), as an individual to become a director of the Company and to the inclusion of her biographical and other information in the Registration Statement. The undersigned also hereby consents to the filing of this consent as an exhibit to such Registration Statement and to being named in any registration statement on Form S-8 filed by the Company that incorporates by reference the prospectus forming part of the Registration Statement.

In witness whereof, this Consent is signed and dated as of 22nd day of June, 2015.

/s/ Carollinn Gould
Carollinn Gould

Exhibit 99.2

CONSENT OF DIRECTOR NOMINEE

The undersigned hereby consents to being named in the registration statement on Form S-1 and in all subsequent amendments and post-effective amendments or supplements thereto and in any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "Registration Statement"), of LM Funding America, Inc., a Delaware corporation (the "Company"), as an individual to become a director of the Company and to the inclusion of her biographical and other information in the Registration Statement. The undersigned also hereby consents to the filing of this consent as an exhibit to such Registration Statement and to being named in any registration statement on Form S-8 filed by the Company that incorporates by reference the prospectus forming part of the Registration Statement.

In witness whereof, this Consent is signed and dated as of 23rd day of June, 2015.

/s/ Douglas I. McCree
Douglas I. McCree

Exhibit 99.3

CONSENT OF DIRECTOR NOMINEE

The undersigned hereby consents to being named in the registration statement on Form S-1 and in all subsequent amendments and post-effective amendments or supplements thereto and in any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "Registration Statement"), of LM Funding America, Inc., a Delaware corporation (the "Company"), as an individual to become a director of the Company and to the inclusion of her biographical and other information in the Registration Statement. The undersigned also hereby consents to the filing of this consent as an exhibit to such Registration Statement and to being named in any registration statement on Form S-8 filed by the Company that incorporates by reference the prospectus forming part of the Registration Statement.

In witness whereof, this Consent is signed and dated as of 25th day of June, 2015.

/s/ Joel E. Rodgers, Sr.
Joel E. Rodgers, Sr.

Exhibit 99.4

CONSENT OF DIRECTOR NOMINEE

The undersigned hereby consents to being named in the registration statement on Form S-1 and in all subsequent amendments and post-effective amendments or supplements thereto and in any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "Registration Statement"), of LM Funding America, Inc., a Delaware corporation (the "Company"), as an individual to become a director of the Company and to the inclusion of her biographical and other information in the Registration Statement. The undersigned also hereby consents to the filing of this consent as an exhibit to such Registration Statement and to being named in any registration statement on Form S-8 filed by the Company that incorporates by reference the prospectus forming part of the Registration Statement.

In witness whereof, this Consent is signed and dated as of 23rd day of June, 2015.

/s/ C. Birge Sigety
C. Birge Sigety

Exhibit 99.5

CONSENT OF DIRECTOR NOMINEE

The undersigned hereby consents to being named in the registration statement on Form S-1 and in all subsequent amendments and post-effective amendments or supplements thereto and in any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "Registration Statement"), of LM Funding America, Inc., a Delaware corporation (the "Company"), as an individual to become a director of the Company and to the inclusion of her biographical and other information in the Registration Statement. The undersigned also hereby consents to the filing of this consent as an exhibit to such Registration Statement and to being named in any registration statement on Form S-8 filed by the Company that incorporates by reference the prospectus forming part of the Registration Statement.

In witness whereof, this Consent is signed and dated as of 22nd day of June, 2015.

/s/ Martin A. Traber

Martin A. Traber

Exhibit 99.6

CONSENT OF DIRECTOR NOMINEE

The undersigned hereby consents to being named in the registration statement on Form S-1 and in all subsequent amendments and post-effective amendments or supplements thereto and in any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "Registration Statement"), of LM Funding America, Inc., a Delaware corporation (the "Company"), as an individual to become a director of the Company and to the inclusion of her biographical and other information in the Registration Statement. The undersigned also hereby consents to the filing of this consent as an exhibit to such Registration Statement and to being named in any registration statement on Form S-8 filed by the Company that incorporates by reference the prospectus forming part of the Registration Statement.

In witness whereof, this Consent is signed and dated as of 23rd day of June, 2015.

/s/ Andrew L. Graham
Andrew L. Graham

ATTORNEYS AT LAW

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CLIENT/MATTER NUMBER
098929-0103

June 25, 2015

VIA EDGAR

Ms. Kathryn McHale
Senior Staff Attorney
Division of Corporation Finance
U.S. Securities & Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: LM Funding America, Inc.
Draft Registration Statement on Form S-1
Submitted May 4, 2015
CIK No. 0001640384

Dear Ms. McHale:

On behalf of LM Funding America, Inc. (the "Company"), we are transmitting the following responses to the Staff's letter dated June 1, 2015 containing the Staff's comments regarding the draft Registration Statement on Form S-1 (the "Registration Statement") submitted to the United States Securities and Exchange Commission (the "Commission") on a confidential basis on May 4, 2015. Simultaneous herewith, the Company is filing an amended Registration Statement on a non-confidential basis, and unless otherwise indicated or the context suggests otherwise, all references to the "Registration Statement" in this letter refer to the non-confidential Form S-1 being filed on the date hereof rather than the draft Registration Statement submitted on May 4, 2015. For your convenience, the full text of each of the Staff's comments is set forth below, and the Company's response to each comment directly follows the applicable text.

