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As filed with the Securities and Exchange Commission on August 7, 2015

Registration No. 333-205232

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

Amendment No. 1
to
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)

302 Knights Run Avenue, Suite 1000
Tampa, Florida 33602
Telephone No.: (813) 222-8996
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Stephen Weclew
Chief Financial Officer
302 Knights Run Avenue, Suite 1000
Tampa, Florida 33602
Telephone No.: (813) 222-8996
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Martin A. Traber, Esq.
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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(3)	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	$20,000,000.00	$2,324.00
Total	$40,000,000.00	$4,648.00(4)

(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").

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

(3) 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.

(4) Previously paid.

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.

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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 AUGUST 7, 2015

Maximum of 2,000,000 Units
Minimum of 1,200,000 Units
Each Unit Consisting of One Share of Common Stock and One Warrant

LM Funding America, Inc. is offering for sale up to 2,000,000 units, with each unit consisting of one share of our common stock, par value $0.001 per share, and one warrant. This is our initial public offering, and 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 will be $10.00 per unit.

Each warrant may be exercised to acquire one share of common stock at an exercise price equal to $12.50 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 $15.00 (which is 150% of the public offering price) 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 1,200,000 units have been sold. In the event we do not sell a minimum of 1,200,000 units by November 13, 2015, escrowed funds will be promptly returned to investors without interest or deduction. In the event that a minimum of 1,200,000 units are sold by November 13, 2015, we will close on those funds received and promptly issue the units.

We have filed 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	$ 10.00	$ 0.75	$ 9.25
Total if minimum sold	$12,000,000.00	$ 900,000.00	$ 11,100,000.00
Total if maximum sold	$20,000,000.00	$ 1,500,000.00	$ 18,500,000.00

(1) 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 $1,259,479, which includes an estimated $200,000 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.

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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. 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 these products to expand our business activities and growth both within and outside of Florida.

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 Associations 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 otherwise payable to the Association, and administrative late fees otherwise payable to the Association, 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 June 30, 2015, we have, since our inception, purchased an aggregate of approximately $274 million in Association receivables by funding a total of approximately $11 million with respect to 11,000 units across nearly 500 Associations in Florida, Washington and Colorado. Through June 30, 2015, we have, since our inception, received just over $102 million from approximately $192 million in purchased Accounts. From these purchased Accounts, we have recovered almost all of our principal investment of $8 million and earned about $29 million in revenues. Per our contracts, we have paid or recovered $10 million in legal fees and returned $55 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 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 the funded Super Lien Amount and 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 obligation to pay monthly assessments under the *New Neighbor Guaranty* is limited to 48 months or a lesser amount of months capped by the $17,000 per Account limit contained in our AmTrust insurance policy. Our obligation to pay monthly assessments on any unit ends upon full collection of all amounts owed on the Account and return of the Account to the Association. 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 30, 2015, our average investment per unit for currently active Accounts under our original product was approximately $699, 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 30, 2015 averaged approximately $5,217 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 $280 per month for each active Account as of June 30, 2015.

As of June 30, 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 30, 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.

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 CAI, 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 $274 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.*** We believe our proprietary software enables an attorney to efficiently handle approximately 1,000 accounts at a time with a high degree of uniformity and accuracy based upon our experience with the historical caseload per lawyer of Business Law Group, P.A. 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, in part 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 1,200,000 and a maximum of 2,000,000 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 ($12.50 per share assuming the expected public offering price). 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 $15.00 (which is 150% of the public offering price) 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 3,300,000 shares of common stock outstanding and assuming that we sell the maximum number of units, we will have 4,100,000 shares of common stock outstanding (not including the shares of common stock underlying the warrants offered hereby).
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 $9,920,521 if we achieve the minimum offering and $17,240,521 if we achieve the maximum offering, based on an assumed initial offering price of $10.00 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.
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 November 13, 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 1,600,000 units (the midpoint of the minimum and maximum offering set forth on the cover page of this prospectus) at an assumed initial public offering price of $10.00 per unit.

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 the six months ended June 30, 2015 and June 30, 2014, and as of and for 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 summary unaudited pro forma consolidated financial data of LM Funding America, Inc. presented below as of and for the six months ended June 30, 2015 and for the year ended December 31, 2014 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 1st of each year, with respect to the unaudited pro forma condensed consolidated statements of income, and as of June 30, 2015 with respect to the unaudited pro forma condensed consolidated balance sheet. 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			
	Pro Forma Results (Unaudited) 6 Months Ended	(Unaudited) 6 Months Ended		Fiscal Year Ended	
Consolidated Balance Sheet Data	June 30, 2015	June 30, 2015	June 30, 2014	December 31, 2014	December 31, 2013
ASSETS					
Cash	$13,580,521	$ 2,429,982	$ 1,127,314	$ 2,027,694	$ 764,850
Finance receivables	2,849,754	2,849,754	4,036,107	3,473,261	4,727,332
Due from related party	12,851	12,851	534,973	463,900	484,990
Other assets	707,841	707,841	335,094	806,503	330,642
	$17,150,967	$ 6,000,428	$ 6,033,488	$ 6,771,358	$ 6,307,814
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)					
Liabilities	$ 348,700	$ 348,700	$ 549,248	$ 472,597	$ 600,762
Bank indebtedness	7,042,975	7,042,975	7,278,495	7,431,938	—
Other indebtedness	1,777,778	1,777,778	—	—	8,252,849
	9,169,453	9,169,453	7,827,743	7,904,535	8,853,611
Members' equity (deficit)	7,921,211	(3,229,328)	(1,821,167)	(1,144,212)	(2,547,513)
Non-controlling interest	60,303	60,303	26,912	11,035	1,716
	7,981,514	(3,169,025)	(1,794,255)	(1,133,177)	(2,545,797)
	$17,150,967	$ 6,000,428	$ 6,033,488	$ 6,771,358	$ 6,307,814

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Consolidated Statements of Income Data	LM Funding America, Inc. Pro Forma Results (Unaudited) 6 Months Ended June 30, 2015	LM Funding America, Inc. Pro Forma Results (Unaudited) Fiscal Year Ended December 31, 2014	Historical LM Funding, LLC and Subsidiaries (Unaudited) 6 Months Ended June 30, 2015	Historical LM Funding, LLC and Subsidiaries (Unaudited) 6 Months Ended June 30, 2014	Historical LM Funding, LLC and Subsidiaries Fiscal Year Ended December 31, 2014	Historical LM Funding, LLC and Subsidiaries Fiscal Year Ended December 31, 2013
Revenues	$3,603,736	$ 7,649,389	$3,603,736	$4,001,127	$ 7,649,389	$ 6,895,487
Staff costs and payroll	864,005	1,806,137	611,505	654,255	1,301,137	1,461,431
Collection costs	27,100	—	27,100	332,896	715,547	564,818
Professional fees	487,510	765,537	387,510	390,816	565,537	267,554
Settlement costs with associations	256,913	373,422	256,913	226,527	373,422	364,490
Other expenses	584,247	1,162,390	584,247	689,206	1,162,390	1,167,592
Interest expense	338,825	641,023	402,825	519,694	985,023	1,213,422
Income before taxes	1,045,136	2,900,880	1,333,636	1,187,733	2,546,333	1,856,180
Provision for income taxes	(397,200)	(1,102,300)	—	—	—	—
Net income (1)	$ 647,936	$ 1,798,580	$1,333,636	$1,187,733	$ 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. We are currently in negotiations with AmTrust and its representative broker to extend coverage for additional policy periods. If we are unable to reach an agreement, we will pursue coverage from other carriers. Our business operations could be affected by any impairment in cash flows that would otherwise be smoothed by insurance payments if we are unable to find comparable coverage on a commercially reasonable basis.

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.

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

Our business strategy is dependent upon expanding our operations in other states with our *New Neighbor Guaranty* product. We may not be successful in acquiring any *New Neighbor Guaranty* Accounts in these new markets and our limited experience in these markets may impair our ability to profitably or successfully collect *New Neighbor Guaranty* Accounts. Specifically, the time required to complete a lien foreclosure directly affects the profitability of *New Neighbor Guaranty* Accounts. In judicial foreclosure states such as Florida where judges and the courts are heavily involved in completing a foreclosure, completing a foreclosure takes longer. With *New Neighbor Guaranty* Accounts, longer times to complete foreclosures may cause us to overpay for *New Neighbor Guaranty* Accounts and consequently, we may fail to generate a profit from these *New Neighbor Guaranty* Accounts. Our inability to acquire or profitably collect on *New Neighbor Guaranty* Accounts in other states could have a material adverse effect on our financial condition and results of operations as we expand the use of our *New Neighbor Guaranty* product in Florida and other states.

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 2,100,000 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 June 30, 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, and we have an option that gives us the right to have the Associations foreclose upon the underlying properties. Should we cause an Association to foreclose upon such a lien, 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 exercise our option to have Associations foreclose 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 cause Associations 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 cause Associations to foreclose on a unit or home may delay our ability to collect on the Account. If we decide not to cause Associations 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. As of June 30, 2015, 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 have filed 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 $8.69 in net tangible book value per unit if we raise the minimum offering and $7.16 in the net tangible book value per unit if we raise the maximum offering. 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 1,200,000 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 2,000,000 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 1,200,000 of the units offered hereby by November 13, 2015, 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 1,600,000 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.

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 $12,000,000 if the minimum number of units offered is sold, before deducting expenses. We estimate offering expenses to be approximately $1,059,479, excluding Placement Agent fees and a maximum one percent (1.0%) expense reimbursement. We estimate the net proceeds of the offering to be approximately $17,240,521 if the maximum offering is obtained and approximately $9,920,521 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	$ 12,000,000
Less Placement Agent Fees and Offering Expenses(1)	2,759,479	2,079,479
Net Proceeds from Offering	$ 17,240,521	$ 9,920,521

(1) Our Placement Agent, International Assets Advisory, LLC, will be paid a 7.5% fee and an expense reimbursement capped at 1% of the offering price for all units sold in the offering. Our estimated offering expenses, excluding the maximum 1% expense reimbursement and the Placement Agent fees, are $1,059,479.

We intend to use the net proceeds of the offering for operating and general corporate purposes. The principal purposes of the offering are to provide capital to acquire Accounts and to otherwise provide us with financial flexibility to support future growth. 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. However, 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.

As of the date of this prospectus, we intend to use the net proceeds of this offering in materially the following manner:

Description of Use	Maximum Offering	%	Minimum Offering	%
Capital for Acquisition of Accounts	$ 10,740,521	62.30%	$ 6,420,521	64.72%
Capital for Acquisitions of Account Servicing Businesses	3,000,000	17.40%	1,500,000	15.12%
Software Development	1,000,000	5.80%	250,000	2.52%
General Corporate Purposes	2,500,000	14.50%	1,750,000	17.64%
Total Uses of Proceeds	$ 17,240,521	100%	$ 9,920,521	100%

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

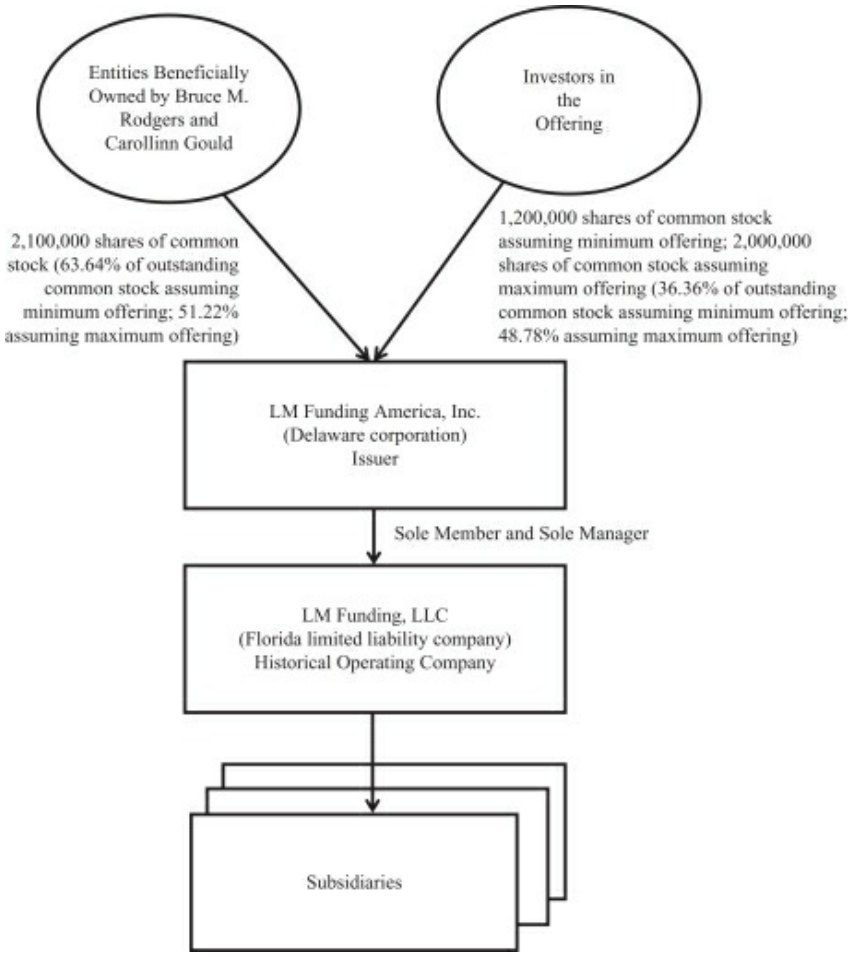
Following our initial public offering we do not anticipate paying any cash dividends on our common stock in the foreseeable future, if ever. Any future determination to pay cash dividends will be at the discretion of our Board of Directors and will depend upon our financial condition, results of operations, 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 $1,409,474 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 June 30, 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 2,100,000 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 June 30, 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 1,200,000 units (the minimum that may be sold by us in the offering) at an assumed public offering price of $10.00 per unit 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," the other Transactions described in "Unaudited Pro Forma Financial Statements," and the issuance of 2,000,000 units (the maximum that may be sold by us in the offering) at an assumed public offering price of $10.00 per unit 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 June 30, 2015		
		Pro Forma As Adjusted	
	Actual	Assuming Minimum(1)	Assuming Maximum(2)
Cash and cash equivalents	$ 2,429,982	$ 9,920,521	$17,240,521
Total Debt	$ 9,169,453	$ 9,169,453	$ 9,169,453
LMF-LLC members' deficit	(3,229,328)	(5,659,310)	(5,659,310)
Non-controlling interest	60,303	60,303	60,303
Common stock, $0.001 par value, 80,000,000 authorized shares, zero shares issued and outstanding actual; 3,300,000 shares issued and outstanding pro forma assuming we raise the minimum offering; and 4,100,000 shares issued and outstanding pro forma assuming we raise the maximum offering(3)	—	3,300	4,100
Additional paid in capital	—	9,917,221	17,236,421
Total equity (deficit)	(3,169,025)	4,321,514	11,641,514
Total capitalization	$ 6,000,428	$13,490,967	$20,810,967

(1) Assumes that none of the 1,200,000 warrants issued to investors in this offering have been exercised.
(2) Assumes that none of the 2,000,000 warrants issued to investors in this offering have been exercised.
(3) Based upon 3,300,000 shares of our common stock outstanding as of June 30, 2015 if we raise the minimum offering, and 4,100,000 shares of our common stock outstanding as of June 30, 2015 if we raise the maximum offering, excluding (i) 1,200,000 shares of our common stock issuable upon exercise of the warrants sold to investors in this offering assuming we raise the minimum offering and (ii) 2,000,000 shares of our common stock issuable upon exercise of the warrants sold to investors in this offering assuming we raise the maximum offering. The number of authorized shares will be reduced to 10,000,000 prior to the consummation of the 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," the other Transactions described in "Unaudited Pro Forma Financial Statements" and after giving effect to the sale of the minimum number units offered at an assumed initial public offering price of $10.00 per unit less estimated Placement Agent fees and estimated expenses, our pro forma, as adjusted net tangible book value as of June 30, 2015 would have been $4.322 million, or $1.31 per share. This represents an immediate increase in the pro forma as adjusted net tangible book value of $3.01 per share to existing stockholders and an immediate dilution of $8.69 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 $10.00 per unit less estimated Placement Agent fees and estimated expenses, our pro forma, as adjusted net tangible book value as of June 30, 2015 would have been $11.642 million, or $2.84 per share. This represents an immediate increase in the pro forma as adjusted net tangible book value of $4.21 per share to existing stockholders and an immediate dilution of $7.16 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	$ 10.00	$ 10.00
Pro forma net tangible book value per share as of June 30, 2015 (1)	(1.70)	(1.37)
Increase per share attributable to this offering (2)	3.01	4.21
Pro forma net tangible book value per share after this offering (2)	1.31	2.84
Dilution per share to new investors in this offering (2)	$ 8.69	$ 7.16

(1) Based upon 3,300,000 shares of our common stock outstanding as of June 30, 2015, assuming we raise the minimum offering, and 4,100,000 shares of common stock outstanding as of June 30, 2015 assuming we raise the maximum offering, excluding (i) 1,200,000 shares of our common stock issuable upon exercise of the warrants sold to investors in this offering assuming we raise the minimum offering and (ii) 2,000,000 shares of our common stock issuable upon exercise of the warrants sold to investors in this offering assuming we raise the maximum offering.

(2) Assumes no exercise of the (i) 1,200,000 warrants to purchase 1,200,000 shares of our common stock issued to purchasers in this offering assuming we raise the minimum offering and (ii) 2,000,000 warrants to purchase 2,000,000 shares of our common stock issued to purchasers in this offering we raise the maximum offering.

The following table shows on a pro forma, as adjusted basis at June 30, 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 Per Share
	Number	Percent	Amount	Percent	
Existing stockholders	—	—	$ —	—	$ —
New investors	1,200,000	100%	12,000,000	100%	10.00
Totals	1,200,000	100%	$12,000,000	100%	$ 10.00

The following table shows on a pro forma, as adjusted basis at June 30, 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	2,000,000	100%	20,000,000	100%	10.00
Totals	2,000,000	100%	$20,000,000	100%	$ 10.00

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

Description of transactions

The following unaudited pro forma condensed consolidated financial statements give effect to the following transactions incurred at or since December 31, 2014 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 $16.0 million of units in this offering (the midpoint of the minimum offering amount of $12.0 million and the 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");
- (i) the new debt agreement, dated December 30, 2014, to refinance debt in the amount of $7,431,938 at 8% interest; (ii) the new debt agreement, dated January 26, 2015, for $2,000,000 at 14% interest to finance the purchase of membership interests in LM Funding, LLC beneficially owned by Frank C. Silcox; and (iii) the new debt agreement, dated June 25, 2015 (funded July 1, 2015), for $1,800,000 at 6% interest (plus LIBOR base rate) to refinance the debt noted under (ii) above originated in connection with the membership interest redemption; and
- with regard to the unaudited pro forma condensed consolidated statements of income, a provision for corporate income taxes at an effective statutory rate of 38%.

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 six-month period ended June 30, 2015, and the consolidated statement of income for the year ended December 31, 2014 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.

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LM FUNDING, LLC AND SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEETS

June 30, 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	$ 2,429,982	$ (2,429,982)(a)	$ —	$ —	$ —	$ 13,580,521(b)	$13,580,521
Finance receivables	2,849,754	—	2,849,754	—	2,849,754	—	2,849,754
Due from related party	12,851	—	12,851	—	12,851	—	12,851
Other assets	707,841	—	707,841	—	707,841	—	707,841
	$ 6,000,428	$ (2,429,982)	$ 3,570,446	$ —	$ 3,570,446	$ 13,580,521	$17,150,967
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)							
Liabilities	$ 348,700	$ —	$ 348,700	$ —	$ 348,700	$ —	$ 348,700
Bank indebtedness	7,042,975	—	7,042,975	—	7,042,975	—	7,042,975
Other indebtedness	1,777,778	—	1,777,778	—	1,777,778	—	1,777,778
	9,169,453	—	9,169,453	—	9,169,453	—	9,169,453
Members' equity (deficit)	(3,229,328)	(2,429,982)(a)	(5,659,310)	—	(5,659,310)	13,580,521(b)	7,921,211
Non-controlling interest	60,303	—	60,303	—	60,303	—	60,303
	(3,169,025)	(2,429,982)	(5,599,007)	—	(5,599,007)	13,580,521	7,981,514
	$ 6,000,428	$ (2,429,982)	$ 3,570,446	$ —	$ 3,570,446	$ 13,580,521	$17,150,967

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 June 30, 2015 assuming each transaction was consummated on June 30, 2015:

(a) Represents anticipated Pre-Offering Distributions.