General

1. Please update the financial statements included in the filing in compliance with Rule 8-08 of Regulation S-X. Please update the associated financial information in applicable sections of the filing as appropriate, for example, capitalization, dilution, pro forma information and MD&A.

RESPONSE: Please be advised that the Company has updated the financial statements in the Registration Statement to include the first quarter of 2015 in accordance with Rule 8-08 of Regulation S-X, and corresponding revisions have been made throughout the Registration Statement in various sections, including, without limitation, in the "Capitalization," "Dilution," "Unaudited Pro Forma Financial Statements" and "MD&A" sections.

2. We note that you are an emerging growth company. Please supplementally provide us with copies of all written communications, as defined in Rule 405 under the Securities Act, that you, or anyone authorized to do so on your behalf, present to potential investors in reliance on Section 5(d) of the Securities Act, whether or not they retain copies of the communications.

RESPONSE: Please be advised that neither the Company nor any broker or dealer acting on the Company's behalf has provided or intends to provide any written communications to potential investors in reliance on Section 5(d) of the Securities Act.

Prospectus Summary

3. We note your disclosure that the market data and industry statistics in the prospectus are based upon publicly available information. However, wherever you make statements of fact pertaining to your industry, please support such statements with the source from which you obtained the underlying information or, alternatively, qualify the statement as your opinion. For example, what is your basis for the statement on page 46 that mortgage lenders will not loan to home buyers trying to purchase a home in an association with more than 15% delinquent units?

RESPONSE: Please be advised that the Company has updated various factual statements pertaining to its industry to include the source from which the underlying information was obtained. Wherever applicable, the Company has qualified statements of opinion. Copies of the underlying source data are available upon the Staff's request.

4. We note your disclosure on page 10 that you have "little to no information" about the debtors responsible for payment under the accounts you acquire. Please disclose this information here and where appropriate throughout the prospectus, including under your Business discussion and provide a discussion regarding how you assess risk.

RESPONSE: Please be advised that the Company has updated the "Prospectus Summary" section on Page 2 of the Registration Statement to include a new paragraph in response to this comment, and corresponding revisions have been made in various sections, including, without limitation, in the "Business" and "MD&A" sections. The revised disclosure states that the Company acquires and collects on the delinquent receivables of Associations, and that the Account debtors are third parties about whom the Company has little or no information. Therefore, as stated in the revised disclosure, the Company cannot predict when any given Account will be paid off or how much it will yield. As also stated in the revised disclosure, the Company, in assessing the risk of purchasing Accounts, reviews the property values of the underlying units, the governing documents of the relevant Association, and the total number of delinquent receivables held by the Association.

5. Please describe the New Neighbor Guaranty product in greater detail and disclose what percentage of your revenues is derived from your original and New Neighbor Guaranty products. In addition, provide more detail regarding the purchase price of the assets, the average recovery, and, in the case of the New Neighbor Guaranty program, the average continued payment to the Association. Please make corresponding revisions to your disclosure where appropriate, including under your Business and MD&A discussions.

RESPONSE: Please be advised that the Company has updated the description of the New Neighbor Guaranty program to include additional detail on the revenue breakdown between business units, purchase price of assets, average recovery amounts, average continued Association payments, and other related information. See Pages 3 and 4 of the Registration Statement. Corresponding revisions have been made throughout the Registration Statement in various sections, including, without limitation, in the "Business" and "MD&A" sections. For example, see the new paragraphs on Pages 57 and 58 of the Registration Statement.

6. Please disclose to what extent the "statutory minimum" and "super lien" amounts are the same. Please make corresponding revisions to your disclosure where appropriate, including under your Business and MD&A discussions.

RESPONSE: Please be advised that the terms "statutory minimum" and "super lien" are synonymous. In order to clarify this, at the top of Page 2 of the Registration Statement, the Company added the defined term "Super Lien Amount", and the Company made revisions throughout the remainder of the Registration Statement to consistently use such defined term in lieu of "statutory minimum."

7. We note your disclosure in your MD&A that funding and recoveries under your New Neighbor Guaranty program have decreased from 2013 to 2014. Please address this with the disclosure in this section, and in the business section, that you intend to expand this program.