(b) Represents proceeds from the offering based on an assumed offering of $16.0 million net of transaction expenses of approximately $2.42 million.

LM FUNDING, LLC AND SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Six Months Ended June 30, 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	$3,603,736	$ —	$3,603,736	$ —	$3,603,736	$ —	$ 3,603,736
Staff costs and payroll	611,505	252,500(a)	864,005	—	864,005	—	864,005
Collection costs	27,100	—	27,100	—	27,100	—	27,100
Professional fees	387,510	100,000(b)	487,510	—	487,510	—	487,510
Settlement costs with associations	256,913	—	256,913	—	256,913	—	256,913
Other expenses	584,247	—	584,247	—	584,247	—	584,247
Interest expense	402,825	(64,000)(c)	338,825	—	338,825	—	338,825
Income before taxes	1,333,636	(288,500)	1,045,136	—	1,045,136	—	1,045,136
Provision for income taxes	—	—	—	(397,200)(d)	(397,200)	—	(397,200)
Net income(1)	$1,333,636	$ (288,500)	$1,045,136	$ (397,200)	$ 647,936	$ —	$ 647,936
Weighted average shares of common stock outstanding							
Basic	—	—	—	—	—	—	3,700,000
Diluted	—	—	—	—	—	—	3,700,000
Net income available to common stock per share							
Basic	—	—	—	—	—	—	$ 0.18
Diluted	—	—	—	—	—	—	$ 0.18

(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 June 30, 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. Rodgers 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 the execution of his new employment agreement will not differ materially from his current salary.

(b) Represents incremental expenses that would have been payable by us to BLG if the new Services Agreement with BLG was in effect during the six months ended June 30, 2015.

(c) Represents interest expense recalculated for the period related to the debt agreement, dated June 25, 2015 (funded July 1, 2015), for $1,800,000 at 6% interest (plus LIBOR base rate) to refinance the debt agreement, dated January 26, 2015, originated at $2,000,000 with interest at 14%.

(d) Represents the provision for corporate income taxes at an effective statutory rate of 38%.

LM FUNDING, LLC AND SUBSIDIARIES

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Twelve Months Ended December 31, 2014

	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	$7,649,389	$ —	$7,649,389	$ —	$ 7,649,389	$ —	$ 7,649,389
Staff costs and payroll	1,301,137	505,000(a)	1,806,137	—	1,806,137	—	1,806,137
Collection costs	715,547	(715,547)(b)	—	—	—	—	—
Professional fees	565,537	200,000(b)	765,537	—	765,537	—	765,537
Settlement costs with associations	373,422	—	373,422	—	373,422	—	373,422
Other expenses	1,162,390	—	1,162,390	—	1,162,390	—	1,162,390
Interest expense	985,023	(344,000)(c)	641,023	—	641,023	—	641,023
Income before taxes	2,546,333	354,547	2,900,880	—	2,900,880	—	2,900,880
Provision for income taxes	—	—	—	(1,102,300)(d)	(1,102,300)	—	(1,102,300)
Net income(1)	$2,546,333	$ 354,547	$2,900,880	$ (1,102,300)	$ 1,798,580	$ —	$ 1,798,580
Weighted average shares of common stock outstanding							
Basic	—	—	—	—	—	—	3,700,000
Diluted	—	—	—	—	—	—	3,700,000
Net income available to common stock per share							
Basic	—	—	—	—	—	—	$ 0.49
Diluted	—	—	—	—	—	—	$ 0.49

(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, 2014 for transactions incurred or contemplated since December 31, 2014 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. Rodgers in the amount of $385,000 per year and new salary of Ms. Gould in the amount of $120,000 per year. No other salaries are included. Mr. Galaris' salary after the execution of his new employment agreement will not differ materially from his current salary.

(b) Represents incremental expenses and change in collection cost that would have been payable by us to BLG if the new Services Agreement with BLG was in effect during the year ended December 31, 2014.

(c) Represents interest expense recalculated for the year to reflect: (i) the new debt agreement, dated December 30, 2014, to refinance debt in the amount of $7,431,938 at 8% interest and (ii) the new debt agreement, dated June 25, 2015 (funded July 1, 2015), for $1,800,000 at 6% interest (plus LIBOR base rate) to refinance debt originated in January 2015, the proceeds of which were used to purchase membership interests in LM Funding, LLC beneficially owned by Frank C. Silcox.

(d) Represents the provision for corporate income taxes at an effective statutory rate of 38%.

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 these products to expand our business activities and grow both within and outside of Florida.

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 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 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 otherwise payable to the Association, and administrative late fees otherwise payable to the Association, 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.

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. Our obligation to pay monthly assessments under the *New Neighbor Guaranty* program is limited to 48 months or a lesser amount of months capped by the $17,000 per Account limit contained in our AmTrust insurance policy. Our obligation to pay monthly assessments on any unit ends upon full collection of all amounts owed on the Account. Although our current *New Neighbor Guaranty* Accounts have required a higher investment per Account due to our previous reluctance to cause Associations 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 cause Associations to 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. Also, we believe other judicial foreclosure states like Florida where we purchase *New Neighbor Guaranty* Accounts will have similar fluctuations in the time it takes to finish a foreclosure. Although we are not currently operating in non-judicial foreclosure states, we believe the time to complete foreclosures will be less in non-judicial foreclosure states since little or no court action is required to complete a foreclosure unlike in judicial foreclosure states like Florida where judges are involved in most steps required to complete a foreclosure, which increases the time it takes to complete a foreclosure. 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 fundings and recoveries relating to our original product and our *New Neighbor Guaranty* product for the six months ended June 30, 2015 and 2014, and the years ended December 31, 2014 and 2013:

Original Product	June 30, 2015	June 30, 2014
Beginning Balance	$2,430,456	$3,757,963
Fundings	112,512	159,662
Recoveries	(689,737)	(761,272)
Ending Balance	$1,853,231	$3,156,353

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

New Neighbor Guaranty	June 30, 2015	June 30, 2014
Beginning Balance	$1,042,805	$ 969,369
Fundings	261,792	40,060
Recoveries	(308,074)	(129,675)
Ending Balance	$ 996,523	$ 879,754

New Neighbor Guaranty	December 31, 2014	December 31, 2013
Beginning Balance	$ 969,369	$ 496,303
Fundings	381,585	616,346
Recoveries	(308,149)	(143,280)
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 six months ended June 30, 2015 and 2014, and the years ended December 31, 2014 and 2013:

Original Product	June 30, 2015	June 30, 2014
Interest on delinquent Association fees	$2,912,060	$3,295,496
Administrative and late fees	299,932	386,897
Underwriting and origination fees	162,745	84,125
Recovery of investment	689,737	761,272
Cash receipts of original product	$4,064,474	$4,527,790

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	$9,072,797	$8,214,106

New Neighbor Guaranty	June 30, 2015	June 30, 2014
Recoveries in excess of cost - *New Neighbor Guaranty*	$ 143,327	$ 76,953
Recovery of investment	308,074	129,675
Cash receipts of *New Neighbor Guaranty*	$ 451,401	$ 206,628

New Neighbor Guaranty	December 31, 2014	December 31, 2013
Recoveries in excess of cost - *New Neighbor Guaranty*	$ 136,655	$ 313,737
Recovery of investment	308,149	143,280
Cash receipts of *New Neighbor Guaranty*	$ 444,804	$ 457,017

Note—The disclosure above represents cash receipts of LM Funding, LLC and Subsidiaries. All legal fees and disbursements to Associations are not represented above as they are not made by LM Funding, LLC. 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 $507,000 in taxes for the six months ended June 30, 2015 and approximately $968,000 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 six months ended June 30, 2015 and year ended December 31, 2014. Please see “Unaudited Pro Forma Financial Statements” for additional information.

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Financial Overview

Historically our results of operations have consisted of revenues from proceeds collected from account debtors on our 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.

The following table presents selected consolidated financial data for the periods indicated:

	LM Funding, LLC and Subsidiaries							
	Six Months Ended		Three Months Ended				Year Ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	March 31, 2015	March 31, 2014	December 31, 2014	December 31, 2013
Revenue	$3,603,736	$4,001,127	$2,016,103	$2,260,069	$1,587,633	$1,741,058	$ 7,649,389	$ 6,895,487
Revenue % gain (decline)	(9.93)%	16.15%	(10.79)%	16.63%	(8.81)%	15.54%	10.93%	24.75%
Operating Expenses	$1,867,275	$2,293,700	$ 878,238	$1,195,914	$ 989,037	$1,097,786	$ 4,118,033	$ 3,825,885
Operating Expenses % gain (decline)	(18.59)%	25.49%	(26.56)%	33.73%	(9.91)%	17.60%	7.64%	19.58%
Operating Expenses as a % of revenue	51.81%	57.33%	43.56%	52.91%	62.30%	63.05%	53.83%	55.48%
Operating Income	$1,736,461	$1,707,427	$1,137,865	$1,064,155	$ 598,596	$ 643,272	$ 3,531,356	$ 3,069,602
Operating Income % gain (decline)	1.70%	5.60%	6.93%	1.98%	(6.95)%	12.19%	15.04%	31.84%
Operating Income as a % of revenue	48.19%	42.67%	56.44%	47.09%	37.70%	36.95%	46.17%	44.52%
Net Income	$1,248,353	$1,100,821	$ 880,764	$ 758,371	$ 367,589	$ 342,450	$ 2,382,464	$ 1,731,268
Net Income % gain (decline)	13.40%	11.15%	16.14%	2.60%	7.34%	36.28%	37.61%	71.12%
Net Income as a % of revenue	34.64%	27.51%	43.69%	33.56%	23.15%	19.67%	31.15%	25.11%
Operating Cash Flow	$1,435,420	$1,210,952	$ 741,851	$ 915,396	$ 693,569	$ 295,556	$ 2,422,570	$ 1,906,900
Operating Cash Flow as a % of revenue	39.83%	30.27%	36.80%	40.50%	43.69%	16.98%	31.67%	27.65%
Units Collected (a)	748	839	425	458	323	381	1,711	1,530
Revenue Per unit collected	$ 4,817.83	$ 4,768.92	$ 4,743.77	$ 4,934.65	$ 4,915.27	$ 4,569.71	$ 4,470.71	$ 4,506.85
Operating Expenses per unit collected	2,496.36	2,733.85	2,066.44	2,611.17	3,062.03	2,881.33	2,406.80	2,500.58
Operating Income per unit collected	2,321.47	2,035.07	2,677.33	2,323.48	1,853.24	1,688.38	2,063.91	2,006.28
Net Income per unit collected	1,668.92	1,312.06	2,072.39	1,655.83	1,138.05	898.82	1,392.44	1,131.55
Operating Cash Flow per unit collected	1,919.01	1,443.33	1,745.53	1,998.68	2,147.27	775.74	1,415.88	1,246.34

(a)Represents units that were collected and deemed “inactive” in our system in the period noted.

Results of Operations

The Six Months Ended June 30, 2015 Compared to the Six Months Ended June 30, 2014

Revenues

During the six months ended June 30, 2015, total revenue decreased $397,391, or 9.93%, to $3.604 million from $4.001 million for the six months ended June 30, 2014. This was primarily driven by a decrease in payoffs of 10.85% over the prior year. We recorded approximately 748 payoffs for the six months ended June 30, 2015 compared to 839 payoffs for the six months ended June 30, 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 Accounts collected by Associations in accordance with our contracts with Associations. The average dollar amount of payoff revenue also increased by 1.03% to $4,817.83 per payoff in the six months ended June 30, 2015 from $4,768.92 per payoff in the six months ended June 30, 2014.

These decreases were partially offset by an increase of $66,374 related to recoveries in excess of cost on payoffs related to our *New Neighbor Guaranty* product. 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 receivable. We also saw a decrease in rental revenue in the six months ended June 30, 2015 of $71,984 to $85,672 from $157,656 for the six months ended June 30, 2014. This was due to the sale of a home in our portfolio in 2014.

Operating Expenses

During the six months ended June 30, 2015, operating expenses decreased $426,425, or 18.59%, to $1.867 million from $2.294 million for the six months ended June 30, 2014. During the second quarter of 2015, we aggressively managed our discretionary spending throughout our operating expenses. The two largest areas that savings were realized in related to professional fees and marketing and advertising where savings topped $107,000. In total, this saving initiative helped reduce operating expenses by $139,314 while minimally affecting our day to day operations.

On top of the savings from our saving initiative, we also realized a reduction in collection cost of $305,796, or 91.86%, to $27,100 for the six months ended June 30, 2015 from $332,896 for the six months ended June 30, 2014. This was primarily driven by a new agreement between us and BLG where we recuperate our expense for collection cost. In the six months ended June 30, 2014, the money that was received on settlement related to the costs was awarded to BLG.

Interest Expense

During the six months ended June 30, 2015, interest expense decreased $116,869, or 22.49%, to $402,825 from $519,694 for the six months ended June 30, 2014. This decrease is primarily attributable to our refinancing of $7.432 million of indebtedness in December of 2014 at 8% interest. For the six months ended June 30, 2014 we had loans outstanding of $4.357 million at 16% interest and $2.921 million at 10% interest.

Net Income

During the six months ended June 30, 2015, net income increased $147,532, or 13.40%, to $1.248 million from $1.101 million for the six months ended June 30, 2014. Our decrease in revenue for the six months ended June 30, 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 June 30, 2015, we had cash and cash equivalents of $2.430 million compared to $1.127 million at June 30, 2014. The increase in cash is primarily due to net cash from operations of $1.435 million as well as $601,537 from investing activities. This was partially offset by net cash used in financing activities of $1.635 million.

Cash from Operations

Net cash from operations was $1.435 million during the six months ended June 30, 2015, compared to $1.211 million during the six months ended June 30, 2014. This was primarily driven by movements on the balance sheet in pre-paid expenses and accrued expenses. For the six months ended June 30, 2015, these movements accounted for a decrease in cash of $264,512. This difference on the balance sheet was offset by an increase in net income of $147,532 during the six months ended June 30, 2015 compared to the six months ended June 30, 2014.

Cash from Investing Activities

For the six months ended June 30, 2015, our finance receivables decreased by $577,225 compared to the six months ended June 30, 2014. This was due to us collecting more Accounts than were invested in for the period. Our primary business relies on our ability to invest in units, and during the six months ended June 30, 2015, this balance decreased from the six months ended June 30, 2014. This balance has been in consistent decline for the past six quarters. This balance is very susceptible to housing market fluctuations, but as our current market penetration is less than 1% in Florida, we believe there is still a large untapped market for our product offerings to grow in Florida, as well as elsewhere. Related to our original product, for the six months ended June 30, 2015, we acquired 260 Accounts for $112,473 compared to 225 Accounts for $159,662 for the six months ended June 30, 2014. Related to our *New Neighbor Guaranty* product, for the six months ended June 30, 2015, we acquired 62 new Accounts and made a total investment of $261,792 compared to 11 new Accounts and total investment of $40,060 in the six months ended June 30, 2014.

Finance receivables for our original product outstanding as of June 30, based on the year of funding, were as follows:

	June 30, 2015	June 30, 2014
Funded during the last twelve months	$ 170,000	$ 265,000
1-2 years outstanding	135,000	638,000
2-3 years outstanding	294,000	933,000
3-4 years outstanding	719,000	882,000
Greater than 4 years outstanding	535,000	438,000
	$1,853,000	$3,156,000

Cash from Financing Activities

As of June 30, 2015, indebtedness of LMF-LLC was $8.821 million compared to $7.278 million as of June 30, 2014. On December 30, 2014, we entered into a Credit Agreement with a financial institution with 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 $7.432 million. Proceeds from this note were used to pay off all outstanding indebtedness of LMF-LLC at that time.

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 on 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 consisted of the following at June 30, 2015 and 2014:

	June 30, 2015	June 30, 2014
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.	$ —	$4,357,110
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.	—	2,921,385
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 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.	7,042,975	—
Promissory note issued to a private lender, bearing interest at 14%, 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.	1,777,778	—
	$8,820,753	$7,278,495

As of June 30, 2015 minimum required principal payments on notes payable are $1,634,837 in 2015, $1,701,281 in 2016, $4,540,274 in 2017 and $944,361 in 2018.

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 1.5% to $4,137 per payout in 2014 from $4,075 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 having Associations foreclose 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 payouts and the termination of payouts 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 $48,585, 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 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 believe 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 $19,000 compared to 27 Accounts for $16,000 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 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.

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* 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, there were 65 million residents residing in community associations in the United States. Those residents were 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 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 these products to expand our business activities and grow 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 27 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 otherwise payable to the Association, and administrative late fees otherwise payable to the Association, 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.

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, in the following variation of the above example, 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

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.

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:	$700(1)
Due to Association:	$0
Total to Association (including initial funding amount):	$4,800
Gross Profit to LMF:	$2,014

(1) $700 of legal fees are due to BLG under this fact pattern. The Services Agreement between BLG and the Company states in pertinent part:

"a) 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."

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 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. 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, their 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 address the immediate financial problems faced by Associations as a result of delinquent unit owners while also recovering amounts owed.

According to the 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.

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. Our Association clients 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 our Association clients 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 their 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, we believe 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 growth, we believe we have developed sound underwriting policies and data analytics that give us a competitive advantage 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 described in more detail below 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 evolving 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***. We believe our proprietary software enables an attorney to efficiently handle approximately 1,000 accounts at a time with a high degree of uniformity and accuracy based upon our experience with the historical caseload per lawyer of Business Law Group, P.A. 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 could 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, 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. We paid off that loan, which bore interest at 14% per annum, on July 1, 2015 after we entered into a new loan agreement with IBERIABANK on June 25, 2015. The new loan bears interest at 6% plus the LIBOR Base Rate published in the *Wall Street Journal* per annum. The loan matures on December 25, 2017 and is secured by all of the rights, title, interest and privileges of our subsidiary, LMF October 2010 Fund, LLC, relating to collections on approximately 860 Accounts.

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 BLG through a full redemption of his interest in the firm, and BLG will be solely owned by and 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 the above-described Florida statutory provisions that effectively protect the principal amount invested by us in each Account. 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 the funded Super Lien Amount and 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, after giving effect to the payment to us of the funded Super Lien Amount, the relevant Florida statutes and applies all collected amounts in order to interest, late fees, legal fees, costs, and then-remaining past due assessments, which places us in a priority position over the Associations on all amounts collected. The first dollars collected are applied to paying us the funded Super Lien Amount. 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 on the delinquent assessments, even with partial payments factored in we have been able to recover 76% of accrued interest and late fees owing on the delinquent assessments 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 limitation 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 $119,000 in excess of the amounts paid to that Association while continuously paying all monthly assessments. About 67% 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 30, 2015, about twenty-three 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 by or on behalf of the Associations, we believe we will be able to limit our monthly outlays by having Associations foreclose, taking title, and renting units rather than waiting for a mortgage foreclosure to occur before monetizing our lien position. Our obligation to pay monthly assessments under the *New Neighbor Guaranty* is limited to 48 months or a lesser amount of months capped by the $17,000 per Account limit contained in our AmTrust insurance policy. Our obligation to pay monthly assessments on any unit ends upon full collection of all amounts owed on the Account.

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 fully expect the continued renewal or non-cancelation of the policy. As of June 30, 2015, approximately fourteen percent (14%) of our currently active Accounts are insured by this product.

We may cancel our AmTrust insurance policy at any time. AmTrust may cancel the policy for the following reasons: (i) our failure to pay a premium when due, (ii) our material misrepresentation or intentional concealment of a material fact, (iii) an increased hazard or substantial change in risk assumed by AmTrust which AmTrust could not have reasonably foreseen and (iv) our material failure to comply with the policy's terms. If AmTrust

cancels coverage for our non-payment of premiums, it will deliver a written cancelation notice at least ten days prior to the effective date of cancelation. If AmTrust cancels coverage for any other reason, it will deliver a written cancelation notice at least thirty days prior to the effective date of such cancelation. If AmTrust decides not to renew the policy, it will deliver a written notice of non-renewal at least ninety days prior to the anniversary of the policy. Unless canceled during the policy period or non-renewed, the policy will automatically renew for an additional twelve-month period on each policy anniversary date.

We are currently in negotiations with AmTrust and its representative broker to extend coverage for additional policy periods. If we are unable to reach an agreement we will pursue coverage from other carriers. Our business operations could be affected by impairing cash-flows that would otherwise be smoothed by the insurance payments if we are unable to find comparable coverage on a commercially reasonable basis.

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 having Associations quickly foreclose on and rent 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 would 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 June 30, 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 June 30, 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, as of June 30, 2015, 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.

In some instances, Associations will foreclose and take title to a property that is subject to a superior mortgage and quitclaim the property to us subject to the 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 have the Association 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 having an Association complete 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.

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. Although we realize rental income from most of our properties, we have no way to determine the amounts owed on the senior mortgages on these properties and we believe we do not have any equity in our owned properties. As of July 1, 2015 we own 37 condominiums all subject to mortgages with a fair market value of $4,460,000 according to Zillow. We also have Associations pursue lien foreclosures on most *New Neighbor Guaranty* Accounts in order to eliminate our obligation to the Association and monetize the Account through rents.

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 high 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 reasonable steps 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 July 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 $50 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 where a collection event has occurred and BLG recovers no legal fees from the delinquent unit owner. 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 foreseeable 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 July 1, 2015, we had ten 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 the outcome is indeterminate at this time.

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 July 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.	78	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. ("BLG"). 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 Vice President—General Manager of LMF 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 various finance positions for the North American Wound Care Division of Smith and Nephew including Director of Finance, Finance Manager, and Reporting/Controls Manager. From 2010 to 2012, Mr. Weclew was the Assistant Controller for Airgas Retail Solutions. 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 78, 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 on 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 committee, 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. where she is an at-will employee earning 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 issued and outstanding shares of the Company immediately prior to the closing of this offering (94,500) 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 600,000 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 600,000 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 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 July 1, 2015, we offer each of our employees, including the NEOs, Company-paid health care premiums up to $350 per month in health plans selected by our company from time to time. No other employee benefits are provided as of July 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. 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 will 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 foreseeable future.

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 $0 and has accrued unbilled fees of approximately $368,187 through July 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 2,100,000 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. Certain of our director nominees have indicated an interest in purchasing units in this offering. The table below does not reflect any shares of our common stock that our director nominees, directors, executive officers or 5% stockholders or their affiliated entities may purchase in connection with this offering. 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	2,058,824	98.04%	2,058,824	62.39%	2,058,824	50.22%
Named Executive Officers, Directors and Director Nominees:						
Frank C. Silcox[1]	—	—	—	—	—	—
Sean Galaris	—	—	—	—	—	—
Bruce M. Rodgers	2,100,000[2]	100%	2,100,000[2]	63.64%	2,100,000[2]	51.22%
Carollinn Gould	2,100,000[2]	100%	2,100,000[2]	63.64%	2,100,000[2]	51.22%
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):	2,100,000[2]	100%	2,100,000[2]	63.64%	2,100,000[2]	51.22%

(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 2,058,824 shares owned by CGR63, LLC and 41,176 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 2,100,000 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 will be authorized to issue up to 10,000,000 shares of common stock, par value $0.001 per share. As of the consummation of this offering there will be approximately 2,100,000 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 will provide that our Board of Directors has the authority, without action by the stockholders, to designate and issue up to 5,000,000 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 $12.50 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 2,000,000 warrants outstanding if we achieve the maximum offering and 1,200,000 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 our 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 or 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 150% of the public offering 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.

Book-Entry Form

Individual certificates will not be issued for the units, shares of common stock, and warrants. Instead, one or more global certificates will be deposited by us with The Depository Trust Company ("DTC") and registered in the name of Cede & Co., as nominee for DTC. The global certificates will evidence all of the units, shares of common stock, and warrants outstanding at any time. Accordingly, holders of our units, shares of common stock, and warrants are limited to (1) participants in DTC such as banks, brokers, dealers and trust companies ("DTC Participants"), (2) those who maintain, either directly or indirectly, a custodial relationship with a DTC Participant ("Indirect Participants"), and (3) those banks, brokers, dealers, trust companies and others who hold interests in the securities through DTC Participants or Indirect Participants. The securities are only transferable through the book-entry system of DTC. Holders who are not DTC Participants may transfer their securities through DTC by instructing the DTC Participant holding their securities (or by instructing the Indirect Participant or other entity through which their securities are held) to transfer the securities. Transfers will be made in accordance with standard securities industry practice.

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 3,300,000 shares of common stock outstanding. Of these shares, 1,200,000 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, and any shares subject to the lock-up arrangements described below. If we sell the maximum number of units, we will have 4,100,000 shares of common stock outstanding. Of these shares, 2,000,000 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, and any shares subject to the lock-up arrangements 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) November 13, 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, (ii) by wire transfer from participating dealers received on or before 2:00 p.m. of the closing date with appropriate instructions or (iii) 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	$ 10.00	$ 12,000,000.00	$ 20,000,000.00
Placement Fee	$ 0.75	$ 900,000.00	$ 1,500,000.00
Proceeds to us, before expenses	$ 9.25	$ 11,100,000.00	$ 18,500,000.00

(1) We have assumed a placement fee of 7.5% 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. For referring this offering and referring other broker dealers registered with FINRA to the Placement Agent as part of its selling group for this offering the Placement Agent has agreed to pay StillPoint Capital, LLC ("StillPoint"), a FINRA registered broker dealer, 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 is not participating in this sale or distribution of the units nor is StillPoint a member or part of this selling group for this offering. The Placement Agent has complete control over the terms of this offering including but not limited to structure, size, pricing and valuation. The only compensation payable to StillPoint is the referral fees described above. All referral fees paid to StillPoint shall be paid out of the Placement Agent fees payable to the Placement Agent and do not represent additional compensation payable from the Company.

We expect our total cash expenses for this offering to be approximately $1,059,479, exclusive of the above placement fee and 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 $200,000 (maximum offering), or $120,000 (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). In addition, any advance received by participating members will be reimbursed to the Company to the extent not actually incurred pursuant to FINRA Corporate Financing Rule 5110(f)(2)(c).

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 have filed 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 and balance sheet of LM Funding America, Inc. as of April 20, 2015 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.

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Report of Independent Registered Public Accounting Firm

TO THE BOARD OF DIRECTORS AND MANAGEMENT OF
LM FUNDING AMERICA, INC.

We have audited the accompanying balance sheet of LM Funding America, Inc. (the "Company") as of April 20, 2015. The balance sheet is the responsibility of the Company's management. Our responsibility is to express an opinion on the balance sheet based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is 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 audit 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 financial statement. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of LM Funding America, Inc. at April 20, 2015, in conformity with accounting principles generally accepted in the United States of America.

SKODA MINOTTI

Tampa, Florida
July 24, 2015

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LM FUNDING AMERICA, INC.

BALANCE SHEETS

APRIL 20, 2015 (date of incorporation) AND JUNE 30, 2015 (Unaudited)

ASSETS		
	4/20/2015	**(Unaudited) 6/30/2015**
ASSETS	$ —	$ —
LIABILITIES AND STOCKHOLDER'S EQUITY		
LIABILITIES	$ —	$ —
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDER'S EQUITY		
Preferred stock, par value $0.001 per share, 20,000,000 shares authorized, none issued and outstanding	—	—
Common stock, par value $0.001 per share, 80,000,000 shares authorized, none issued and outstanding	—	—
	$ —	$ —

LM FUNDING AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

LM Funding America, Inc. (the "Company") was formed as a Delaware corporation on April 20, 2015. The Company was formed for the purposes of completing a public offering and related transactions in order to carry on the business of LM Funding, LLC and subsidiaries. The Company will be the sole managing member of LM Funding, LLC and will operate and control all of the businesses and affairs of LM Funding, LLC and, through LM Funding, LLC and its subsidiaries, continue to conduct the business now conducted by these subsidiaries.

Basis of Accounting

The balance sheet is presented in accordance with accounting principles generally accepted in the United States of America. Separate statements of operations, changes in stockholder's equity, and cash flows have not been presented in the financial statements because there have been no activities in this entity.

2. STOCKHOLDER'S EQUITY

The Company is authorized to issue 20,000,000 shares of Preferred Stock, par value $0.001 per share, and 80,000,000 shares of Common Stock, par value $0.001 per share, none of which have been issued or are outstanding. Prior to its initial public offering, the Company intends to amend its certificate of incorporation to reduce its authorized capital stock to 5,000,000 shares of Preferred Stock, par value $0.001 per share, and 10,000,000 shares of Common Stock, par value $0.001 per share.

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. Recoveries under this credit insurance program during 2014 were approximately $81,000. Recoveries during 2013, the first year of the program, were $0. 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. The Company will charge any receivable against the allowance for credit losses when management believes the uncollectibility of the receivable is confirmed. Any losses greater than the recorded allowance will be recognized as expense. 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.

LM FUNDING, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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

LM FUNDING, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

LM FUNDING, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PREFERRED RETURNS AND DISTRIBUTIONS (continued)

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.

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

LM FUNDING, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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.

LM FUNDING, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

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 LMF SPE#2, LLC and all cash held in LMF 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

LM FUNDING, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. OPERATING LEASE (continued)

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.

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.

LM FUNDING, LLC AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. RELATED PARTY TRANSACTIONS (continued)

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.

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

JUNE 30, 2015 AND DECEMBER 31, 2014

	June 30, 2015	December 31, 2014
ASSETS		
Cash	$ 2,429,982	$ 2,027,694
Finance receivables	2,849,754	3,473,261
Due from related party	12,851	463,900
Other assets	707,841	806,503
Total assets	$ 6,000,428	$ 6,771,358
LIABILITIES AND MEMBERS' DEFICIT		
Liabilities	$ 348,700	$ 472,597
Bank indebtedness	7,042,975	7,431,938
Other indebtedness	1,777,778	0
Total indebtedness	9,169,453	7,904,535
Members' deficit	(3,229,328)	(1,144,212)
Non-controlling interest	60,303	11,035
Total members' deficit	(3,169,025)	(1,133,177)
Total liabilities and members' deficit	$ 6,000,428	$ 6,771,358

See the accompanying notes to these condensed consolidated financial statements.

LM FUNDING, LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Revenues	$3,603,736	$4,001,127
Staff costs and payroll	611,505	654,255
Collection costs	27,100	332,896
Professional fees	387,510	390,816
Settlement costs with associations	256,913	226,527
Other expenses	584,247	689,206
Operating Income	1,736,461	1,707,427
Interest expense	402,825	519,694
Income before non-controlling interest	1,333,636	1,187,733
Income attributed to non-controlling interest	(85,283)	(86,912)
Net Income	$1,248,353	$1,100,821

See the accompanying notes to these condensed consolidated financial statements.

LM FUNDING, LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' DEFICIT

SIX MONTHS ENDED JUNE 30, 2015

	Members			Total Capital	
	LM Funding Management, LLC	CGR 63, 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)	—	(1,960,010)	—
Capital contributions	—	—	—	—	—
Return of capital	—	(673,459)	—	(673,459)	(36,015)
Preferred Return paid	—	—	—	—	—
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
Close out capital account	—	—	—	—	—
Redemption of membership interest	—	—	—	—	—
Capital contributions	—	—	—	—	—
Return of capital	—	(700,000)	—	(700,000)	—
Preferred Return paid	—	—	—	—	—
Net income, allocated	—	862,559	18,205	880,764	48,157
BALANCE - JUNE 30, 2015	$ —	$(3,254,737)	$25,409	$(3,229,328)	$ 60,303

See the accompanying notes to these condensed consolidated financial statements.

LM FUNDING, LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Net cash provided by operating activities	$ 1,435,420	$ 1,210,952
Net cash provided by investing activities	601,537	612,040
Net cash used in financing activities	(1,634,669)	(1,460,528)
Net Increase in cash	402,288	362,464
Beginning cash balance	2,027,694	764,850
Ending cash balance	$ 2,429,982	$ 1,127,314

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 six months ended June 30, 2015 and as of and for the six months ended June 30, 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 presented. See the notes to consolidated audited financial statements beginning at page F-10 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 law 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 law 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 six months ended June 30, 2015, $143,596 in proceeds from property owners was recognized by the Company and recorded as a reduction of collection costs incurred.

3. NOTES PAYABLE

On January 26, 2015, the Company's subsidiary, LMF October 2010 Fund, LLC, borrowed $2 million on a three-year term. The proceeds of this loan were used to redeem the membership interests of LM Funding, LLC beneficially owned by Frank C. Silcox. This loan was refinanced in July of 2015 (See Note 4).

LM FUNDING, LLC AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. NOTES PAYABLE (continued)

Debt of the Company consisted of the following at June 30, 2015 and December 31, 2014:

	June 30, 2015	December 31, 2014
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 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.	$ 7,042,975	$ 7,431,938
Promissory note issued to a private lender, bearing interest at 14%, principal of $55,555 per month plus interest due through maturity on February 1, 2018. Collateralized by accounts receivable, contract rights and lien rights arising from or relating to collection of 1,067 Accounts as well as all deposit accounts and cash of LMF October 2010 Fund, LLC. LM Funding, LLC and its members guaranteed this loan. (See Note 4 below)	1,777,778	—
	8,820,753	7,431,938
Less: portion due in 2015	(1,634,837)	(1,190,383)
	$ 7,185,916	$ 6,241,555

4. SUBSEQUENT EVENTS

Effective July 1, 2015, the Company's subsidiary, LMF October 2010 Fund, LLC, borrowed $1.8 million on a 29-month term under a loan agreement dated June 25, 2015. This note bears interest at 6% plus the LIBOR Base Rate published in the Wall Street Journal per annum and is collateralized by all of the accounts receivable, contract rights and lien rights arising from or relating to collection of payments made by the Company relating to 860 Accounts as well as all deposit accounts and cash of LMF October 2010 Fund, LLC. Certain beneficial owners of the members of LM Funding, LLC guaranteed this loan. This loan amortizes in 29 equal installments of principal and interest commencing July 25, 2015. The proceeds from this loan were used to pay off the promissory note which accrued interest at 14% with a balance of $1,777,778 and accrued interest of $21,432 at June 30, 2015.

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.

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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 2,000,000 Units

Minimum of 1,200,000 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	7,250
NASDAQ Capital Market listing fee	5,000
Transfer agent and warrant agent expenses and fees	7,000
Printing and engraving expenses	150,000
Accountants' fees and expenses	225,000
Legal fees and expenses	640,000
Miscellaneous	20,000(2)
Total expenses	$1,059,479

(1) Rounded up to nearest whole number.
(2) Excludes a maximum 1% accountable expense allowance for our Placement Agent.

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 41,176 shares of common stock to BRR Holding, LLC and 2,058,824 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.

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 7th day of August, 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)	August 7, 2015
/s/ Stephen Weclew Stephen Weclew	Chief Financial Officer (Principal Accounting Officer and Principal Financial Officer)	August 7, 2015

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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 Warrant Agreement.
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	Errors and Omissions Agreement, dated June 25, 2015, by LMF October 2010 Fund, LLC in favor of IBERIABANK.

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Exhibit Number	Document Description
10.18	Business Loan Agreement (Asset Based), dated June 25, 2015, between LMF October 2010 Fund, LLC and IBERIABANK.
10.19	Commercial Guaranty, dated June 25, 2015, by Carollinn Gould in favor of IBERIABANK.
10.20	Commercial Guaranty, dated June 25, 2015, by Bruce Rodgers in favor of IBERIABANK.
10.21	Commercial Security Agreement, dated June 25, 2015, by LMF October 2010 Fund, LLC in favor of IBERIABANK.
10.22	Promissory Note, dated June 25, 2015, by LMF October 2010 Fund, LLC in favor of IBERIABANK.
10.23#**	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 as to LM Funding, LLC and Subsidiaries.
23.2	Consent of Skoda Minotti, independent registered public accounting firm as to LM Funding America, Inc.
23.3	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.
** Previously filed.

Exhibit 1.1

LM FUNDING AMERICA, INC.

Public Offering of Units

Maximum: 2,000,000 Units

Minimum: 1,200,000 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, and its wholly owned subsidiary, LM Funding, LLC, a Florida limited liability company, (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 1,200,000 units and a maximum of 2,000,000 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"), at a public offering price of Ten Dollars ($10.00) per Unit. 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 1,200,000 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. 333-205232 (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 10,000,000 Common Shares, of which 2,100,000 are issued and outstanding and 5,000,000 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 comply 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 (2,000,000) 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) November 13, 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 1,200,000 Units have been sold. The Sales Agents shall deliver, as applicable, 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 1,200,000 Units by November 13, 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) seven and one-half percent (7.5%) 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) Reserved.

(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. In addition any advance received by the Sales Agent or any Selected Dealer will be reimbursed to the Company to the extent not actually incurred pursuant to FINRA Corporate Financing Rule 5110(f)(2)(C).

(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 November 13, 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 November 13, 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 $100,000. 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 November 13, 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	2,058,824
BRR	1	41,176

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 4.1

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. 333-205232 (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 $12.50 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 $15.00 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 $12.50 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 $15.00 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 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

August 7, 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. 333-205232) on Form S-1 (as amended, the "Registration Statement") relating to the offer and sale of (1) $40,000,000 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 and (3) shares of the Company's common stock, par value $0.001 per share, to be issued upon the exercise of the Warrants.

In connection with this opinion, we have examined and relied upon the Registration Statement and related Prospectus; the Company's Certificate of Incorporation (as amended); the Company's By-Laws (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 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 10.3

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 and the Chief Executive Officer.

(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 and officers 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. Notwithstanding anything contained in this Section 1, Executive will not be required to comply with any policy or rule that is in contradiction to this Agreement or its terms and conditions.

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 twenty-four (24) months thereafter. 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 two years and is automatically renewed each successive two years 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. Without limiting the generality of the foregoing, Executive will be eligible for additional annual salary merit increases during the Term beginning in 2016 after 12 months of employment from the effective date 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 of Stock Options to purchase 4.5% 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. Such Option shall vest in equal parts over three years from the date of the Agreement. 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 and officers, 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. In addition, the Company shall purchase and maintain family policies for health insurance, dental insurance and hospitalization insurance. Executive shall also be entitled to all benefits including but not limited to life insurance, disability insurance, 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, officers and the Chief Executive Officer (subject to all restrictions on participation that may apply under federal and state tax laws). In addition, Executive will be entitled to an automobile allowance of up to $1,000.00 per month during the Term of this Agreement.

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 consecutive 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) proof of 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, (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 10 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," provided they fall within the range of responsibilities and duties that are consistent with senior executive management at comparable companies.

(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.

(D) any accrued vacation or sick time shall be paid at the regular rate of pay within 30 days 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) 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 24 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.

(E) Any accrued vacation and sick time shall be paid at the regular rate of pay within 30 days of the last date of employment

(F) Family health insurance and dental insurance, either private coverage or via COBRA coverage, shall be paid by the Company based on its normal policy from the Termination Date and ending 24 months thereafter.

(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, provided the Company is in compliance with its obligations under this Agreement.

(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 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, 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) 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 subject to the specific performance required under Section 4 of this Agreement and all of the terms contained in such section.

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, the Chief Executive 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 10.11

ESCROW AGREEMENT

This Escrow Agreement (this "Agreement") is made and entered into as of the day of August, 2015, by and among LM Funding America, Inc., a Delaware corporation (the "Company"), SunTrust Bank, a Georgia banking corporation ("Escrow Agent"), and International Assets Advisory, LLC, a Florida limited liability company ("IAA"), as representative of the several sales agents (individually and collectively, the "Sales Agent") set forth in Schedule I of the Sales Agency Agreement, dated August, 2015, by and between the Company and IAA, as such representative, and on Schedule I of this Agreement.