RESPONSE: For the information of the Staff, funding and recoveries under the Company's New Neighbor Guaranty program actually did not decrease in 2014 versus 2013 (there was a very small increase). Therefore, the Company has deleted the last two sentences in the last paragraph under the "Operating Expenses" caption, which was the language incorrectly suggesting the funding and recoveries were down in 2014 under the New Neighbor Guaranty program. See Page 46 of the Registration Statement. The deleted sentences were replaced with a sentence explaining that the decrease in insurance expense was a result of renegotiation of insurance premiums in November 2013. In addition, the Company added a sentence to the end of the first paragraph under "Cash from Investing Activities" on Page 47 providing funding and new Account numbers for 2013 and 2014 under the New Neighbor Guaranty program.

8. We note your disclosure on page 11 that AmTrust is currently the only provider of the insurance you obtain on funded amounts that exceed the "super lien" amount. Please disclose this information and file any material agreement with AmTrust as an exhibit. In addition, please disclose the percentage of your portfolio that is insured, disclose the duration of the insurance coverage and the likelihood of the insurance coverage renewal. As applicable, please revise accordingly throughout the filing.

RESPONSE: Please be advised that the Company has updated the Registration Statement (in a new second paragraph under the Risk Factor titled *We are dependent upon AmTrust for insuring some of our purchased Accounts* on Page 13) to disclose (i) the fact that AmTrust is currently the only provider of the insurance that the Company obtains on funded amounts exceeding the "super lien" amount, (ii) the percentage of the Company's portfolio that is insured by the AmTrust policy, (iii) the duration of such insurance coverage, and (iv) the likelihood of the insurance coverage renewal. For the information of the Staff, corresponding revisions have been made throughout the Registration Statement in various sections.

Industry Overview, page 3

9. We note your comparison of your business to municipal governments. The staff believes that such comparison could be misleading. Please remove these comparisons here and throughout the prospectus.

RESPONSE: Please be advised that the Company has removed from the Registration Statement all comparisons of the Company's business to municipal governments, including, without limitation, the deletion of the words "Like municipal governments in earlier times" in the subject sentence. Corresponding deletions have been made in the "Industry Overview" (see Pages 4 and 5) and "Industry Background" (see Pages 53 through 55) sections of the Registration Statement:

10. Please disclose how many people live in condo associations in each of your market areas, including Florida. Please also disclose how many condo associations currently exist in each such market area. Please make corresponding revisions where appropriate, including under your Business discussion.

RESPONSE: Please be advised that the Company has revised the Registration Statement to include the number of people living in condo associations, as well as the number of condo associations currently existing, in each of the Company's market areas. Such revisions have been made on Pages 4 and 53 of the Registration Statement.

Our Business Strategy, page 4

11. We note your characterization of your market as being "fragmented" and "underdeveloped." Please provide your basis for this characterization.

RESPONSE: Please be advised that the Company has replaced the words "fragmented, underdeveloped" with "relatively new" in the Risk Factor titled *We are subject to intense competition seeking to provide a collection solution to Associations for delinquent Accounts* on Page 13. Please be advised that the last sentence in the "Our Business Strategy" section has also been deleted in response to this comment.

The Offering, page 6

12. Please briefly provide the material terms of the long-term debt that will be retired with the proceeds from the offering and any related material contracts as exhibits.

RESPONSE: Please be advised that on Page 8 under the Use of Proceeds heading, the Company deleted the words "retirement of long-term debt" and also updated its disclosure by adding the following sentences after the first sentence: "We also intend to use the proceeds from this offering to retire approximately $1.8 million of long-term debt secured by the assets of LM Funding October 2010 Fund, LLC. This debt carries a 14% interest rate amortized in equal monthly payments and matures January 26, 2018. There is no prepayment penalty for prepaying this debt."

Risk Factors

"We have experienced and expect to continue to experience significant growth," page 12

13. We note your disclosure that, due in part to the limited experience of your management team, you may not be able to effectively manage your growth. However, we note on page 4 that, due to your management's experience and expertise, you believe you are well-positioned to successfully implement your strategy. Please reconcile these disclosures.

RESPONSE: Please be advised that the Company has deleted the last sentence under the caption "Our Strategy" from Page 4 of the originally filed Registration Statement. The Company has made a corresponding deletion on Page 55 under the caption "Our Strategy." The Company believes that these deletions reconcile the relevant disclosures in the Registration Statement.

Use of Proceeds, page 26

14. Please provide the information required by Instruction 4 to Item 504 of Regulation S-K with regard to your plan to use proceeds from the offering to repay debt.

RESPONSE: Please be advised that the Company has provided information required by Instruction 4 to Item 504 of Regulation S-K with regard to the Company's plan to use proceeds from the offering to repay debt**.**

Dividend Policy, page 27

15. We note that an aggregate of $100,000 in distributions have been made so far in 2015. Please disclose the purpose for the distribution and to whom it was made.

RESPONSE: Please be advised that the Company has substantially revised the second paragraph on Page 30 under the section "Dividend Policy" to provide information regarding new and planned distributions, as well as the reasons for the distributions and to whom they were made.