RECITALS:

A. The Company proposes to sell a minimum of 1,200,000 units and a maximum of 2,000,000 units, with each unit consisting of one share of common stock, $0.001 par value, and one warrant, of the Company (the "Units") at a price per Unit of $10.00.

B. The Company has retained the Sales Agent, as agent for the Company on a best efforts, minimum-maximum basis, to sell the Units in a public offering (the "Offering") registered under the provisions of the Securities Act of 1933, as amended, and the Sales Agent has agreed to sell the Units in the Offering as the Company's agent on a best efforts, minimum-maximum basis.

C. The Escrow Agent is willing to hold the proceeds of the Offering (the "Offering Proceeds") in escrow pursuant to this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained in this Agreement, it is hereby agreed as follows:

1. Establishment of the Escrow Account. Contemporaneously herewith, the parties have established a non-interest-bearing escrow account with the Escrow Agent, which escrow account is entitled "LM Funding America Escrow Account" (the "Escrow Account"). Payment for the Units may be made (i) by check, bank draft or money order made payable to "SunTrust Bank, as Escrow Agent for–LM Funding America, Inc.and delivered to the Sales Agent no less than four Business Days before the Closing Date (as defined below), IAA will cause the Sales Agent to transfer these funds directly to the Escrow Agent ("Monies Delivered"), (ii) by authorization of withdrawal from securities accounts maintained with the Sales Agent, or (iii) by wire transfer to the Escrow Agent pursuant to the instructions set forth on Exhibit "C". 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 while held in the securities account, if any interest is to accrue on such amounts, at the contractual rates until closing or termination of the Offering ("Monies Authorized"). No interest will accrue on any Monies Authorized which are delivered to the Escrow Agent for deposit in the Escrow Account. If a purchaser authorizes the Sales Agent to withdraw the amount of the purchase price from a securities account, IAA will cause the Sales Agent to deliver the Monies Authorized to the Escrow Agent for deposit in the Escrow Account by 2:00 PM eastern daylight savings time on the Closing Date. Any check received which is made payable to any party other than the Escrow

Agent shall be returned to the purchaser who submitted the check and not accepted. The Escrow Agent shall have no responsibility for payments until such proceeds are actually received, clear through normal banking channels and constitute collected funds. The Escrow Agent shall have no duty to collect or seek to compel payment of any payments, except to place such proceeds or instruments representing such proceeds for deposit and payment through customary banking channels. Checks for Offering Proceeds furnished by purchasers shall be made payable to: SunTrust Bank, as Escrow Agent for LM Funding America, Inc. For purposes of this Agreement, "Business Day" shall mean any day other than a Saturday, Sunday or any other day on which the Escrow Agent located at the notice address set forth in Section 11 is authorized or required by law or executive order to remain closed.

2. Escrow Period. The escrow period (the "Escrow Period") shall begin with the commencement of the Offering and shall terminate upon the earlier to occur of the following dates:

(a) the date on which the Escrow Agent confirms to the Company and IAA that it has received in the Escrow Account $20,000,000 in Offering Proceeds;

(b) November 14, 2015; or

(c) the date on which IAA and the Company notify the Escrow Agent in writing that the Offering has been terminated.

The Company is aware and understands that, during the Escrow Period, it is not entitled to any funds received into escrow and no amounts deposited in the Escrow Account shall become the property of the Company or any other entity or be subject to the debts of the Company or any other entity.

3. Deposits into the Escrow Account. IAA will deliver or cause the Sales Agents to deliver to the Escrow Agent for deposit in the Escrow Account all (i) Monies Delivered received from purchasers of the Units by noon of the next Business Day after receipt and (ii) all Monies Authorized by 2:00 PM eastern daylight savings time on the Closing Date, in each case 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, (e) the purchaser's social security or tax identification number and (f) such other information as will enable the Escrow Agent to attribute to a particular purchaser all proceeds received by the Escrow Agent. The Escrow Agent agrees to hold all monies so deposited in the Escrow Account (the "Escrow Amount") in escrow in accordance with the terms hereof until authorized to disburse such monies under the terms of this Agreement.

4. Disbursements from the Escrow Account. In the event that the Escrow Agent does not receive at least $12,000,000 in Offering Proceeds prior to the termination of the Escrow Period, or if IAA and the Company notify the Escrow Agent that the Offering has been terminated, the Escrow Agent shall promptly refund to each purchaser the amount of Offering

Proceeds held in the Escrow Account for such purchaser, without payment of interest, and the Escrow Agent shall notify the Company and IAA of its distribution of the funds. The Offering Proceeds returned to each purchaser shall be free and clear of any and all claims of the Company or any of its creditors.

In the event that the Escrow Agent does receive at least $12,000,000 in Offering Proceeds prior to the termination of the Escrow Period, on the Closing Date (or as soon as practicable thereafter), the Escrow Agent shall disburse the Escrow Amount pursuant to the provisions of Section 6; provided, however, that in no event will the Escrow Amount be released to the Company until such amount is received by the Escrow Agent in collected funds. For purposes of this Agreement, the term "collected funds" shall mean all funds, including fed funds, received by the Escrow Agent which have cleared normal banking channels.

5. Collection Procedure.

(a) The Escrow Agent is hereby authorized to deposit each check in the Escrow Account.

(b) In the event that any check paid by a purchaser and deposited in the Escrow Account shall be returned, the Escrow Agent shall notify IAA by telephone of such occurrence and advise it of the name of the purchaser, the amount of the check returned, and any other pertinent information. The Escrow Agent shall then transmit the returned check directly to the purchaser and shall transmit the statement previously delivered by the Sales Agent relating to such purchase to the Sales Agent.

(c) If the Escrow Agent receives written notice from the Company or IAA that the Company or a Sales Agent, as applicable, has rejected any purchase of Units for which the Escrow Agent has already collected funds, the Escrow Agent shall promptly issue a refund check to the rejected purchaser. If the Escrow Agent receives written notice from IAA that any Sales Agent has rejected any purchase of Units for which the Escrow Agent has not yet collected funds but has submitted the purchaser's check for collection, the Escrow Agent shall promptly issue a check in the amount of the purchaser's check to the rejected purchaser after the Escrow Agent has cleared such funds. If the Escrow Agent receives written notice from the Company or IAA, as applicable, that the Company or a Sales Agent, as applicable, has rejected any purchase of Units for which the Escrow Agent has not yet submitted the rejected purchaser's check for collection, the Escrow Agent shall promptly remit the purchaser's check directly to the purchaser.

6. Delivery of Escrow Account.

In the event that the Escrow Agent receives at least $12,000,000 in Offering Proceeds prior to the termination of the Escrow Period as provided in Section 4, then on or prior

to the Closing Date, IAA and the Company shall provide the Escrow Agent with a statement, executed by IAA and the Company, containing the following information:

(i) The total number of Units sold by the Sales Agent directly to purchasers and a list containing the name of each purchaser, the number of Units purchased by each purchaser, and a specification of the manner in which the Units will be issued by the Company; and

(ii) A calculation by IAA and the Company as to the manner in which the Escrow Account should be distributed to the Company and the Sales Agent and, in the event of oversubscription or rejection of certain purchasers, the aggregate amount to be returned to individual purchasers and a listing of the exact amount to be returned to each such purchaser.

The Escrow Agent shall hold the Escrow Amount and distribute it in accordance with the above-described statement on the Closing Date (or as soon as practicable thereafter) or such later date that it receives the above-described statement (or as soon as practicable thereafter).

7. Investment of Escrow Account.

(a) The Escrow Agent shall deposit funds received from purchasers in the Escrow Account.

(b) The Escrow Agent shall invest all funds held pursuant to this Agreement in the SunTrust Non-Interest Deposit Option. As of the date of this Escrow Agreement, the investments in the SunTrust Non-Interest Deposit Option are insured, subject to the applicable rules and regulations of the Federal Deposit Insurance Corporation (the "FDIC"), in the standard FDIC insurance amount of $250,000, including principal and accrued interest. Deposits in the SunTrust Non-Interest Deposit Option are not secured. The Company and IAA (individually and as representative of each Sales Agent) represent and warrant that the investment as set forth in Exhibit C is a legal investment under applicable law, including Rule 15c2-4 under the Securities Exchange Act of 1934, and that the Company and IAA will not direct that the funds be invested in any investment that would not be a legal investment under applicable law for such funds. The Company and IAA recognize and agree that the Escrow Agent will not provide supervision, recommendations or advice relating to the investment of moneys held hereunder or the purchase, sale, retention or other disposition of any investment, and the Escrow Agent shall not be liable to the Company, Sales Agent or any other person or entity for any loss incurred in connection with any such investment. The Escrow Agent is hereby authorized to execute purchases and sales of investments through the facilities of its own trading or capital markets operations or those of any affiliated entity. The Escrow Agent or any of its affiliates may receive compensation with respect to any investment directed hereunder including without limitation charging any applicable agency fee in connection with each transaction. The Escrow Agent shall use its best efforts to invest funds on a timely basis upon receipt of such funds; provided, however, that the Escrow Agent shall in no event be liable for compensation to the Company, Sales Agent or any other person or entity related to funds which are held un-invested or funds which are not invested timely. The Escrow Agent is authorized and directed to sell or redeem any investments as it deems necessary to make any payments or distributions required under this Agreement.

8. Closing Date. As used herein, the term "Closing Date" means the date of closing of the Offering as determined by the Company and the Sales Agent. The Company and IAA shall give the Escrow Agent written notice of the Closing Date. The Escrow Agent shall be entitled to assume conclusively and without inquiry that the Closing Date has not occurred until it receives such written notice.

9. Compensation of Escrow Agent. The Company agrees to pay to the Escrow Agent compensation, and to reimburse the Escrow Agent for costs and expenses, all in accordance with the provisions of Exhibit B hereto, which is incorporated herein by reference and made a part hereof. The fee agreed upon for the services rendered hereunder is intended as full compensation for the Escrow Agent's services as contemplated by this Agreement; provided, however, that in the event that the conditions for the disbursement of funds are not fulfilled, or the Escrow Agent renders any service not contemplated in this Agreement, or there is any assignment of interest in the subject matter of this Agreement or any material modification hereof, or if any material controversy arises hereunder, or the Escrow Agent is made a party to any litigation pertaining to this Agreement or the subject matter hereof, then the Company shall compensate the Escrow Agent for such extraordinary services and reimburse the Escrow Agent for all costs and expenses, including reasonable attorneys' fees and expenses, occasioned by any such delay, controversy, litigation or event. To the extent permitted by applicable law, the Escrow Agent shall have, and is hereby granted, a prior lien upon and first priority security interest in the Offering Proceeds held hereunder with respect to its unpaid fees, non-reimbursed expenses and unsatisfied indemnification rights, superior to the interests of any other persons or entities and without judicial action to foreclose such lien and security interest, and the Escrow Agent shall have and is hereby granted the right to set off and deduct any unpaid fees, non-reimbursed expenses and unsatisfied indemnification rights from the Offering Proceeds held hereunder. The provisions of this section shall survive the termination of this Agreement and any resignation or removal of the Escrow Agent.

10. Duties of Escrow Agent; Indemnification.

(a) This Agreement expressly and exclusively sets forth the duties of the Escrow Agent with respect to any and all matters pertinent hereto, which duties shall be deemed purely ministerial in nature, and no implied duties or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent shall in no event be deemed to be a fiduciary to the Company, IAA, any Sales Agent, the investors, or any other person or entity under this Agreement. The permissive rights of the Escrow Agent to do things enumerated in this Agreement shall not be construed as duties. In performing its duties under this Agreement, or upon the claimed failure to perform its duties, the Escrow Agent shall not be liable for any damages, losses or expenses other than damages, losses or expenses which have been finally adjudicated by a court of competent jurisdiction to have directly resulted from the Escrow Agent's willful misconduct or gross negligence. In no event shall the Escrow Agent be liable for incidental, indirect, special, consequential or punitive damages of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. The Escrow Agent shall not be responsible or liable for the failure of the Company, IAA or any Sales Agent to perform in accordance with this Agreement. The Escrow Agent shall have no liability with respect to the transfer or distribution of any funds affected by the Escrow Agent pursuant to wiring or transfer instructions provided to the Escrow Agent in accordance with the provisions of this Agreement. The Escrow Agent shall not be obligated to take any legal action or to commence any proceedings in connection with this Agreement or any property held hereunder or to appear in, prosecute or defend in any such legal action or proceedings.

(b) No provision of this Agreement shall require the Escrow Agent to risk or advance its own funds or otherwise incur any financial liability or potential financial liability in the performance of its duties or the exercise of its rights under this Agreement.

(c) This Agreement constitutes the entire agreement between the Escrow Agent and the Company in connection with the subject matter of this Agreement, and no other agreement entered into by the Company, IAA or any Sales Agent related to the subject matter of this Agreement, shall be considered as adopted or binding, in whole or in part, upon the Escrow Agent notwithstanding that any such other agreement may be deposited with the Escrow Agent or the Escrow Agent may have knowledge thereof.

(d) The Escrow Agent shall in no way be responsible for nor shall it be its duty to notify the Company, IAA, any Sales Agent or any other person or entity interested in this Agreement of any payment required or maturity occurring under this Agreement or under the terms of any instrument deposited herewith unless such notice is explicitly provided for in this Agreement.

(e) The Escrow Agent shall be protected in acting upon any written instruction, notice, request, waiver, consent, certificate, receipt, authorization, power of attorney or other paper or document which the Escrow Agent in good faith believes to be genuine and what it purports to be, including, but not limited to, items directing investment or non-investment of funds, items requesting or authorizing release, disbursement or retainage of the subject matter of this Agreement and items amending the terms of this Agreement. The Escrow Agent shall be under no duty or obligation to inquire into or investigate the validity, accuracy or content of any such notice, request, waiver, consent, certificate, receipt, authorization, power of attorney or other paper or document. The Escrow Agent shall have no duty or obligation to make any formulaic calculations of any kind hereunder.

(f) The Escrow Agent may execute any of its powers and perform any of its duties hereunder directly or through affiliates or agents. The Escrow Agent shall be entitled to seek the advice of legal counsel with respect to any matter arising under this Agreement and the Escrow Agent shall have no liability and shall be fully protected with respect to any action taken or omitted pursuant to the advice of such legal counsel. The Company shall be liable for, and shall promptly pay, upon demand by the Escrow Agent, the reasonable and documented fees and expenses of any such legal counsel.

(g) The Company and IAA (individually and as representative of each Sales Agent) represent and warrant to the Escrow Agent that there is no security interest in the Offering Proceeds or the earnings thereon or any part of the Offering Proceeds or such earnings; no financing statement under the Uniform Commercial Code of any jurisdiction is on file in any jurisdiction claiming a security interest in or describing, whether specifically or generally, the Offering Proceeds or the earnings thereon or any part of the Offering Proceeds or such earnings; and the Escrow Agent shall have no responsibility at any time to ascertain

whether or not any security interest exists in the Offering Proceeds or the earnings thereon or any part of the Offering Proceeds or such earnings or to file any financing statement under the Uniform Commercial Code of any jurisdiction with respect to the Offering Proceeds, the earnings thereon or any part thereof.

(h) In the event of any disagreement resulting in adverse claims or demands being made in connection with the matters covered by this Agreement, or in the event that the Escrow Agent, in good faith, is in doubt as to what action it should take hereunder, the Escrow Agent may, at its option, refuse to comply with any claims or demands on it, or refuse to take any other action hereunder, so long as such disagreement continues or such doubt exists, and in any such event, the Escrow Agent shall not be or become liable in any way or to the Company, IAA, any Sales Agent, any investor or any other person or entity for its failure or refusal to act, and the Escrow Agent shall be entitled to continue to refrain from acting until (i) the rights of the Company, IAA, the Sales Agent, the investor and all other interested persons and entities shall have been fully and finally adjudicated by a court of competent jurisdiction, or (ii) all differences shall have been adjudged and all doubt resolved by agreement among the Company, IAA, the Sales Agent and all other interested persons and entities, and the Escrow Agent shall have been notified thereof in writing signed by the Company and all such persons and entities. Notwithstanding the preceding, the Escrow Agent may in its discretion obey the order, judgment, decree or levy of any court, whether with or without jurisdiction, or of an agency of the United States or any political subdivision thereof, or of any agency of any State of the United States or of any political subdivision of any thereof, and the Escrow Agent is hereby authorized in its sole discretion to comply with and obey any such orders, judgments, decrees or levies. The rights of the Escrow Agent under this sub-paragraph are cumulative of all other rights which it may have by law or otherwise.

In the event of any disagreement or doubt, as described above, the Escrow Agent shall have the right, in addition to the rights described above and at the election of the Escrow Agent, to tender into the registry or custody of any court having jurisdiction, all funds and property held under this Agreement, and the Escrow Agent shall have the right to take such other legal action as may be appropriate or necessary, in the sole discretion of the Escrow Agent. Upon such tender, the Escrow Agent shall be discharged from all further duties under this Agreement; provided, however, that any such action of the Escrow Agent shall not deprive the Escrow Agent of its compensation and right to reimbursement of expenses hereunder arising prior to such action and discharge of the Escrow Agent of its duties hereunder.

(i) The Escrow Agent may resign at any time from its obligations under this Agreement by providing written notice to the Company and IAA. Such resignation shall be effective on the date set forth in such written notice, which shall be no earlier than thirty (30) days after such written notice has been furnished. In such event, the Company and IAA shall promptly appoint a successor escrow agent. In the event no successor escrow agent has been appointed on or prior to the date such resignation is to become effective, the Escrow Agent shall be entitled to tender into the custody of any court of competent jurisdiction all funds and other property then held by the Escrow Agent hereunder and the Escrow Agent shall thereupon be relieved of all further duties and obligations under this Agreement; provided, however, that any such action of the Escrow Agent shall not deprive the Escrow Agent of its compensation and

right to reimbursement of expenses hereunder arising prior to such action and discharge of the Escrow Agent of its duties hereunder. The Escrow Agent shall have no responsibility for the appointment of a successor escrow agent hereunder.

(j) Any entity into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any entity to which all or substantially all the escrow business of the Escrow Agent may be transferred, shall be the Escrow Agent under this Agreement without further act.

(k) The Company and IAA (individually and as representative of each Sales Agent) agree to jointly and severally indemnify, defend and hold harmless the Escrow Agent and each of the Escrow Agent's officers, directors, agents and employees (the "Indemnified Parties") from and against any and all losses, liabilities, claims, damages, expenses and costs (including, without limitation, attorneys' fees and expenses) of every nature whatsoever (collectively, "Losses") which any such Indemnified Party may incur and which arise directly or indirectly from this Agreement or which arise directly or indirectly by virtue of the Escrow Agent's undertaking to serve as Escrow Agent hereunder; provided, however, that no Indemnified Party shall be entitled to indemnity with respect to Losses that have been finally adjudicated by a court of competent jurisdiction to have been directly caused by such Indemnified Party's gross negligence or willful misconduct. The provisions of this section shall survive the termination of this Agreement and any resignation or removal of the Escrow Agent.

(l) The Company and IAA (individually and as representative of each Sales Agent) acknowledge that the Escrow Agent is serving as escrow agent for the limited purposes set forth herein and represent, covenant and warrant to the Escrow Agent that no statement or representation, whether oral or in writing, has been or will be made to any purchaser or potential purchaser to the effect that the Escrow Agent has investigated the desirability or advisability of investment in the Units or approved, endorsed or passed upon the merits of such investment or is otherwise involved in any manner with the transactions contemplated hereby, other than as escrow agent under this Agreement. It is further agreed that neither the Company nor IAA nor any Sales Agent shall not use or permit the use of the name "SunTrust," "SunTrust Bank," "SunTrust Banks, Inc." or any variation thereof in any sales presentation, placement or offering memorandum or literature pertaining directly or indirectly to the Offering except strictly in the context of the duties of the Escrow Agent as escrow agent under this Agreement. Any breach or violation of the paragraph shall be grounds for immediate termination of this Agreement by the Escrow Agent.

(m) The Escrow Agent shall have no duty or responsibility for determining whether the Units or the offer and sale thereof conform to the requirements of applicable Federal or state securities laws, including but not limited to the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended. The Company and IAA (individually and as representative of each Sales Agent) represent and warrant to the Escrow Agent that the Units and the Offering will comply in all respects with applicable Federal and state securities laws and further represent and warrant that the Company, IAA and the Sales Agent have obtained and acted upon the advice of legal counsel with respect to such compliance with applicable Federal and state securities laws. The Company and IAA (individually and as representative of each

Sales Agent) acknowledge that the Escrow Agent has not participated in the preparation or review of any sales or offering material relating to the Offering or the Units. In addition to any other indemnities provided for in this Agreement, the Company and IAA (individually and as representative of each Sales Agent) jointly and severally agree to defend, indemnify and hold harmless the Indemnified Parties from and against any and all Losses incurred by any of the Indemnified Parties which directly or indirectly arise from any violation or alleged violation of any Federal or state securities laws; provided, however, that no Indemnified Party shall have the right to be indemnified hereunder with respect to any Losses that have been finally adjudicated by a court of competent jurisdiction to have been directly caused by such Indemnified Party's gross negligence or willful misconduct. The Company and IAA (individually and as representative of each Sales Agent) hereby agree that the indemnifications and protections afforded the Escrow Agent and the other Indemnified Parties in this section shall survive the termination of this Agreement and any resignation or removal of the Escrow Agent.

(n) The Escrow Agent and any director, officer or employee of the Escrow Agent may become pecuniarily interested in any transaction in which the Company, IAA or any Sales Agent may be interested and may contract and lend money to the Company, IAA and any Sales Agent and otherwise act as fully and freely as though it were not escrow agent under this Agreement. Nothing herein shall preclude the Escrow Agent from acting in any other capacity for the Company, IAA or any Sales Agent.

11. Notices. All notices given hereunder will be in writing and delivered by registered or certified mail, return receipt requested, postage prepaid, hand-delivery, overnight courier, or confirmed facsimile or electronic mail transmission to the parties at the following addresses, or such other address as a party may specify by proper notice:

To the Company:

LM Funding America, Inc.
302 Knights Run Avenue, Suite 1000
Tampa, Florida 33602
Attention: Stephen Weclew
Facsimile: (813) 221-7909
Email: sweclew@lmfunding.com

With a 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 IAA or any Sales Agent:

International Assets Advisory, LLC
390 North Orange Avenue, #750
Orlando, Florida 32801
Attention: Mr. Edward Cofrancesco
Facsimile: : (407) 254-1505
Email: ecofrancesco@iaac.com

With a 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

To the Escrow Agent:

SunTrust Bank
Attn: Escrow Services
919 East Main Street, 7th Floor
Richmond, Virginia 23219
Client Manager: Matthew Ward, Vice President
Phone: 804-782-7182
Facsimile: 804-225-7141
Email: Matthew.Ward@Suntrust.com

Any party hereto may unilaterally designate a different address by giving notice of each change in the manner specified above to each other party hereto. Notwithstanding anything to the contrary herein provided, the Escrow Agent shall not be deemed to have received any notice, request, report or other communication hereunder prior to the Escrow Agent's actual receipt thereof.

12. Successors and Assigns; Amendment.

The rights created by this Agreement shall inure to the benefit of and the obligations created hereby shall be binding upon the successors and assigns of the Escrow Agent, IAA and the Company; provided, however, that except as provided in Section 10(j) neither this Agreement nor any rights or obligations hereunder may be assigned by any party hereto without the express written consent of the other party hereto. This Agreement may not be amended without the written consent of all parties in writing.

13. Construction.

This Agreement shall be construed and enforced according to the laws of the State of Georgia.

14. Severability.

If any provision of this Agreement, or the application thereof, is for any reason held to any extent to be invalid, illegal or unenforceable, then the remainder of this Agreement and the application thereof will nevertheless remain in full force and effect so long as the economic and legal substance of the transactions contemplated by this Agreement are not affected in any manner materially adverse to any party hereto. Upon such determination that any provision is invalid, illegal or unenforceable, the parties hereto agree to replace such provision with a valid, legal and enforceable provision that will achieve, to the maximum extent legally permissible, the economic, business and other purposes of such provision.

15. **Term**.

This Agreement shall terminate and the Escrow Agent shall be discharged of all responsibilities hereunder at such time as the Escrow Agent shall have disbursed all Offering Proceeds and any earnings thereon in accordance with the provisions of this Agreement; provided, however, that the provisions of Sections 9 and 10 hereof shall survive any termination of this Agreement and any resignation or removal of the Escrow Agent.

16. **Counterparts**.

This Agreement may be executed in separate facsimile or other electronic counterparts, each of which when executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

17. Authorized Signatures.

Contemporaneously with the execution and delivery of this Agreement and, if necessary, from time to time thereafter, the Company and IAA shall execute and deliver to the Escrow Agent a Certificate of Incumbency substantially in the form of Exhibit A hereto (a "Certificate of Incumbency") for the purpose of establishing the identity and authority of persons entitled to issue notices, instructions or directions to the Escrow Agent on behalf of the Company and IAA. Until such time as the Escrow Agent shall receive an amended Certificate of Incumbency replacing any Certificate of Incumbency theretofore delivered to the Escrow Agent, the Escrow Agent shall be fully protected in relying, without further inquiry, on the most recent Certificate of Incumbency furnished to the Escrow Agent.

18. Representative of the Sales Agent. IAA represents and warrants to the Escrow Agent that it is duly appointed and fully authorized by each Sales Agent pursuant to the Sales Agency Agreement to act as the representative of such Sales Agent, as contemplated by the terms of this Agreement, and that each Sales Agent shall also be liable for each obligation

undertaken hereunder by IAA as representative of such Sales Agent, including, without limitation, the obligations to indemnify the Escrow Agent pursuant to the provisions of Sections 10(k) and (m) hereof. The Escrow Agent shall not be required to act upon or take notice of any directions, demands, notices, communications or instructions provided to the Escrow Agent by any Sales Agent (other than IAA), but shall act upon and take notice solely of directions, demands, notices, communications and instructions provided to the Escrow Agent by IAA. The Escrow Agent undertakes no duty or obligation, express or implied, to any Sales Agent (other than IAA) under or by reason of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective names, all as of the date first above written.

INTERNATIONAL ASSETS ADVISORY, LLC

By: _____
Name: Edward Cofrancesco
Title: President

LM FUNDING AMERICA, INC.

By: _____
Name:
Title:

SUNTRUST BANK

By: _____
Name:
Title:

EXHIBIT A

Certificate of Incumbency
(List of Authorized Representatives)

Client Name: LM Funding America, Inc.

As an Authorized Officer of the above referenced entity, I hereby certify that each person listed below is an authorized signor for such entity, and that the title and signature appearing beside each name is true and correct.

Name	Title	Signature	Contact Number
	Chief Executive Officer		( )

IN WITNESS WHEREOF, this certificate has been executed by a duly authorized officer on:

_____ .
Date

By: _____
Name (print): _____
Its: Secretary

SCHEDULE I

LIST OF SALES AGENTS

EXHIBIT A

Certificate of Incumbency
(List of Authorized Representatives)

Client Name: International Assets Advisory, LLC

As an Authorized Officer of the above referenced entity, I hereby certify that each person listed below is an authorized signor for such entity, and that the title and signature appearing beside each name is true and correct.

Name	Title	Signature	Contact Number
Edward Cofrancesco	President		(407) 254-1574

IN WITNESS WHEREOF, this certificate has been executed by a duly authorized officer on:

_____ .
Date

By: _____
Name (print): _____
Its: _____

EXHIBIT B

Schedule of Fees & Expenses

Acceptance/Legal Review Fee: **$600.00 –** one time only payable at the time of signing the Escrow Agreement

The Legal Review Fee includes review of all related documents and accepting the appointment of Escrow Agent on behalf of SunTrust Bank. The fee also includes setting up the required account(s) and accounting records, document filing, and coordinating the receipt of funds/assets for deposit to the Escrow Account. This is a one-time fee payable upon execution of the Escrow Agreement. As soon as SunTrust Bank's attorney begins to review the Escrow Agreement, the legal review fee is subject to payment regardless if the Parties decide to appoint a different escrow agent or a decision is made that the Escrow Agreement is not needed.

Administration Fee: **$3,500 –** payable at the time of signing the Escrow Agreement and on the anniversary date thereafter, if applicable

The Administration Fee includes providing routine and standard services of an Escrow Agent. The fee includes administering the escrow account, performing investment transactions, processing cash transactions (including wires and check processing), disbursing funds in accordance with the Agreement (note any pricing considerations below), and providing trust account statements to the Parties for a twelve (12) month period. If the account remains open beyond the twelve (12) month term, the Parties will be invoiced each year on the anniversary date of the execution of the Escrow Agreement. Extraordinary expenses, including legal counsel fees, will be billed as out-of-pocket. The Administration Fee is due upon execution of the Escrow Agreement. The fees shall be deemed earned in full upon receipt by the Escrow Agent, and no portion shall be refundable for any reason, including without limitation, termination of the agreement.

Out-of-Pocket Expenses: **At Cost**

Out-of-pocket expenses such as, but not limited to, postage, courier, overnight mail, wire transfer, travel, legal (out-of-pocket to counsel) or accounting, will be billed at cost.

Note: This fee schedule is based on the assumption that the escrowed funds will be invested in the SunTrust Non-Interest Deposit Option. If any other investment options are chosen, this fee schedule will become subject to change.

EXHIBIT C

WIRE TRANSFER INSTRUCTIONS

Exhibit 10.12

LM FUNDING AMERICA, INC.

Public Offering of Units

Minimum 1,200,000 Units

Maximum 2,000,000 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 1,200,000 units and a maximum of 2,000,000 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 four and one-half percent (4.5%) of the Public Offering Price, for each Unit sold by you. We have advised you that the Public Offering Price per Unit is $10.00.

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.

(c) You agree that any advances you have or may receive will be reimbursed to the Company to the extent not actually incurred pursuant to FINRA Corporate Finance Rule 5110(f)(2)(C).

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 2:00 p.m. eastern daylight savings time 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 10.17

ERRORS AND OMISSIONS AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
$1,800,000.00	06-25-2015	12-25-2017	5300435163	4A / 401		***	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "***" has been omitted due to text length limitations.

Borrower: **LMF OCTOBER 2010 FUND, LLC**
302 KNIGHTS RUN AVENUE SUITE 1000
TAMPA, FL 33602

Lender: **IBERIABANK**
TAMPA BAY MARKET BRANCH
201 NO. FRANKLIN ST., SUITE 100
TAMPA, FL 33602

LOAN NO.: 5300435163

The undersigned Borrower for and in consideration of the above-referenced Lender funding the closing of this loan agrees, if requested by Lender or Closing Agent for Lender, to fully cooperate and adjust for clerical errors, any or all loan closing documentation if deemed necessary or desirable in the reasonable discretion of Lender to enable Lender to sell, convey, seek guaranty or market said loan to any entity, including but not limited to an investor, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, Federal Housing Authority or the Department of Veterans Affairs.

The undersigned Borrower does hereby so agree and covenant in order to assure that this loan documentation executed this date will conform and be acceptable in the marketplace in the instance of transfer, sale or conveyance by Lender of its interest in and to said loan documentation.

DATED effective this **June 25, 2015**

BORROWER:

LMF OCTOBER 2010 FUND, LLC

LM FUNDING, LLC, Manager of LMF OCTOBER 2010 FUND, LLC

By: /s/ Carollinn Gould
CAROLLINN GOULD, Manager of LM FUNDING, LLC

Sworn to and subscribed before me this 25th day of June, 2015.

x /s/ Margo T. Valenti
(Notary Public)

My Commission Expires:

Exhibit 10.18

BUSINESS LOAN AGREEMENT (ASSET BASED)

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
$1,800,000.00	06-25-2015	12-25-2017	5300435163	4A / 401		***	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "***" has been omitted due to text length limitations.

Borrower: LMF OCTOBER 2010 FUND, LLC
302 KNIGHTS RUN AVENUE SUITE 1000
TAMPA, FL 33602

Lender: IBERIABANK
TAMPA BAY MARKET BRANCH
201 NO. FRANKLIN ST., SUITE 100
TAMPA, FL 33602

THIS BUSINESS LOAN AGREEMENT (ASSET BASED) dated June 25, 2015, is made and executed between LMF OCTOBER 2010 FUND, LLC ("Borrower") and IBERIABANK ("Lender") on the following terms and conditions. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement. Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

TERM. This Agreement shall be effective as of June 25, 2015, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until such time as the parties may agree in writing to terminate this Agreement.

ADVANCE AUTHORITY. The following person or persons are authorized to request advances and authorize payments under the loan until Lender receives from Borrower, at Lender's address shown above, written notice of revocation of such authority: **CAROL GOULD, Manager of LM FUNDING, LLC.**

PRIMARY CREDIT FACILITY. Lender agrees to make Advances to Borrower from the date of this Agreement to the Expiration Date, provided the aggregate amount of such Advances does not exceed the Borrowing Base. This facility is not a revolving line of credit, and thus, Borrower may not reborrow any amounts it pays or prepays under the credit facility.

Conditions Precedent to Each Advance. Lender's obligation to make any Advance to or for the account of Borrower under this Agreement is subject to the following conditions precedent, with all documents, instruments, opinions, reports, and other items required under this Agreement to be in form and substance satisfactory to Lender:

(1) Lender shall have received evidence that this Agreement and all Related Documents have been duly authorized, executed, and delivered by Borrower to Lender.

(2) Lender shall have received such opinions of counsel, supplemental opinions, and documents as Lender may request.

(3) The security interests in the Collateral shall have been duly authorized, created, and perfected with first lien priority and shall be in full force and effect.

(4) All guaranties required by Lender for the credit facility(ies) shall have been executed by each Guarantor, delivered to Lender, and be in full force and effect.

(5) Lender, at its option and for its sole benefit, shall have conducted an audit of Borrower's Accounts, books, records, and operations, and Lender shall be satisfied as to their condition.

(6) Borrower shall have paid to Lender all fees, costs, and expenses specified in this Agreement and the Related Documents as are then due and payable.

(7) There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement, and Borrower shall have delivered to Lender the compliance certificate called for in the paragraph below titled "Compliance Certificate."

Making Loan Advances. Advances under this credit facility, as well as directions for payment from Borrower's accounts, may be requested orally or in writing by authorized persons. Lender may, but need not, require that all oral requests be confirmed in writing. Each Advance shall be conclusively deemed to have been made at the request of and for the benefit of Borrower (1) when credited to any deposit account of Borrower maintained with Lender or (2) when advanced in accordance with the instructions of an authorized person. Lender, at its option, may set a cutoff time, after which all requests for Advances will be treated as having been requested on the next succeeding Business Day.

Mandatory Loan Repayments. If at any time the aggregate principal amount of the outstanding Advances shall exceed the applicable Borrowing Base, Borrower, immediately upon written or oral notice from Lender, shall pay to Lender an amount equal to the difference between the outstanding principal balance of the Advances and the Borrowing Base. On the Expiration Date, Borrower shall pay to Lender in full the aggregate unpaid principal amount of all Advances then outstanding and all accrued unpaid interest, together with all other applicable fees, costs and charges, if any, not yet paid.

Loan Account. Lender shall maintain on its books a record of account in which Lender shall make entries for each Advance and such other debits and credits as shall be appropriate in connection with the credit facility. Lender shall provide Borrower with periodic statements of Borrower's account, which statements shall be considered to be correct and conclusively binding on Borrower unless Borrower notifies Lender to the contrary within thirty (30) days after Borrower's receipt of any such statement which Borrower deems to be incorrect.

COLLATERAL. To secure payment of the Primary Credit Facility and performance of all other Loans, obligations and duties owed by Borrower to Lender, Borrower (and others, if required) shall grant to Lender Security Interests in such property and assets as Lender may require. Lender's Security Interests in the Collateral shall be continuing liens and shall include the proceeds and products of the Collateral, including without limitation the proceeds of any insurance. With respect to the Collateral, Borrower agrees and represents and warrants to Lender:

Perfection of Security Interests. Borrower agrees to execute all documents perfecting Lender's Security Interest and to take whatever actions are requested by Lender to perfect and continue Lender's Security Interests in the Collateral. Upon request of Lender, Borrower will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Borrower will note Lender's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender. Contemporaneous with the execution of this Agreement, Borrower will execute one or more UCC financing statements and any similar statements as may be required by applicable law, and Lender will file such financing statements and all such similar statements in the appropriate location or locations. Borrower hereby appoints Lender as its irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect or to continue any Security Interest. Lender may at any time, and without further authorization from Borrower, file a carbon, photograph, facsimile, or other reproduction of any financing statement for use as a financing statement. Borrower will reimburse Lender for all expenses for the perfection, termination, and the continuation of the perfection of Lender's security interest in the Collateral. Borrower promptly will notify Lender before any change in Borrower's name including any change to the assumed business names of Borrower. Borrower also promptly will notify Lender before any change in Borrower's Social Security Number or Employer Identification Number. Borrower further agrees to notify Lender in writing prior to any change in address or location of Borrower's principal governance office or should Borrower merge or consolidate with any other entity.

Collateral Records. Borrower does now, and at all times hereafter shall, keep correct and accurate records of the Collateral, all of which records shall be available to Lender or Lender's representative upon demand for inspection and copying at any reasonable time. With respect to the Accounts, Borrower agrees to keep and maintain such records as Lender may require, including without limitation information concerning Eligible Accounts and Account balances and agings. Records related to Accounts (Receivables) are or will be located at. The above is an accurate and complete list of all locations at which Borrower keeps or maintains business records concerning Borrower's collateral.

Collateral Schedules. Concurrently with the execution and delivery of this Agreement, Borrower shall execute and deliver to Lender schedules of Accounts and schedules of Eligible Accounts in form and substance satisfactory to the Lender. Thereafter supplemental schedules shall be delivered according to the following schedule:

Representations and Warranties Concerning Accounts. With respect to the Accounts, Borrower represents and warrants to Lender: (1) Each Account represented by Borrower to be an Eligible Account for purposes of this Agreement conforms to the requirements of the definition of an Eligible Account; (2) All Account information listed on schedules delivered to Lender will be true and correct, subject to immaterial variance; and (3) Lender, its assigns, or agents shall have the right at any time and at Borrower's expense to inspect, examine, and audit Borrower's records and to confirm with Account Debtors the accuracy of such Accounts.

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

Loan Documents. Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) Security Agreements granting to Lender security interests in the Collateral; (3) financing statements and all other documents perfecting Lender's Security Interests; (4) evidence of insurance as required below; (5) guaranties; (6) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

Borrower's Authorization. Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel, may require.

Fees and Expenses Under This Agreement. Borrower shall have paid to Lender all fees, costs, and expenses specified in this Agreement and the Related Documents as are then due and payable.

Representations and Warranties. The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any Indebtedness exists:

Organization. Borrower is a limited liability company which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Florida. Borrower is duly authorized to transact business in all other states in which Borrower is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified as a foreign limited liability company in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower maintains an office at 302 KNIGHTS RUN AVENUE SUITE 1000, TAMPA, FL 33602. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

Assumed Business Names. Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business: **None.**

Authorization. Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of (a) Borrower's articles of organization or membership agreements, or (b) any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

Properties. Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

Hazardous Substances. Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or

contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the obligation to indemnify and defend, shall survive the payment of the Indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

Lien Priority. Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

Binding Effect. This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

Financial Records. Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Financial Statements. Furnish Lender with the following:

Annual Statements. As soon as available, but in no event later than one-hundred-twenty (120) days after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, audited by a certified public accountant satisfactory to Lender.

Interim Statements. As soon as available, but in no event later than 45 days after the end of each fiscal quarter, Borrower's balance sheet and profit and loss statement for the period ended, prepared by Borrower.