Corporate Reorganization, page 28

16. Please revise to illustrate the corporate reorganization using a diagram.

RESPONSE: Please be advised that the Company has added to this section a diagram which illustrates the corporate reorganization. Please see Page 31 of the Registration Statement.

Determination of Offering Price, page 29

17. Please disclose how the exercise price of the warrants was determined as required by Item 505(b) of Regulation S-K.

RESPONSE: Please be advised that the Company has added a sentence to the end of the section "Determination of Offering Price" on Page 32 stating that the Placement Agent and Company have mutually agreed that the exercise price of the warrants will be 125% of the per-unit public offering price.

Unaudited Pro Forma Financial Statements – Description of Transactions, page 33

18. Please revise your description of the redemption of Bruce Rodgers' interest in BLG to disclose that LM Funding America, Inc. will loan $1.5 million to BLG related to this transaction.

RESPONSE: Please be advised that the Company will no longer be making a loan to Business Law Group and therefore all references to this loan have been omitted.

Unaudited Pro Forma Condensed Consolidated Balance Sheets, page 34

19. It appears that certain historical balances do not agree with the corresponding balances in the consolidated balance sheet as of December 31, 2014 on page F-3. Please revise those balances and update the rest of the pro forma balance sheet as appropriate.

RESPONSE: Please be advised that, in order to correct certain account balances and to make various other changes, the Company has deleted and replaced in its entirety the Unaudited Pro Forma Financial Statements (including the Unaudited Pro Forma Condensed Consolidated Balance Sheet) beginning on Page 36 of the Registration Statement.

20. Please revise to disclose that the balance sheet pro forma adjustments were presented assuming each transaction was consummated on the date of the balance sheet.

RESPONSE: Please be advised that the Company has deleted and replaced in its entirety the Unaudited Pro Forma Condensed Consolidated Balance Sheet on Page 37 of the Registration Statement, and in doing so the Company added a statement indicating that the balance sheet pro forma adjustments were presented assuming each transaction was consummated on the balance sheet date.

21. On page 33, you state that the pro forma financial statements give effect to the corporate reorganization. Please revise to more clearly disclose the financial statement impact related to the corporate reorganization. Please include sufficient detail of the impact to the equity accounts in the related footnotes.

RESPONSE: Please be advised that the Company has deleted and replaced in its entirety the Unaudited Pro Forma Condensed Consolidated Balance Sheet on Page 37 of the Registration Statement, and in doing so the Company has (i) more clearly disclosed the financial statement impact related to the corporate reorganization, and (ii) included, in the related footnotes, sufficient detail of the impact to equity accounts.

22. To more easily understand how the effect of each transaction is reflected in the pro forma financial statements, please revise to use consistent descriptions and references in your introductory paragraph to the pro forma financial statements and in the notes to the pro forma financial statements. For example, in the introduction you refer to LMF-LLC while in the notes you refer to LM Funding Management, LLC. Additionally, in the introduction you refer to certain individuals who are party to a transaction or the total amount of the transaction while you sometimes omit the individuals (e.g. Silcox) or amounts in the description of the transaction in the notes.

RESPONSE: In completely replacing the Unaudited Pro Forma Financial Statements, the Company revised the introductory language on Page 36, as well other language in the succeeding pages, to provide for clearer and consistent descriptions and references to the "Transactions" being reflected.

Unaudited Pro Forma Condensed Consolidated Statements of Income, page 35

23. Please revise to disclose per share data as required under Rule 11-02(b)(7) of Regulation S-X.

RESPONSE: Please be advised that the Company has added per-share data to the Registration Statement as required under Rule 11-02(b)(7) of Regulation S-X.

24. Please revise Note 1 to identify the new executive officers and the amount of compensation used for the adjustment. We note on the bottom of page 53 you disclose that you intend to hire approximately three additional employees, including Bruce M. Rodgers and Carollinn Gould. We also note your disclosure starting on page 61 that Mr. Rodgers, Ms. Gould and Mr. Galaris will enter into an employment agreements effective the date of the offering for salaries of $500,000, $120,000 and $250,000, respectively.

RESPONSE: Please be advised that the Company intends to hire two (the Registration Statement originally stated three) additional employees after the completion of the offering: Bruce M. Rodgers and Carollinn Gould. For the information of the Staff, the Company has revised Page 66 to incorporate such revision.

25. Please revise to exclude the pro forma adjustment related to interest expense recalculated for debt refinanced on December 30, 2014 ($7,431,938 at 8% per annum) since that transaction is not directly attributable to the offering.

RESPONSE: The Company has revised the Unaudited Pro Forma Condensed Consolidated Statements of Income to exclude the pro forma adjustment related to interest expense recalculated for debt refinanced on December 30, 2014.

Management's Discussion and Analysis of Financial Condition and Results of Operations, page 36

26. Please revise to provide a roll forward of the carry amount of the original product and the special product showing appropriate detail of the changes.

RESPONSE: Please be advised that the Company has added several tables starting on Page 40 of the Registration Statement (under the "Overview" section of Management's Discussion and Analysis of Financial Condition and Results of Operations) in order to show a roll forward of the carry amount of the original product and the New Neighbor Guaranty product.

27. Please revise to disclose the gross cash collected for the original product and the special product and detail how the cash was accounted for (e.g. interest revenue, fees, reduction in carrying amount of account, reimbursement for legal services, etc.).

RESPONSE: Please be advised that the added tables starting on Page 40 of the Registration Statement (under the "Overview" section of Management's Discussion and Analysis of Financial Condition and Results of Operations) disclose the gross cash collected for the original product and the New Neighbor Guaranty and to detail how the cash was accounted for.

Overview, page 36

28. Please expand to discuss any known trends, uncertainties, demands, commitments or events that management views as most reasonably likely to have a material effect on the company's liquidity, capital resources or results of operations, including any trends and uncertainties from the transition between the original product and the new product offering (e.g. impact on liquidity from funding amounts greater than the super lien amounts, potential increase in insurance expense, etc.). Please refer to Item 303 of Regulation S-K and SEC Release No. 33-8350.

RESPONSE: Please be advised that the Company has added a sixth paragraph under the "Overview" section on Page 40 to disclose known trends, uncertainties, demands, commitments or events that Company management views as most reasonably likely to have a material effect on the Company's liquidity, capital resources or results of operations, including trends and uncertainties from the transition between the original product and the new product offering.

Effects of the Corporate Reorganization, page 36

29. Please revise to provide additional discussion regarding how providing for income taxes on the earnings of LM Funding America, Inc. and the additional compensation costs including cash salary/bonus, share-based payment arrangements and benefits related to hiring three new employees disclosed on page 53 will impact the quality of, and potential variability in your earnings and cash flows. Your disclosure should provide information for an investor to ascertain the likelihood that past performance is indicative of future financial results and refer to other portions of your filing that analyze this issue such as your pro forma financial statements.

RESPONSE: Please be advised that the Company has added two sentences to the end of the last paragraph of the "Effects of the Corporate Reorganization" section on Page 41 to further describe how providing for income taxes on the earnings of the Company and the additional compensation costs including cash salary/bonus, share-based payment arrangements and benefits related to hiring two new employees disclosed on Page 66 will impact the quality of, and potential variability in, the Company's earnings and cash flows.

Interest Expense, page 38

30. Please disclose the unpaid principal balance of your outstanding debt at December 31, 2013 and 2014, respectively.

RESPONSE: Please be advised that the Company has included a sentence to the end of the "Interest Expense" section on Page 43 to disclose the unpaid principal balance of the Company's outstanding debt at December 31, 2013 and 2014, respectively.

Liquidity and Capital Resources
Cash from Investing Activities, page 38

31. Please disclose the number and aggregate balance of the accounts you acquired in the 2013 and 2014 fiscal years. Please provide similar disclosure under your Summary, MD&A and Business discussions.

RESPONSE: Please be advised that the Company has added disclosures to certain sections of the Registration Statement, including but not limited to the "Summary," "MD&A" and "Business" sections, which indicate the number and aggregate balance of the accounts the Company acquired during the 2013 and 2014 fiscal years. For example, see the language added to the end of the first paragraph under the caption "Cash from Investing Activities" on Page 47 of the Registration Statement.

32. We note that the promissory notes issued in December 2014 and in January 2015 are both partly collateralized by your contract rights and lien rights associated with condominium renting units. Please tell us whether any of the condominium renting units are cross-collateralized.

RESPONSE: Please be advised that real estate owned (REO) is not cross-collateralized. For the information of the Staff, when an association takes title through making a credit bid of amounts owed at a lien foreclosure sale, the association then quit claims title to a special purpose LLC owned by REO Holdings Management, LLC. Only accounts held in LM Funding October 2010 Fund, LLC and LMF SPE#2, LLC are collateral for the two loan facilities.

33. We note your disclosure that your finance receivables decreased by $1.254 million in 2014; however, the table appears to indicate that the year-over-year decrease was $1.327 million. Please reconcile these disclosures.

RESPONSE: Please be advised that the Company revised paragraph one under the "Cash from Investing Activities" section on Page 47 to reconcile the apparent difference between disclosed figures for the year-over-year decrease in finance receivables. For the information of the Staff, the accurate dollar figure for the 2014 year-over-year decrease in finance receivables $1.327 million.

Business

34. Please revise to include an illustrative example transaction for your Original Product and your New Neighbor Guaranty to enable an investor to clearly understand the economics of each transaction as well as understanding similarities and differences of each product. Your example transaction should illustrate the amount, magnitude and timing of all significant cash flows between parties in a typical transaction.