Additional Requirements. A/R valuation to be provided quarterly on IBKC individual units and total units; Max LTV = 50% based on value of IBKC units.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Borrower as being true and correct.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Insurance. Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

Insurance Reports. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

Guaranties. Prior to disbursement of any Loan proceeds, furnish executed guaranties of the Loans in favor of Lender, executed by the guarantors named below, on Lender's forms, and in the amounts and under the conditions set forth in those guaranties.

Names of Guarantors	Amounts
CAROLLINN GOULD	Unlimited
BRUCE RODGERS	Unlimited

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

Loan Proceeds. Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing.

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as (1) the legality of the same shall be contested in good faith by appropriate proceedings, and (2) Borrower shall have established on Borrower's books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim in accordance with GAAP.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Operations. Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

Environmental Studies. Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Inspection. Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

Compliance Certificates. Unless waived in writing by Lender, provide Lender at least annually, with a certificate executed by Borrower's chief financial officer, or other officer or person acceptable to Lender, certifying that the representations and warranties set forth in this Agreement are true and correct as of the date of the certificate and further certifying that, as of the date of the certificate, no Event of Default exists under this Agreement.

Environmental Compliance and Reports. Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

Additional Assurances. Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

NEGATIVE COVENANTS. Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender:

Indebtedness and Liens. (1) Except for trade debt incurred in the normal course of business and indebtedness to Lender contemplated by this Agreement, create, incur or assume indebtedness for borrowed money, including capital leases, (2) sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of Borrower's assets (except as allowed as Permitted Liens), or (3) sell with recourse any of Borrower's accounts, except to Lender.

Continuity of Operations. (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, (2) cease operations, liquidate, merge, transfer, acquire or consolidate with any other entity, change its name, dissolve or transfer or sell Collateral out of the ordinary course of business, or (3) make any distribution with respect to any capital account, whether by reduction of capital or otherwise.

Loans, Acquisitions and Guaranties. (1) Loan, invest in or advance money or assets to any other person, enterprise or entity, (2) purchase, create or acquire any interest in any other enterprise or entity, or (3) incur any obligation as surety or guarantor other than in the ordinary course of business.

Agreements. Enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

CESSATION OF ADVANCES. If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender; or (E) Lender in good faith deems itself insecure, even though no Event of Default shall have occurred.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the Loan.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's property or Borrower's or any Grantor's ability to repay the Loans or perform their respective obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The dissolution of Borrower (regardless of whether election to continue is made), any member withdraws from Borrower, or any other termination of Borrower's existence as a going business or the death of any member, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

Insecurity. Lender in good faith believes itself insecure.

EFFECT OF AN EVENT OF DEFAULT. If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all Indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently.

Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

GUARANTOR FINANCIAL REPORTING REQUIREMENTS. During the term of this Agreement, Guarantor(s) shall provide Lender with all reasonably requested financial information, including but not limited to the following:

* Annual personal financial statements every 13 months (30 days after latest PFS)

* Annual personal income tax return within 30 days of filing.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Florida without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Florida.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Subsidiaries and Affiliates of Borrower. To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any Loan or other financial accommodation to any of Borrower's subsidiaries or affiliates.

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

Survival of Representations and Warranties. Borrower understands and agrees that in making the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the making of the Loan and delivery to Lender of the Related Documents, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

Waive Jury. All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

Account. The word "Account" means a trade account, account receivable, other receivable, or other right to payment for goods sold or services rendered owing to Borrower (or to a third party grantor acceptable to Lender).

Account Debtor. The words "Account Debtor" mean the person or entity obligated upon an Account.

Advance. The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf under the terms and conditions of this Agreement.

Agreement. The word "Agreement" means this Business Loan Agreement (Asset Based), as this Business Loan Agreement (Asset Based) may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement (Asset Based) from time to time.

Borrower. The word "Borrower" means LMF OCTOBER 2010 FUND, LLC and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Borrowing Base. The words "Borrowing Base" mean, as determined by Lender from time to time, the lesser of (1) $1,800,000.00 or (2) 50.000% of the aggregate amount of Eligible Accounts.

Business Day. The words "Business Day" mean a day on which commercial banks are open in the State of Florida.

Collateral. The word “Collateral’’ means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor’s lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise. The word Collateral also includes without limitation all collateral described in the Collateral section of this Agreement.

Eligible Accounts. The words “Eligible Accounts” mean at any time, all of Borrower’s Accounts which contain selling terms and conditions acceptable to Lender. The net amount of any Eligible Account against which Borrower may borrow shall exclude all returns, discounts, credits, and offsets of any nature. Unless otherwise agreed to by Lender in writing, Eligible Accounts do not include:

(1) Accounts with respect to which the Account Debtor is a member, employee or agent of Borrower.

(2) Accounts with respect to which the Account Debtor is affiliated with Borrower.

(3) Accounts with respect to which goods are placed on consignment, guaranteed sale, or other terms by reason of which the payment by the Account Debtor may be conditional.

(4) Accounts with respect to which Borrower is or may become liable to the Account Debtor for goods sold or services rendered by the Account Debtor to Borrower.

(5) Accounts which are subject to dispute, counterclaim, or setoff.

(6) Accounts with respect to which the goods have not been shipped or delivered, or the services have not been rendered, to the Account Debtor.

(7) Accounts with respect to which Lender, in its sole discretion, deems the creditworthiness or financial condition of the Account Debtor to be unsatisfactory.

(8) Accounts of any Account Debtor who has filed or has had filed against it a petition in bankruptcy or an application for relief under any provision of any state or federal bankruptcy, insolvency, or debtor-in-relief acts; or who has had appointed a trustee, custodian, or receiver for the assets of such Account Debtor; or who has made an assignment for the benefit of creditors or has become insolvent or fails generally to pay its debts (including its payrolls) as such debts become due.

(9) Accounts which have not been paid in full within 90 Days from the invoice date.

Environmental Laws. The words “Environmental Laws” mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. (“CERCLA”), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 (“SARA”), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

Expiration Date. The words "Expiration Date" mean the date of termination of Lender's commitment to lend under this Agreement.

GAAP. The word "GAAP" means generally accepted accounting principles.

Grantor. The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, including without limitation all Borrowers granting such a Security Interest.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means IBERIABANK, its successors and assigns.

Loan. The word "Loan" means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

Note. The word "Note" means the Note dated June 25, 2015 and executed by LMF OCTOBER 2010 FUND, LLC in the principal amount of $1,800,000.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Permitted Liens. The words "Permitted Liens" mean (1) liens and security interests securing Indebtedness owed by Borrower to Lender; (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (3) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; (4) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled "Indebtedness and Liens"; (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing; and (6) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets.

Primary Credit Facility. The words "Primary Credit Facility" mean the credit facility described in the Primary Credit Facility section of this Agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

Security Agreement. The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

Security Interest. The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT (ASSET BASED) AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT (ASSET BASED) IS DATED JUNE 25, 2015.

BORROWER:

LMF OCTOBER 2010 FUND, LLC

LM FUNDING, LLC, Manager of LMF OCTOBER 2010 FUND, LLC

By: /s/ Carollinn Gould
CAROLLINN GOULD, Manager of LM FUNDING, LLC

LENDER:
IBERIABANK

By: /s/ Maureen Hegarty
Authorized Signer

Exhibit 10.19

COMMERCIAL GUARANTY

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
				4A / 401		***	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "***" has been omitted due to text length limitations.

Borrower: **LMF OCTOBER 2010 FUND, LLC**
302 KNIGHTS RUN AVENUE SUITE 1000
TAMPA, FL 33602

Lender: **IBERIABANK**
TAMPA BAY MARKET BRANCH
201 NO. FRANKLIN ST., SUITE 100
TAMPA, FL 33602

Guarantor: **CAROLLINN GOULD**
1109 SOUTH ROME AVENUE
TAMPA, FL 33606

CONTINUING GUARANTEE OF PAYMENT AND PERFORMANCE. For good and valuable consideration, Guarantor absolutely and unconditionally guarantees full and punctual payment and satisfaction of the Indebtedness of Borrower to Lender, and the performance and discharge of all Borrower's obligations under the Note and the Related Documents. This is a guaranty of payment and performance and not of collection, so Lender can enforce this Guaranty against Guarantor even when Lender has not exhausted Lender's remedies against anyone else obligated to pay the Indebtedness or against any collateral securing the Indebtedness, this Guaranty or any other guaranty of the Indebtedness. Guarantor will make any payments to Lender or its order, on demand, in legal tender of the United States of America, in same-day funds, without set-off or deduction or counterclaim, and will otherwise perform Borrower's obligations under the Note and Related Documents. Under this Guaranty, Guarantor's liability is unlimited and Guarantor's obligations are continuing.

INDEBTEDNESS. The word "Indebtedness" as used in this Guaranty means all of the principal amount outstanding from time to time and at any one or more times, accrued unpaid interest thereon and all collection costs and legal expenses related thereto permitted by law, reasonable attorneys' fees, arising from any and all debts, liabilities and obligations of every nature or form, now existing or hereafter arising or acquired, that Borrower individually or collectively or interchangeably with others, owes or will owe Lender. "Indebtedness" includes, without limitation, loans, advances, debts, overdraft indebtedness, credit card indebtedness, lease obligations, liabilities and obligations under any interest rate protection agreements or foreign currency exchange agreements or commodity price protection agreements, other obligations, and liabilities of Borrower, and any present or future judgments against Borrower, future advances, loans or transactions that renew, extend, modify, refinance, consolidate or substitute these debts, liabilities and obligations whether: voluntarily or involuntarily incurred; due or to become due by their terms or acceleration; absolute or contingent; liquidated or unliquidated; determined or undetermined; direct or indirect; primary or secondary in nature or arising from a guaranty or surety; secured or unsecured; joint or several or joint and several; evidenced by a negotiable or non-negotiable instrument or writing; originated by Lender or another or others; barred or unenforceable against Borrower for any reason whatsoever; for any transactions that may be voidable for any reason (such as infancy, insanity, ultra vires or otherwise); and originated then reduced or extinguished and then afterwards increased or reinstated.

If Lender presently holds one or more guaranties, or hereafter receives additional guaranties from Guarantor, Lender's rights under all guaranties shall be cumulative. This Guaranty shall not (unless specifically provided below to the contrary) affect or invalidate any such other guaranties. Guarantor's liability will be Guarantor's aggregate liability under the terms of this Guaranty and any such other unterminated guaranties.

CONTINUING GUARANTY. THIS IS A "CONTINUING GUARANTY" UNDER WHICH GUARANTOR AGREES TO GUARANTEE THE FULL AND PUNCTUAL PAYMENT, PERFORMANCE AND SATISFACTION OF THE INDEBTEDNESS OF BORROWER TO LENDER, NOW EXISTING OR HEREAFTER ARISING OR ACQUIRED, ON AN OPEN AND CONTINUING BASIS. ACCORDINGLY, ANY PAYMENTS MADE ON THE INDEBTEDNESS WILL NOT DISCHARGE OR DIMINISH GUARANTOR'S OBLIGATIONS AND LIABILITY UNDER THIS GUARANTY FOR ANY REMAINING AND SUCCEEDING INDEBTEDNESS EVEN WHEN ALL OR PART OF THE OUTSTANDING INDEBTEDNESS MAY BE A ZERO BALANCE FROM TIME TO TIME.

DURATION OF GUARANTY. This Guaranty will take effect when received by Lender without the necessity of any acceptance by Lender, or any notice to Guarantor or to Borrower, and will continue in full force until all the Indebtedness incurred or contracted before receipt by Lender of any notice of revocation shall have been fully and finally paid and satisfied and all of Guarantor's other obligations under this Guaranty shall have been performed in full. If Guarantor elects to revoke this Guaranty, Guarantor may only do so in writing. Guarantor's written notice of revocation must be mailed to Lender, by certified mail, at Lender's address listed above or such other place as Lender may designate in writing. Written revocation of this Guaranty will apply only to new indebtedness created after actual receipt by Lender of Guarantor's written revocation. For this purpose and without limitation, the term "new Indebtedness" does not include the Indebtedness which at the time of notice of revocation is contingent, unliquidated, undetermined or not due and which later becomes absolute, liquidated, determined or due. For this purpose and without limitation, "new Indebtedness" does not include all or part of the Indebtedness that is: incurred by Borrower prior to revocation; incurred under a commitment that became binding before revocation; any renewals, extensions, substitutions, and modifications of the Indebtedness. This Guaranty shall bind Guarantor's estate as to the Indebtedness created both before and after Guarantor's death or incapacity, regardless of Lender's actual notice of Guarantor's death. Subject to the foregoing, Guarantor's executor or administrator or other legal representative may terminate this Guaranty in the same manner in which Guarantor might have terminated it and with the same effect. Release of any other guarantor or termination of any other guaranty of the Indebtedness shall not affect the liability of Guarantor under this Guaranty. A revocation Lender receives from any one or more Guarantors shall not affect the liability of any remaining Guarantors under this Guaranty. **It is anticipated that fluctuations may occur in the aggregate amount of the Indebtedness covered by this Guaranty, and Guarantor specifically acknowledges and agrees that reductions in the amount of the Indebtedness, even to zero dollars ($0.00), shall not constitute a termination of this Guaranty.**

This Guaranty is binding upon Guarantor and Guarantor's heirs, successors and assigns so long as any of the Indebtedness remains unpaid and even though the Indebtedness may from time to time be zero dollars ($0.00).

GUARANTOR'S AUTHORIZATION TO LENDER. Guarantor authorizes Lender, either before or after any revocation hereof, **without notice or demand and without lessening Guarantor's liability under this Guaranty, from time to time:** (A) prior to revocation as set forth above, to make one or more additional secured or unsecured loans to Borrower, to lease equipment or other goods to Borrower, or otherwise to extend additional credit to Borrower; (B) to alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of the indebtedness or any part of the Indebtedness, including increases and decreases of the rate of interest on the Indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) to take and hold security for the payment of this Guaranty or the Indebtedness, and exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any such security, with or without the substitution of new collateral; (D) to release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; (E) to determine how, when and what application of payments and credits shall be made on the Indebtedness; (F) to apply such security and direct the order or manner of sale thereof, including without limitation, any nonjudicial sale permitted by the terms of the controlling security agreement or deed of trust, as Lender in its discretion may determine; (G) to sell, transfer, assign or grant participations in all or any part of the Indebtedness; and (H) to assign or transfer this Guaranty in whole or in part.

GUARANTOR'S REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants to Lender that (A) no representations or agreements of any kind have been made to Guarantor which would limit or qualify in any way the terms of this Guaranty; (B) this Guaranty is executed at Borrower's request and not at the request of Lender; (C) Guarantor has full power, right and authority to enter into this Guaranty; (D) the provisions of this Guaranty do not conflict with or result in a default under any agreement or other instrument binding upon Guarantor and do not result in a violation of any law, regulation, court decree or order applicable to Guarantor; (E) Guarantor has not and will not, without the prior written consent of Lender, sell, lease, assign, encumber, hypothecate, transfer, or otherwise dispose of all or substantially all of Guarantor's assets, or any interest therein; (F) upon Lender's request, Guarantor will provide to Lender financial and credit information in form acceptable to Lender, and all such financial information which currently has been, and all future financial information which will be provided to Lender is and will be true and correct in all material respects and fairly present Guarantor's financial condition as of the dates the financial information is provided; (G) no material adverse change has occurred in Guarantor's financial condition since the date of the most recent financial statements provided to Lender and no event has occurred which may materially adversely affect Guarantor's financial condition; (H) no litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Guarantor is pending or threatened; (I) Lender has made no representation to Guarantor as to the creditworthiness of Borrower; and (J) Guarantor has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Guarantor agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any way affect Guarantor's risks under this Guaranty, and Guarantor further agrees that, absent a request for information, Lender shall have no obligation to disclose to Guarantor any information or documents acquired by Lender in the course of its relationship with Borrower.

GUARANTOR'S WAIVERS. Except as prohibited by applicable law, Guarantor waives any right to require Lender (A) to continue lending money or to extend other credit to Borrower; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of the Indebtedness or of any nonpayment related to any collateral, or notice of any action or nonaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the Indebtedness or in connection with the creation of new or additional loans or obligations; (C) to resort for payment or to proceed directly or at once against any person, including Borrower or any other guarantor; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to pursue any other remedy within Lender's power; or (F) to commit any act or omission of any kind, or at any time, with respect to any matter whatsoever.

Guarantor also waives any and all rights or defenses based on suretyship or impairment of collateral including, but not limited to, any rights or defenses arising by reason of (A) any "one action" or "anti-deficiency" law or any other law which may prevent Lender from bringing any action, including a claim for deficiency, against Guarantor, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale; (B) any election of remedies by Lender which destroys or otherwise adversely affects Guarantor's subrogation rights or Guarantor's rights to proceed against Borrower for reimbursement, including without limitation, any loss of rights Guarantor may suffer by reason of any law limiting, qualifying, or discharging the Indebtedness; (C) any disability or other defense of Borrower, of any other guarantor, or of any other person, or by reason of the cessation of Borrower's liability from any cause whatsoever, other than payment in full in legal tender, of the Indebtedness; (D) any right to claim discharge of the Indebtedness on the basis of unjustified impairment of any collateral for the Indebtedness; (E) any statute of limitations, if at any time any action or suit brought by Lender against Guarantor is commenced, there is outstanding Indebtedness which is not barred by any applicable statute of limitations; or (F) any defenses given to guarantors at law or in equity other than actual payment and performance of the Indebtedness. If payment is made by Borrower, whether voluntarily or otherwise, or by any third party, on the Indebtedness and thereafter Lender is forced to remit the amount of that payment to Borrower's trustee in bankruptcy or to any similar person under any federal or state bankruptcy law or law for the relief of debtors, the Indebtedness shall be considered unpaid for the purpose of the enforcement of this Guaranty.

Guarantor further waives and agrees not to assert or claim at any time any deductions to the amount guaranteed under this Guaranty for any claim of setoff, counterclaim, counter demand, recoupment or similar right, whether such claim, demand or right may be asserted by the Borrower, the Guarantor, or both.

GUARANTOR'S UNDERSTANDING WITH RESPECT TO WAIVERS. Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of its significance and consequences and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the extent permitted by law or public policy.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Guarantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Guarantor holds jointly with someone else and all accounts Guarantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Guarantor authorizes Lender, to the extent permitted by applicable law, to hold these funds if there is a default, and Lender may apply the funds in these accounts to pay what Guarantor owes under the terms of this Guaranty.

SUBORDINATION OF BORROWER'S DEBTS TO GUARANTOR. Guarantor agrees that the Indebtedness, whether now existing or hereafter created, shall be superior to any claim that Guarantor may now have or hereafter acquire against Borrower, whether or not Borrower becomes insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Borrower, upon any account whatsoever, to any claim that Lender may now or hereafter have against Borrower. In the event of insolvency and consequent liquidation of the assets of Borrower, through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Borrower applicable to the payment of the claims of both Lender and Guarantor shall be paid to Lender and shall be first applied by Lender to the Indebtedness. Guarantor does hereby assign to Lender all claims which it may have or acquire against Borrower or against any assignee or trustee in bankruptcy of Borrower; provided however, that such assignment shall be effective only for the purpose of assuring to Lender full payment in legal tender of the Indebtedness. If Lender so requests, any notes or credit agreements now or hereafter evidencing any debts or obligations of Borrower to Guarantor shall be marked with a legend that the same are subject to this Guaranty and shall be delivered to Lender. Guarantor agrees, and Lender is hereby authorized, in the name of Guarantor, from time to time to file financing statements and continuation statements and to execute documents and to take such other actions as Lender deems necessary or appropriate to perfect, preserve and enforce its rights under this Guaranty.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Guaranty:

Amendments. This Guaranty, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Guaranty. No alteration of or amendment to this Guaranty shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Guarantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Guaranty. Lender may hire or pay someone else to help enforce this Guaranty, and Guarantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Guarantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Guaranty are for convenience purposes only and are not to be used to interpret or define the provisions of this Guaranty.

Governing Law. This' Guaranty will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Florida without regard to its conflicts of law provisions.