RESPONSE: In response to this comment, the Company revised the section "Business—Company Overview" on Page 51 by inserting an illustrative example transaction for the Company's Original Product and the Company's New Neighbor Guaranty to enable an investor to clearly understand the economics of each transaction as well as understand the similarities and differences of each product.

35. Please revise to discuss in general the amount of time it takes for you to collect the amounts due for each product.

RESPONSE: Please be advised that the Company added a new paragraph under the "Company Overview" section on Page 53 that discusses the amount of time it takes for the Company to collect the amounts due for each product. See the paragraph that begins with "We cannot forecast . . . ."

Recent Transactions, page 45

36. Please disclose the unpaid principal balance of the loan agreement with Mr. Silcox and include the agreement as an exhibit.

RESPONSE: Please be advised that the Company revised the "Recent Transactions" section on Page 56 to clarify the nature of the loan agreement with respect to Mr. Silcox. For the information of the Staff, no loan or credit agreement ever existed between the Company and Mr. Silcox. Instead, the Company entered into a loan agreement with a third party, the proceeds of which were used to redeem the membership interests in the Company beneficially owned by Mr. Silcox.

Products – Original Products, page 45

37. Please tell us in detail and revise your disclosure to more clearly explain what you mean when you state that you have almost all of your total investment in paid-off accounts and 76% of all accrued interest and late fees purchased by you.

RESPONSE: Please be advised that the Company revised its disclosures under the "Original Product" section on Pages 56 and 57 to more clearly explain what the Company means when it states that the Company has almost all of its total investments in paid-off accounts and 76% of all accrued interest and late fees purchased by the Company.

New Neighbor Guaranty, page 47

38. In the second paragraph on page 47, you disclose that you can purchase insurance from AmTrust North America to mitigate risks. Please revise to disclose the duration of the insurance coverage and the likelihood of the insurance coverage renewal. As applicable, please revise accordingly throughout the filing.

RESPONSE: Please be advised that the Company has added disclosures with respect to the duration of the AmTrust Policy coverage and the likelihood of the insurance coverage renewal in a new paragraph under the "New Neighbor Guaranty" section on the bottom of Page 58.

39. We note your disclosure that profits under your original product and the New Neighbor Guaranty are "locked in" at the time of purchase depending upon the accrued balances on each account. Please revise your disclosure to clarify what you mean by "locked in" and to avoid the implication that profits are guaranteed.

RESPONSE: Please be advised that the Company has revised its disclosure under the "New Neighbor Guaranty" section beginning on Page 57 to clarify what it means by "locked in" (with respect to profits on the original product and the New Neighbor Guaranty product) and to clarify that profits are not guaranteed. Accordingly, the language "Our profits under our original product and the New Neighbor Guaranty are locked in at the time of purchase depending on the accrued balances on each Account" has been deleted in its entirety.

Marketing and Distribution
Software Channels, page 49

40. We note your disclosure regarding your contracts with law firms. To the extent these contracts are material, please file them as exhibits to your next amendment or explain to us how you determined they are not material.

RESPONSE: For the information of the Staff, the Company believes that the only material contracts with law firms are currently the contracts with Business Law Group, which are attached as exhibits. The other law firm contracts do not materially differ from the form of contract with Business Law Group, and the other law firms do not currently handle a material amount of Accounts.

Property Management Channels, page 49

41. Please revise your disclosure to clarify what you mean by a "Powered by Intel" approach. Otherwise, please consider removing this characterization.

RESPONSE: Please be advised that the Company has deleted the words "Taking a 'Powered by Intel' approach" from the subject sentence. The Company also hereby confirms that the phrase does not appear elsewhere in the Registration Statement.

Market Trends and Opportunities
REO, page 50

42. Please provide additional detail regarding your current REO business including: under what circumstances do you choose to purchase a property, what are your procedures for assessing risk and value, and what is your target profit margin? Please also disclose the fair market value of any real estate owned as a result of such foreclosures. Please make corresponding revisions where appropriate, including under your Summary and MD&A discussions.

RESPONSE: Please be advised that the Company has revised its disclosures in the "Summary," "MD&A" and other appropriate sections of the Registration Statement to provide additional detail regarding the Company's current REO business, including the circumstances under which the Company chooses to purchase a property, the procedures for assessing risk and value and the Company's target profit margin. For the information of the Staff, the Company has added disclosure of the fair market value of any real estate owned as a result of foreclosures.

43. Your disclosure indicating that you make $10,000 on a $1,000 account purchase is misleading. Please qualify this as an example or delete it.

RESPONSE: In order to clarify its disclosures in the Registration Statement, the Company removed the language under the "REO" section on Page 61 that read "But instead of making $10,000 on a $1,000 Account purchase" and replaced it with "We believe."