Integration. Guarantor further agrees that Guarantor has read and fully understands the terms of this Guaranty; Guarantor has had the opportunity to be advised by Guarantor's attorney with respect to this Guaranty; the Guaranty fully reflects Guarantor's intentions and parol evidence is not required to interpret the terms of this Guaranty. Guarantor hereby indemnifies and holds Lender harmless from all losses, claims, damages, and costs (including Lender's attorneys' fees) suffered or incurred by Lender as a result of any breach by Guarantor of the warranties, representations and agreements of this paragraph.

Interpretation. In all cases where there is more than one Borrower or Guarantor, then all words used in this Guaranty in the singular shall be deemed to have been used in the plural where the context and construction so require; and where there is more than one

Borrower named in this Guaranty or when this Guaranty is executed by more than one Guarantor, the words "Borrower" and "Guarantor" respectively shall mean all and any one or more of them. The words "Guarantor," "Borrower," and "Lender" include the heirs, successors, assigns, and transferees of each of them. If a court finds that any provision of this Guaranty is not valid or should not be enforced, that fact by itself will not mean that the rest of this Guaranty will not be valid or enforced. Therefore, a court will enforce the rest of the provisions of this Guaranty even if a provision of this Guaranty may be found to be invalid or unenforceable. If any one or more of Borrower or Guarantor are corporations, partnerships, limited liability companies, or similar entities, it is not necessary for Lender to inquire into the powers of Borrower or Guarantor or of the officers, directors, partners, managers, or other agents acting or purporting to act on their behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Guaranty.

Notices. Any notice required to be given under this Guaranty shall be given in writing, and, except for revocation notices by Guarantor, shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Guaranty. All revocation notices by Guarantor shall be in writing and shall be effective upon delivery to Lender as provided in the section of this Guaranty entitled "DURATION OF GUARANTY." Any party may change its address for notices under this Guaranty by giving written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Guarantor agrees to keep Lender informed at all times of Guarantor's current address. Unless otherwise provided or required by law, if there is more than one Guarantor, any notice given by Lender to any Guarantor is deemed to be notice given to all Guarantors.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Guaranty unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Guaranty shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Guaranty. No prior waiver by Lender, nor any course of dealing between Lender and Guarantor, shall constitute a waiver of any of Lender's rights or of any of Guarantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Guaranty, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Successors and Assigns. Subject to any limitations stated in this Guaranty on transfer of Guarantor's interest, this Guaranty shall be binding upon and inure to the benefit of the parties, their successors and assigns.

Waive Jury. Lender and Guarantor hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Guarantor against the other.

Guarantor Financial Reporting Requirements. During the term of this Agreement, Guarantor(s) shall provide Lender with all reasonably requested financial information, including but not limited to the following:

* Annual personal financial statements every 13 months (30 days after latest PFS)
* Annual personal income tax return within 30 days of filing.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Guaranty. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Guaranty shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means LMF OCTOBER 2010 FUND, LLC and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Guarantor. The word "Guarantor" means everyone signing this Guaranty, including without limitation CAROLLINN GOULD, and in each case, any signer's successors and assigns.

Guaranty. The word "Guaranty" means this guaranty from Guarantor to Lender.

Indebtedness. The word "Indebtedness" means Borrower's indebtedness to Lender as more particularly described in this Guaranty.

Lender. The word "Lender" means IBERIABANK, its successors and assigns.

Note. The word "Note" means and includes without limitation all of Borrower's promissory notes and/or credit agreements evidencing Borrower's loan obligations in favor of Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of and substitutions for promissory notes or credit agreements.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

EACH UNDERSIGNED GUARANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, EACH GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO LENDER AND THAT THE GUARANTY WILL CONTINUE UNTIL TERMINATED IN THE MANNER SET FORTH IN THE SECTION TITLED "DURATION OF GUARANTY". NO FORMAL ACCEPTANCE BY LENDER IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE. THIS GUARANTY IS DATED JUNE 25, 2015.

GUARANTOR:

x /s/ Carollinn Gould
CAROLLINN GOULD

INDIVIDUAL ACKNOWLEDGMENT

STATE OF FLORIDA)
COUNTY OF HILLSBOROUGH) ss
)

The foregoing instrument was acknowledged before me this 25 day of June, 2015 by CAROLLINN GOULD, who is personally known to me or who has produced N/A as identification.

/s/ Margo T. Valenti
(Signature of Person Taking Acknowledgment)

/s/ Margo T. Valenti
(Name of Acknowledger Typed, Printed or Stamped)

Notary Public
(Title or Rank)

#EE158449
(Serial Number, if any)

Exhibit 10.20

COMMERCIAL GUARANTY

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
				4A / 401		***	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "***" has been omitted due to text length limitations.

Borrower: **LMF OCTOBER 2010 FUND, LLC**
302 KNIGHTS RUN AVENUE SUITE 1000
TAMPA, FL 33602

Lender: **IBERIABANK**
TAMPA BAY MARKET BRANCH 201 NO. FRANKLIN ST., SUITE 100
TAMPA, FL 33602

Guarantor: **BRUCE RODGERS**
1109 SOUTH ROME AVENUE
TAMPA, FL 33606

CONTINUING GUARANTEE OF PAYMENT AND PERFORMANCE. For good and valuable consideration, Guarantor absolutely and unconditionally guarantees full and punctual payment and satisfaction of the Indebtedness of Borrower to Lender, and the performance and discharge of all Borrower's obligations under the Note and the Related Documents. This is a guaranty of payment and performance and not of collection, so Lender can enforce this Guaranty against Guarantor even when Lender has not exhausted Lender's remedies against anyone else obligated to pay the Indebtedness or against any collateral securing the Indebtedness, this Guaranty or any other guaranty of the Indebtedness. Guarantor will make any payments to Lender or its order, on demand, in legal tender of the United States of America, in same-day funds, without set-off or deduction or counterclaim, and will otherwise perform Borrower's obligations under the Note and Related Documents. Under this Guaranty, Guarantor's liability is unlimited and Guarantor's obligations are continuing.

INDEBTEDNESS. The word "Indebtedness" as used in this Guaranty means all of the principal amount outstanding from time to time and at any one or more times, accrued unpaid interest thereon and all collection costs and legal expenses related thereto permitted by law, reasonable attorneys' fees, arising from any and all debts, liabilities and obligations of every nature or form, now existing or hereafter arising or acquired, that Borrower individually or collectively or interchangeably with others, owes or will owe Lender. "Indebtedness" includes, without limitation, loans, advances, debts, overdraft indebtedness, credit card indebtedness, lease obligations, liabilities and obligations under any interest rate protection agreements or foreign currency exchange agreements or commodity price protection agreements, other obligations, and liabilities of Borrower, and any present or future judgments against Borrower, future advances, loans or transactions that renew, extend, modify, refinance, consolidate or substitute these debts, liabilities and obligations whether: voluntarily or involuntarily incurred; due or to become due by their terms or acceleration; absolute or contingent; liquidated or unliquidated; determined or undetermined; direct or indirect; primary or secondary in nature or arising from a guaranty or surety; secured or unsecured; joint or several or joint and several; evidenced by a negotiable or non-negotiable instrument or writing; originated by Lender or another or others; barred or unenforceable against Borrower for any reason whatsoever; for any transactions that may be voidable for any reason (such as infancy, insanity, ultra vires or otherwise); and originated then reduced or extinguished and then afterwards increased or reinstated.

If Lender presently holds one or more guaranties, or hereafter receives additional guaranties from Guarantor, Lender's rights under all guaranties shall be cumulative. This Guaranty shall not (unless specifically provided below to the contrary) affect or invalidate any such other guaranties. Guarantor's liability will be Guarantor's aggregate liability under the terms of this Guaranty and any such other unterminated guaranties.

CONTINUING GUARANTY. THIS IS A "CONTINUING GUARANTY" UNDER WHICH GUARANTOR AGREES TO GUARANTEE THE FULL AND PUNCTUAL PAYMENT, PERFORMANCE AND SATISFACTION OF THE INDEBTEDNESS OF BORROWER TO LENDER, NOW EXISTING OR HEREAFTER ARISING OR ACQUIRED, ON AN OPEN AND CONTINUING BASIS. ACCORDINGLY, ANY PAYMENTS MADE ON THE INDEBTEDNESS WILL NOT DISCHARGE OR DIMINISH GUARANTOR'S OBLIGATIONS AND LIABILITY UNDER THIS GUARANTY FOR ANY REMAINING AND SUCCEEDING INDEBTEDNESS EVEN WHEN ALL OR PART OF THE OUTSTANDING INDEBTEDNESS MAY BE A ZERO BALANCE FROM TIME TO TIME.

DURATION OF GUARANTY. This Guaranty will take effect when received by Lender without the necessity of any acceptance by Lender, or any notice to Guarantor or to Borrower, and will continue in full force until all the Indebtedness incurred or contracted before receipt by Lender of any notice of revocation shall have been fully and finally paid and satisfied and all of Guarantor's other obligations under this Guaranty shall have been performed in full. If Guarantor elects to revoke this Guaranty, Guarantor may only do so in writing. Guarantor's written notice of revocation must be mailed to Lender, by certified mail, at Lender's address listed above or such other place as Lender may designate in writing. Written revocation of this Guaranty will apply only to new Indebtedness created after actual receipt by Lender of Guarantor's written revocation. For this purpose and without limitation, the term "new Indebtedness" does not include the Indebtedness which at the time of notice of revocation is contingent, unliquidated, undetermined or not due and which later becomes absolute, liquidated, determined or due. For this purpose and without limitation, "new Indebtedness" does not include all or part of the Indebtedness that is: incurred by Borrower prior to revocation; incurred under a commitment that became binding before revocation; any renewals, extensions, substitutions, and modifications of the Indebtedness. This Guaranty shall bind Guarantor's estate as to the Indebtedness created both before and after Guarantor's death or incapacity, regardless of Lender's actual notice of Guarantor's death. Subject to the foregoing, Guarantor's executor or administrator or other legal representative may terminate this Guaranty in the same manner in which Guarantor might have terminated it and with the same effect. Release of any other guarantor or termination of any other guaranty of the Indebtedness shall not affect the liability of Guarantor under this Guaranty. A revocation Lender receives from any one or more Guarantors shall not affect the liability of any remaining Guarantors under this Guaranty. **It is anticipated that fluctuations may occur in the aggregate amount of the Indebtedness covered by this Guaranty, and Guarantor specifically acknowledges and agrees that reductions in the amount of the Indebtedness, even to zero dollars ($0.00), shall not constitute a termination of this Guaranty. This Guaranty is binding upon Guarantor and Guarantor's heirs, successors and assigns so long as any of the Indebtedness**

remains unpaid and even though the Indebtedness may from time to time be zero dollars ($0.00).

GUARANTOR'S AUTHORIZATION TO LENDER. Guarantor authorizes Lender, either before or after any revocation hereof, **without notice or demand and without lessening Guarantor's liability under this Guaranty, from time to time:** (A) prior to revocation as set forth above, to make one or more additional secured or unsecured loans to Borrower, to lease equipment or other goods to Borrower, or otherwise to extend additional credit to Borrower; (B) to alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of the Indebtedness or any part of the Indebtedness, including increases and decreases of the rate of interest on the Indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) to take and hold security for the payment of this Guaranty or the Indebtedness, and exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any such security, with or without the substitution of new collateral; (D) to release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; (E) to determine how, when and what application of payments and credits shall be made on the Indebtedness; (F) to apply such security and direct the order or manner of sale thereof, including without limitation, any nonjudicial sale permitted by the terms of the controlling security agreement or deed of trust, as Lender in its discretion may determine; (G) to sell, transfer, assign or grant participations in all or any part of the Indebtedness; and (H) to assign or transfer this Guaranty in whole or in part.

GUARANTOR'S REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants to Lender that (A) no representations or agreements of any kind have been made to Guarantor which would limit or qualify in any way the terms of this Guaranty; (B) this Guaranty is executed at Borrower's request and not at the request of Lender; (C) Guarantor has full power, right and authority to enter into this Guaranty; (D) the provisions of this Guaranty do not conflict with or result in a default under any agreement or other instrument binding upon Guarantor and do not result in a violation of any law, regulation, court decree or order applicable to Guarantor; (E) Guarantor has not and will not, without the prior written consent of Lender, sell, lease, assign, encumber, hypothecate, transfer, or otherwise dispose of all or substantially all of Guarantor's assets, or any interest therein; (F) upon Lender's request, Guarantor will provide to Lender financial and credit information in form acceptable to Lender, and all such financial information which currently has been, and all future financial information which will be provided to Lender is and will be true and correct in all material respects and fairly present Guarantor's financial condition as of the dates the financial information is provided; (G) no material adverse change has occurred in Guarantor's financial condition since the date of the most recent financial statements provided to Lender and no event has occurred which may materially adversely affect Guarantor's financial condition; (H) no litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Guarantor is pending or threatened; (I) Lender has made no representation to Guarantor as to the creditworthiness of Borrower; and (J) Guarantor has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Guarantor agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any way affect Guarantor's risks under this Guaranty, and Guarantor further agrees that, absent a request for information, Lender shall have no obligation to disclose to Guarantor any information or documents acquired by Lender in the course of its relationship with Borrower.

GUARANTOR'S WAIVERS. Except as prohibited by applicable law, Guarantor waives any right to require Lender (A) to continue lending money or to extend other credit to Borrower; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of the indebtedness or of any nonpayment related to any collateral, or notice of any action or nonaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the Indebtedness or in connection with the creation of new or additional loans or obligations; (C) to resort for payment or to proceed directly or at once against any person, including Borrower or any other guarantor; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to pursue any other remedy within Lender's power; or (F) to commit any act or omission of any kind, or at any time, with respect to any matter whatsoever.

Guarantor also waives any and all rights or defenses based on suretyship or impairment of collateral including, but not limited to, any rights or defenses arising by reason of (A) any "one action" or "anti-deficiency" law or any other law which may prevent Lender from bringing any action, including a claim for deficiency, against Guarantor, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale; (B) any election of remedies by Lender which destroys or otherwise adversely affects Guarantor's subrogation rights or Guarantor's rights to proceed against Borrower for reimbursement, including without limitation, any loss of rights Guarantor may suffer by reason of any law limiting, qualifying, or discharging the Indebtedness; (C) any disability or other defense of Borrower, of any other guarantor, or of any other person, or by reason of the cessation of Borrower's liability from any cause whatsoever, other than payment in full in legal tender, of the Indebtedness; (D) any right to claim discharge of the Indebtedness on the basis of unjustified impairment of any collateral for the Indebtedness; (E) any statute of limitations, if at any time any action or suit brought by Lender against Guarantor is commenced, there is outstanding Indebtedness which is not barred by any applicable statute of limitations; or (F) any defenses given to guarantors at law or in equity other than actual payment and performance of the Indebtedness. If payment is made by Borrower, whether voluntarily or otherwise, or by any third party, on the indebtedness and thereafter Lender is forced to remit the amount of that payment to Borrower's trustee in bankruptcy or to any similar person under any federal or state bankruptcy law or law for the relief of debtors, the Indebtedness shall be considered unpaid for the purpose of the enforcement of this Guaranty.

Guarantor further waives and agrees not to assert or claim at any time any deductions to the amount guaranteed under this Guaranty for any claim of setoff, counterclaim, counter demand, recoupment or similar right, whether such claim, demand or right may be asserted by the Borrower, the Guarantor, or both.

GUARANTOR'S UNDERSTANDING WITH RESPECT TO WAIVERS. Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of its significance and consequences and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the extent permitted by law or public policy.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Guarantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Guarantor holds jointly with someone else and all accounts Guarantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Guarantor authorizes Lender, to the extent permitted by applicable law, to hold these funds if there is a default, and Lender may apply the funds in these accounts to pay what Guarantor owes under the terms of this Guaranty.

SUBORDINATION OF BORROWER'S DEBTS TO GUARANTOR. Guarantor agrees that the Indebtedness, whether now existing or hereafter created, shall be superior to any claim that Guarantor may now have or hereafter acquire against Borrower, whether or not Borrower becomes insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Borrower, upon any account whatsoever, to any claim that Lender may now or hereafter have against Borrower. In the event of insolvency and consequent liquidation of the assets of Borrower, through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Borrower applicable to the payment of the claims of both Lender and Guarantor shall be paid to Lender and shall be first applied by Lender to the Indebtedness. Guarantor does hereby assign to Lender all claims which it may have or acquire against Borrower or against any assignee or trustee in bankruptcy of Borrower; provided however, that such assignment shall be effective only for the purpose of assuring to Lender full payment in legal tender of the Indebtedness. If Lender so requests, any notes or credit agreements now or hereafter evidencing any debts or obligations of Borrower to Guarantor shall be marked with a legend that the same are subject to this Guaranty and shall be delivered to Lender. Guarantor agrees, and Lender is hereby authorized, in the name of Guarantor, from time to time to file financing statements and continuation statements and to execute documents and to take such other actions as Lender deems necessary or appropriate to perfect, preserve and enforce its rights under this Guaranty.

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Attorneys' Fees; Expenses. Guarantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Guaranty. Lender may hire or pay someone else to help enforce this Guaranty, and Guarantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Guarantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Guaranty are for convenience purposes only and are not to be used to interpret or define the provisions of this Guaranty.

Governing Law. This Guaranty will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Florida without regard to its conflicts of law provisions.

Integration. Guarantor further agrees that Guarantor has read and fully understands the terms of this Guaranty; Guarantor has had the opportunity to be advised by Guarantor's attorney with respect to this Guaranty; the Guaranty fully reflects Guarantor's intentions and parol evidence is not required to interpret the terms of this Guaranty. Guarantor hereby indemnifies and holds Lender harmless from all losses, claims, damages, and costs (including Lender's attorneys' fees) suffered or incurred by Lender as a result of any breach by Guarantor of the warranties, representations and agreements of this paragraph.

Interpretation. In all cases where there is more than one Borrower or Guarantor, then all words used in this Guaranty in the singular shall be deemed to have been used in the plural where the context and construction so require; and where there is more than one

Borrower named in this *Guaranty* or when this *Guaranty* is executed by more *than* one Guarantor, the words "Borrower" and "Guarantor" respectively shall mean all and any one or more of them. The words "Guarantor," "Borrower," and "Lender" include the heirs, successors, assigns, and transferees of each of them. If a court finds that any provision of this Guaranty is not valid or should not be enforced, that fact by itself will not mean that the rest of this Guaranty will not be valid or enforced. Therefore, a court will enforce the rest of the provisions of this Guaranty even if a provision of this Guaranty may be found to be invalid or unenforceable. If any one or more of Borrower or Guarantor are corporations, partnerships, limited liability companies, or similar entities, it is not necessary for Lender to inquire into the powers of Borrower or Guarantor or of the officers, directors, partners, managers, or other agents acting or purporting to act on their behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Guaranty.

Notices. Any notice required to be given under this Guaranty shall be given in writing, and, except for revocation notices by Guarantor, shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Guaranty. All revocation notices by Guarantor shall be in writing and shall be effective upon delivery to Lender as provided in the section of this Guaranty entitled "DURATION OF GUARANTY." Any party may change its address for notices under this Guaranty by giving written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Guarantor agrees to keep Lender informed at all times of Guarantor's current address. Unless otherwise provided or required by law, if there is more than one Guarantor, any notice given by Lender to any Guarantor is deemed to be notice given to all Guarantors.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Guaranty unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Guaranty shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Guaranty. No prior waiver by Lender, nor any course of dealing between Lender and Guarantor, shall constitute a waiver of any of Lender's rights or of any of Guarantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Guaranty, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Successors and Assigns. Subject to any limitations stated in this Guaranty on transfer of Guarantor's interest, this Guaranty shall be binding upon and inure to the benefit of the parties, their successors and assigns.

Waive Jury. Lender and Guarantor hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Guarantor against the other.

Guarantor Financial Reporting Requirements. During the term of this Agreement, Guarantor(s) shall provide Lender with all reasonably requested financial information, including but not limited to the following:

* Annual personal financial statements every 13 months (30 days after latest PFS)
* Annual personal income tax return within 30 days of filing.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Guaranty. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Guaranty shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means LMF OCTOBER 2010 FUND, LLC and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Guarantor. The word "Guarantor" means everyone signing this Guaranty, including without limitation BRUCE RODGERS, and in each case, any signer's successors and assigns.