Relationship with Business Law Group and Other Law Firms, page 51

44. Please revise to discuss the fact that LM Funding America, Inc. will loan $1.5 million to BLG related to the redemption of Bruce Rodgers' interest in BLG.

RESPONSE: Please be advised that the Company will no longer be making a loan to Business Law Group and therefore all references to this loan have been omitted.

Government Regulation, page 53

45. Please discuss how each of the statutes and regulations enumerated in this section may apply to your business, including a discussion of the material provisions of each statue and regulation.

RESPONSE: Please be advised that the Company has revised its disclosures on Pages 64 through 66 under the "Government Regulations" section by adding a discussion of how each of the statutes and regulations enumerated in the "Government Regulation" section may apply to the Company's business, in addition to a discussion of the material provisions of each statue and regulation.

Certain Relationships and Related Party Transactions
Transactions with Related Persons, page 68

46. Please disclose the approximate dollar amount paid to BLG for services rendered in 2014.

RESPONSE: Please be advised that the Company has added additional disclosure under the "Transactions with Related Parties" section on Page 81 to provide the approximate dollar amount paid to BLG for services rendered in 2014.

47. We note your disclosure on page 51 regarding the promissory note to be issued to BLG to fund BLG's redemption of Mr. Rodgers' ownership interest in BLG. Please disclose the terms of the promissory note here.

RESPONSE: Please be advised that the Company will no longer be making a loan to Business Law Group and therefore all references to this loan have been omitted.

48. We note your disclosure on page 52 that Ms. Gould will continue to serve as General Manager of and receive a salary for her services to BLG. Please disclose the terms of Ms. Gould's employment with BLG here.

RESPONSE: Please be advised that the Company has added additional disclosure related to the terms of Ms. Gould's continued employment with BLG. Under the "Relationship with Business Law Group and Other Law Firms" section on Page 63, the Company added the following sentence: "Ms. Gould is an at will employee receiving $150,000 in annual compensation from BLG, and she is anticipated to receive the same salary from BLG for the foreseeable future."

Notes to the Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies, page F-7

49. Please revise your filing to disclose your accounting policies related to your purchased credit insurance including how this insurance is considered in your allowance for credit loss measurement.

RESPONSE: Please be advised that the Company has revised its disclosure under Note 1, "Finance Receivables" on Page F-8 to include a discussion of its accounting policies and methodology to estimate the allowance for credit losses in connection with its response to comment number fifty two below. The disclosure now includes information with respect to how purchased credit insurance is considered in the measurement of the allowance for credit losses.

Revenue Recognition, page F-7

50. Please tell us in detail how you assessed whether your finance receivables were in the scope of ASC 310-30. Please provide a separate analysis for your original product and your special product.

RESPONSE: Please be advised that ASC 310-30 (and specifically ASC 310-30-05-01) applies to "recognition, measurement, and disclosure guidance regarding loans acquired with evidence of deterioration of credit quality since origination acquired by completion of a transfer for which it is probable, at acquisition, that the investor will be unable to collect all contractually required payments receivables." The Company does not fund any of its finance receivables (original product or special product) for which it is "probable" at the time of funding that it will be unable to collect its invested amount. The Company's original product is funded below the "Super Lien" amount as discussed in Note 1 on page F-7, and losses to date on this product have been virtually zero. The Company does accept a higher degree of risk for its finance receivables related to its New Neighbor Guaranty Product, but such collection risk does not reach the "probable" threshold as promulgated under ASC 310-30. The Company started its New Neighbor Guaranty Program in 2012 and has experienced overall gains on this product for the years ended December 31, 2014, 2013 and 2012 of approximately $137,000, $314,000, and $143,000, respectively.

51. *You disclose that you recognize revenue using the cost recovery method for your original product. The cost recovery method related to finance receivables typically refers to a methodology where cash collected is applied to reduce the carrying value to zero before any revenue is recognized. You disclose that you allocate cash payments to interest revenue, late fee revenue, assessment, etc. in accordance with the provisions of the Statute (718.116(5)) and the provisions of the purchase agreements entered into between the Company and community associations. Therefore it appears that your methodology could be more akin to a cash basis methodology. Please revise your filing to more appropriately describe your original product revenue recognition policy (e.g. cash basis method).*

RESPONSE: Please be advised that the Company's revenue recognition policy as it relates to its original product is based on a cash basis methodology consistent with standard practice in the banking industry for finance receivables on "nonaccrual" status. This policy is based on the premise that amounts funded are within the "Super Lien" amount (i.e., well secured) and collection of outstanding amounts is not considered to be in doubt. When recording subsequent cash collections on its original product, the Company's understanding of applying the cost recovery method (i.e., when the receivable is well secured and collection is not in doubt) was to use the cash basis approach. The Company has corrected its disclosure to indicate that it uses the cash basis methodology for recognizing revenue on its original product.

Finance Receivables, page F-8

52. *Please revise to disclose your accounting policies and methodology used to estimate the allowance for credit losses. Please disclose this information separately for your original product and your special product. Specifically discuss if you evaluate amounts collectively under ASC 450-20 or individually under ASC 310-10-35.*

RESPONSE: Please be advised that the Company evaluates its finance receivables at the end of each accounting period for losses that are considered probable and can be reasonably estimated in accordance with the basic guidance set forth at ASC 450-20 for recognizing losses on all receivables. The Company did not have any significant receivable balances at December 31, 2014 or 2013 that met the criteria of ASC 450-20; therefore, the Company did not have an allowance for credit losses on its financial statements at those dates. In the future, the Company expects to evaluate receivables both on an individual basis under ASC 310-10 (and specifically ASC 310-10-35-12) and collectively for amounts with similar risk characteristics under ASC 450-20 (as it builds loss experience). Disclosures related to Note 1 "Finance Receivables" at page F-8 have been revised to further discuss the Company's policies and methodology for estimating the allowance for credit losses.

53. Please revise to disclose the information required by ASC 310-10-50.

RESPONSE: Please be advised that the Company has evaluated the disclosure requirements of ASC 310-10-50 and added disclosures for (i) the amount of the allowance for credit losses at December 31, 2014 and 2013 (i.e., $0), (ii) the recorded investment in financing receivables on nonaccrual status at December 31, 2014 and 2013 (i.e., all amounts are classified as nonaccrual), (iii) policies and methodology for estimating the allowance for credit losses as discussed above in response to comment number fifty two, and (iv) the effect of purchased credit insurance on the measurement of the allowance for credit losses in response to comment number forty nine.

Settlement Costs with Associations, page F-10

54. Please revise to clarify the nature of damages incurred by associations during the collection process. Also clarify here or elsewhere in your filing if you only indemnify associations based on cash flows recovered from delinquent assessments.

RESPONSE: Please be advised that the Company has revised its disclosure regarding "Settlement Costs with Associations" under Note 1 on Page F-10 to clarify the nature of damages and the amounts indemnified.

Note 2. Preferred Returns and Distributions, page F-11

55. On page F-7, you disclosed that you have two members and both members have a 50% ownership interest in the company. Please revise to clarify whether the preferred members have any ownership interest in the company and to disclose the identities of preferred members if they are different from those two members.

RESPONSE: For the information of the Staff, there was only one Preferred Member with an outstanding capital account during the period covered by the financial statements (i.e., 2014 and 2013) included in the Registration Statement. The capital account for that Preferred Member was reduced to $0 during 2013 and remained at $0 through December 31, 2014. Disclosure under Note 1 on page F-7 has been revised to reference the existence of Preferred Members and to clarify that the Preferred Member had no ownership interest in the Company.

56. Please explain the intended meaning of the term "tax distributions" in the last paragraph of the footnote.

RESPONSE: Please be advised that the tax distributions as defined in the Company's operating agreement are intended to assist Members in satisfying their federal income tax liability resulting from their ownership of the Company. This disclosure at Note 2 has been revised to clarify the purpose of tax distributions provided under the operating agreement.

Note 9. Fair Value of Financial Instruments, page F-14

57. We note your disclosure that the fair value of your original product was $15.4 million as compared to the carrying value of $2.4 million at December 31, 2014. Please tell us how you determine your fair value measurement by detailing the significant inputs and assumptions that most impacted value determination. Also, explain the underlying economics of the transactions that results in the fair value of your receivables being so much greater than the carrying value. Please confirm that you are only including cash flows that are legally due to the company in the fair value measurement.

RESPONSE: Please be advised that the Company engaged the independent, third-party valuation firm of Marshall Stevens to conduct a fair value evaluation of the Company's finance receivables. A copy of the Marshall Stevens report, which outlines the methodologies that used in the valuation report, significant inputs and assumptions, and underlying economics of the transactions, will be supplementally provided to the Staff. Also noted in Marshall Stevens report is that the cash flows used as a basis for the valuation are only those cash flows legally due to the Company.

Plan of Distribution
Commissions and Discounts, page 83

58. Please indicate whether the warrants to be issued to the Placement Agent will be subject to cancellation in the same manner as the warrants to be issued as part of the offering.

RESPONSE: The Company has added a sentence to the end of the relevant paragraph stating that the warrants to be issued to the Placement Agent will be subject to the same cancellation terms as the warrants included in the units in the offering, except that the trading price trigger for the cancellation rights on the Placement Agent warrant will be 125% of the Placement Agent warrant exercise price (not 125% of the exercise price of the warrants issued in the offering). Please see the new last sentence in the last full paragraph on Page 96 of the Registration Statement.

If you have any questions or comments regarding the foregoing, please feel free to contact me.

Very truly yours,

/s/ Curt P. Creely

Curt P. Creely

Enclosure