Guaranty. The word "Guaranty" means this guaranty from Guarantor to Lender.

Indebtedness. The word "Indebtedness" means Borrower's indebtedness to Lender as more particularly described in this Guaranty.

Lender. The word "Lender" means IBERIABANK, its successors and assigns.

Note. The word "Note" means and includes without limitation all of Borrower's promissory notes and/or credit agreements evidencing Borrower's loan obligations in favor of Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of and substitutions for promissory notes or credit agreements.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

EACH UNDERSIGNED GUARANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, EACH GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO LENDER AND THAT THE GUARANTY WILL CONTINUE UNTIL TERMINATED IN THE MANNER SET FORTH IN THE SECTION TITLED "DURATION OF GUARANTY". NO FORMAL ACCEPTANCE BY LENDER IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE. THIS GUARANTY IS DATED JUNE 25, 2015.

GUARANTOR:

X /s/ Bruce Rodgers
BRUCE RODGERS

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Florida)
) SS
COUNTY OF Hillsborough)

The foregoing instrument was acknowledged before me this 25th day of June, 2015 by BRUCE RODGERS, who is Personally known to me or who has produced N/A as identification.

/s/ Margo T. Valenti
(Signature of Person Taking Acknowledgment)

Margo T. Valenti
(Name of Acknowledger Typed, Printed or Stamped)

Notary
(Title or Rank)

EE 158449
(Serial Number, if any)

Exhibit 10.21

COMMERCIAL SECURITY AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
$1,800,000.00	06-25-2015	12-25-2017	5300435163	4A / 401		***	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "***" has been omitted due to text length limitations.

Grantor: LMF OCTOBER 2010 FUND, LLC
302 KNIGHTS RUN AVENUE SUITE 1000
TAMPA, FL 33602

Lender: IBERIABANK
TAMPA BAY MARKET BRANCH
201 NO. FRANKLIN ST., SUITE 100
TAMPA, FL 33602

THIS COMMERCIAL SECURITY AGREEMENT dated June 25, 2015, is made and executed between LMF OCTOBER 2010 FUND, LLC ("Grantor") and IBERIABANK ("Lender").

GRANT OF SECURITY INTEREST. For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the Indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

COLLATERAL DESCRIPTION. The word "Collateral" as used in this Agreement means the following described property, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, in which Grantor is giving to Lender a security interest for the payment of the Indebtedness and performance of all other obligations under the Note and this Agreement:

All Accounts

In addition, the word "Collateral" also includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

(A) All accessions, attachments, accessories, replacements of and additions to any of the collateral described herein, whether added now or later.

(B) All products and produce of any of the property described in this Collateral section.

(C) All accounts, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, consignment or other disposition of any of the property described in this Collateral section.

(D) All proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section, and sums due from a third party who has damaged or destroyed the Collateral or from that party's insurer, whether due to judgment, settlement or other process.

(E) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Grantor's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

CROSS-COLLATERALIZATION. In addition to the Note, this Agreement secures all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

FUTURE ADVANCES. In addition to the Note, this Agreement secures all future advances made by Lender to Grantor regardless of whether the advances are made a) pursuant to a commitment or b) for the same purposes.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Grantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Grantor holds jointly with someone else and all accounts Grantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts.

GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. With respect to the Collateral, Grantor represents and promises to Lender that:

Perfection of Security Interest. Grantor agrees to take whatever actions are requested by Lender to perfect and continue Lender's security interest in the Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender. **This is a continuing Security Agreement and will continue in effect even though all or any part of the Indebtedness is paid in full and even though for a period of time Grantor may not be indebted to Lender.**

Notices to Lender. Grantor will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the management or in the members or managers of the limited liability company Grantor; (4) change in the authorized signer(s); (5) change in Grantor's principal office address; (6) change in Grantor's state of organization; (7) conversion of Grantor to a new or different type of business entity; or (8) change in any other aspect of Grantor that directly or indirectly relates to any agreements between Grantor and Lender. No change in Grantor's name or state of organization will take effect until after Lender has received

notice.

No Violation. The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party, and its membership agreement does not prohibit any term or condition of this Agreement.

Enforceability of Collateral. To the extent the Collateral consists of accounts, chattel paper, or general intangibles, as defined by the Uniform Commercial Code, the Collateral is enforceable in accordance with its terms, is genuine, and fully complies with all applicable laws and regulations concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on the Collateral. At the time any account becomes subject to a security interest in favor of Lender, the account shall be a good and valid account representing an undisputed, bona fide indebtedness incurred by the account debtor, for merchandise held subject to delivery instructions or previously shipped or delivered pursuant to a contract of sale, or for services previously performed by Grantor with or for the account debtor. So long as this Agreement remains in effect, Grantor shall not, without Lender's prior written consent, compromise, settle, adjust, or extend payment under or with regard to any such Accounts. There shall be no setoffs or counterclaims against any of the Collateral, and no agreement shall have been made under which any deductions or discounts may be claimed concerning the Collateral except those disclosed to Lender in writing.

Location of the Collateral. Except in the ordinary course of Grantor's business, Grantor agrees to keep the Collateral (or to the extent the Collateral consists of intangible property such as accounts or general intangibles, the records concerning the Collateral) at Grantor's address shown above or at such other locations as are acceptable to Lender. Upon Lender's request, Grantor will deliver to Lender in form satisfactory to Lender a schedule of real properties and Collateral locations relating to Grantor's operations, including without limitation the following: (1) all real property Grantor owns or is purchasing; (2) all real property Grantor is renting or leasing; (3) all storage facilities Grantor owns, rents, leases, or uses; and (4) all other properties where Collateral is or may be located.

Removal of the Collateral. Except in the ordinary course of Grantor's business, Grantor shall not remove the Collateral from its existing location without Lender's prior written consent. Grantor shall, whenever requested, advise Lender of the exact location of the Collateral.

Transactions Involving Collateral. Except for inventory sold or accounts collected in the ordinary course of Grantor's business, or as otherwise provided for in this Agreement, Grantor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. Grantor shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of Lender. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless waived by Lender, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Lender and shall not be commingled with any other funds; provided however, this requirement shall not constitute consent by Lender to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Lender.

Title. Grantor represents and warrants to Lender that Grantor holds good and marketable title to the Collateral, free and clear of all liens and encumbrances except for the lien of this Agreement. No financing statement covering any of the Collateral is on file in any public office other than those which reflect the security interest created by this Agreement or to which Lender has specifically consented. Grantor shall defend Lender's rights in the Collateral against the claims and demands of all other persons.

Repairs and Maintenance. Grantor agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect. Grantor further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filed against the Collateral.

Inspection of Collateral. Lender and Lender's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Collateral wherever located.

Taxes, Assessments and Liens. Grantor will pay when due all taxes, assessments and liens upon the Collateral, its use or operation, upon this Agreement, upon any promissory note or notes evidencing the Indebtedness, or upon any of the other Related Documents. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized in Lender's sole opinion. If the Collateral is subjected to a lien which is not discharged within fifteen (15) days, Grantor shall deposit with Lender cash, a sufficient corporate surety bond or other security satisfactory to Lender in an amount adequate to provide for the discharge of the lien plus any interest, costs, reasonable attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest Grantor shall defend itself and Lender and shall satisfy any final adverse judgment before enforcement against the Collateral. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings. Grantor further agrees to furnish Lender with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely manner. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized.

Compliance with Governmental Requirements. Grantor shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect, applicable to the ownership, production, disposition, or use of the Collateral, including all laws or regulations relating to the undue erosion of highly-erodible land or relating to the conversion of wetlands for the production of an agricultural product or commodity. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in the Collateral, in Lender's opinion, is not jeopardized.

Hazardous Substances. Grantor represents and warrants that the Collateral never has been, and never will be so long as this Agreement remains a lien on the Collateral, used in violation of any Environmental Laws or for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any Hazardous Substance. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Collateral for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims and losses resulting from a breach of this provision of this Agreement. This obligation to indemnify and defend shall survive the payment of the Indebtedness and the satisfaction of this Agreement.

Maintenance of Casualty Insurance. Grantor shall procure and maintain all risks insurance, including without limitation fire, theft and liability coverage together with such other insurance as Lender may require with respect to the Collateral, in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days' prior written notice to Lender and not including any disclaimer of the insurer's liability for failure to give such a notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest, Grantor will provide Lender with such loss payable or other endorsements as Lender may require. If Grantor at any time fails to obtain or maintain any insurance as required under this Agreement, Lender may (but shall not be obligated to) obtain such insurance as Lender deems appropriate, including if Lender so chooses "single interest insurance," which will cover only Lender's interest in the Collateral.

Application of Insurance Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Collateral, whether or not such casualty or loss is covered by insurance. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds thereon, shall be held by Lender as part of the Collateral. If Lender consents to repair or replacement of the damaged or destroyed Collateral, Lender shall, upon satisfactory proof of expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration. If Lender does not consent to repair or replacement of the Collateral, Lender shall retain a sufficient amount of the proceeds to pay all of the Indebtedness, and shall pay the balance to Grantor. Any proceeds which have not been disbursed within six (6) months after their receipt and which Grantor has not committed to the repair or restoration of the Collateral shall be used to prepay the Indebtedness.

Insurance Reserves. Lender may require Grantor to maintain with Lender reserves for payment of insurance premiums, which reserves shall be created by monthly payments from Grantor of a sum estimated by Lender to be sufficient to produce, at least fifteen (15) days before the premium due date, amounts at least equal to the insurance premiums to be paid. If fifteen (15) days before payment is due, the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit and shall constitute a non-interest-bearing account which Lender may satisfy by payment of the insurance premiums required to be paid by Grantor as they become due. Lender does not hold the reserve funds in trust for Grantor, and Lender is not the agent of Grantor for payment of the insurance premiums required to be paid by Grantor. The responsibility for the payment of premiums shall remain Grantor's sole responsibility.

Insurance Reports. Grantor, upon request of Lender, shall furnish to Lender reports on each existing policy of insurance showing such

information as Lender may reasonably request including the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured; (5) the then current value on the basis of which insurance has been obtained and the manner of determining that value; and (6) the expiration date of the policy. In addition, Grantor shall upon request by Lender (however not more often than annually) have an independent appraiser satisfactory to Lender determine, as applicable, the cash value or replacement cost of the Collateral.

Financing Statements. Grantor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Lender's security interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Property. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement.

GRANTOR'S RIGHT TO POSSESSION AND TO COLLECT ACCOUNTS. Until default and except as otherwise provided below with respect to accounts, Grantor may have possession of the tangible personal property and beneficial use of all the Collateral and may use it in any lawful manner not inconsistent with this Agreement or the Related Documents, provided that Grantor's right to possession and beneficial use shall not apply to any Collateral where possession of the Collateral by Lender is required by law to perfect Lender's security interest in such Collateral. Until otherwise notified by Lender, Grantor may collect any of the Collateral consisting of accounts. At any time and even though no Event of Default exists, Lender may exercise its rights to collect the accounts and to notify account debtors to make payments directly to Lender for application to the Indebtedness. If Lender at any time has possession of any Collateral, whether before or after an Event of Default, Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Lender takes such action for that purpose as Grantor shall request or as Lender, in Lender's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Grantor shall not of itself be deemed to be a failure to exercise reasonable care. Lender shall not be required to take any steps necessary to preserve any rights in the Collateral against prior parties, nor to protect, preserve or maintain any security interest given to secure the Indebtedness.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Grantor fails to make any payment when due under the Indebtedness.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Default in Favor of Third Parties. Any guarantor or Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of any guarantor's or Grantor's property or ability to perform their respective obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Insolvency. The dissolution of Grantor (regardless of whether election to continue is made), any member withdraws from the limited liability company, or any other termination of Grantor's existence as a going business or the death of any member, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or Guarantor dies or becomes incompetent or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Agreement, at any time thereafter, Lender shall have all the rights of a secured party under the Florida Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and remedies:

Accelerate Indebtedness. Lender may declare the entire Indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice of any kind to Grantor.

Assemble Collateral. Lender may require Grantor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may require Grantor to assemble the Collateral and make it available to Lender at a place to be designated by Lender. Lender also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Lender may take such other goods, provided that Lender makes reasonable efforts to return them to Grantor after repossession.

Sell the Collateral. Lender shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in Lender's own name or that of Grantor. Lender may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will give Grantor, and other persons as required by law, reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Collateral is to be made. However, no notice need be provided to any person who, after Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

Appoint Receiver. In the event of a suit being instituted to foreclose this Agreement, Lender shall be entitled to apply at any time pending such foreclosure suit to the court having jurisdiction thereof for the appointment of a receiver of any or all of the Collateral, and of all rents, incomes, profits, issues and revenues thereof, from whatsoever source. The parties agree that the court shall forthwith appoint such receiver with the usual powers and duties of receivers in like cases. Such appointment shall be made by the court as a matter of strict right to Lender and without notice to Grantor, and without reference to the adequacy or inadequacy of the value of the Collateral, or to Grantor's solvency or any other party defendant to such suit. Grantor hereby specifically waives the right to object to the appointment of a receiver and agrees that such appointment shall be made as an admitted equity and as a matter of absolute right to Lender, and consents to the appointment of any officer or employee of Lender as receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding foreclosure or sale, and to collect the rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the

appointment of a receiver shall exist whether or not the apparent value of the Collateral exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Collect Revenues, Apply Accounts. Lender, either itself or through a receiver, may collect the payments, rents, income, and revenues from the Collateral. Lender may at any time in Lender's discretion transfer any Collateral into Lender's own name or that of Lender's nominee and receive the payments, rents, income, and revenues therefrom and hold the same as security for the Indebtedness or apply it to payment of the Indebtedness in such order of preference as Lender may determine. Insofar as the Collateral consists of accounts, general intangibles, insurance policies, instruments, chattel paper, choses in action, or similar property, Lender may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or realize on the Collateral as Lender may determine, whether or not Indebtedness or Collateral is then due. For these purposes, Lender may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor; change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, instruments and items pertaining to payment, shipment, or storage of any Collateral. To facilitate collection, Lender may notify account debtors and obligors on any Collateral to make payments directly to Lender.

Obtain Deficiency. If Lender chooses to sell any or all of the Collateral, Lender may obtain a judgment against Grantor for any deficiency remaining on the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement. Grantor shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel paper.

Other Rights and Remedies. Lender shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Florida without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Florida.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Power of Attorney. Grantor hereby appoints Lender as Grantor's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect, amend, or to continue the security interest granted in this Agreement or to demand termination of filings of other secured parties. Lender may at any time, and without further authorization from Grantor, file a carbon, photographic or other reproduction of any financing statement or of this Agreement for use as a financing statement. Grantor will reimburse Lender for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the Indebtedness.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's indebtedness shall be paid in full.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

Waive Jury. All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

Agreement. The word "Agreement'' means this Commercial Security Agreement, as this Commercial Security Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Commercial Security Agreement from time to time.

Borrower. The word "Borrower" means LMF OCTOBER 2010 FUND, LLC and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

Default. The word "Default" means the Default set forth in this Agreement in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

Grantor. The word "Grantor" means LMF OCTOBER 2010 FUND, LLC.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Indebtedness.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents. Specifically, without limitation, Indebtedness includes the future advances set forth in the Future Advances provision, together with all interest thereon and all amounts that may be indirectly secured by the Cross-Collateralization provision of this Agreement.

Lender. The word "Lender" means IBERIABANK, its successors and assigns.

Note. The word "Note" means the Note dated June 25, 2015 and executed by LMF OCTOBER 2010 FUND, LLC in the principal amount of $1,800,000.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL SECURITY AGREEMENT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED JUNE 25, 2015.

GRANTOR:

LMF OCTOBER 2010 FUND, LLC

LM FUNDING LLC, Manager of LMF OCTOBER 2010 FUND, LLC

By: /s/ Carollinn Gould
CAROLLINN GOULD, Manager of LM FUNDING, LLC

Exhibit 10.22

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
$1,800,000.00	06-25-2015	12-25-2017	5300435163	4A / 401		***	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "***" has been omitted due to text length limitations.

Borrower: LMF OCTOBER 2010 FUND, LLC
302 KNIGHTS RUN AVENUE SUITE 1000
TAMPA, FL 33602

Lender: IBERIABANK
TAMPA BAY MARKET BRANCH
201 NO. FRANKLIN ST., SUITE 100
TAMPA, FL 33602

Principal Amount: $1,800,000.00 **Date of Note: June 25, 2015**

PROMISE TO PAY. LMF OCTOBER 2010 FUND, LLC ("Borrower") promises to pay to IBERIABANK ("Lender"), or order, in lawful money of the United States of America, the principal amount of One Million Eight Hundred Thousand & 00/100 Dollars ($1,800,000.00), together with interest on the unpaid principal balance from June 25, 2015, until paid in full.

PAYMENT. Subject to any payment changes resulting from changes in the Index, Borrower will pay this loan in 29 principal payments of $60,000.00 each and one final principal and interest payment of $60,309.20. Borrower's first principal payment is due July 25, 2015, and all subsequent principal payments are due on the same day of each month after that. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning July 25, 2015, with all subsequent interest payments to be due on the same day of each month after that. Borrower's final payment due December 25, 2017, will be for all principal and all accrued interest not yet paid. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any late charges; and then to any unpaid collection costs. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the LIBOR Base Rate. "LIBOR Base Rate" shall mean the rate set forth as or in the "Money Rates" section of "Credit Markets" page of the Wall Street Journal, or at www.online.wsj.com, or such other publication that may replace such information for the purpose of displaying such rate, as the London Interbank Offered Rates for a period of thirty (30) days. Provided, however, that if such rate is not available through the Wall Street Journal, then LIBOR Base Rate shall be otherwise independently determined by Lender from an alternate, substantially similar independent source available to Lender or shall be calculated by Lender by a substantially similar methodology as that previously used to determine such rate, or it shall be calculated by any of Lender's successors and assigns. The LIBOR Base Rate shall be determined as of the last business day of each calendar month, with the provision that a business day is a day other than Saturday, Sunday or legal holiday for Lender, when Lender is substantially open for business and accepting deposits. In the event the LIBOR Base Rate changes, the rate to be charged on this Note will become effective without notice to Borrower (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each month on the first calendar day of each month immediately following the determination date. Borrower understands that Lender may make loans based on other rates as well. **The Index currently is 0.184% per annum.** Interest on the unpaid principal balance of this Note will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate of 6.000 percentage points over the Index, resulting in an initial rate of 6.184% per annum based on a year of 360 days. NOTICE: Under no circumstances will the effective rate of interest on this Note be more than the maximum rate allowed by applicable law.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. **All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: IBERIABANK, TAMPA BAY MARKET BRANCH, 201 NO. FRANKLIN ST., SUITE 100, TAMPA, FL 33602.**

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged **5.000%** of the unpaid portion of the regularly scheduled payment or **$25.00, whichever is greater.**

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased to 18.000% per annum based on a year of 360 days. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The dissolution of Borrower (regardless of whether election to continue is made), any member withdraws from Borrower, or any other termination of Borrower's existence as a going business or the death of any member, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender the amount of these costs and expenses, which includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Florida without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Florida.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of $15.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts.

COLLATERAL. Borrower acknowledges this Note is secured by UCC COLLATERAL.

ARBITRATION. Borrower and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Note or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any collateral securing this Note shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any collateral securing this Note, including any claim to rescind, reform, or otherwise modify any agreement relating to the collateral securing this Note, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Note shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

CERTIFICATION STATEMENT. The undersigned certifies that all statements, documents and information furnished to the Bank are correct and complete and shall be until this Note is paid in full.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Borrower does not agree or intend to pay, and Lender does not agree or intend to contract for, charge, collect, take, reserve or receive (collectively referred to herein as "charge or collect"), any amount in the nature of interest or in the nature of a fee for this loan, which would in any way or event (including demand, prepayment, or acceleration) cause Lender to charge or collect more for this loan than the maximum Lender would be permitted to charge or collect by federal law or the law of the State of Florida (as applicable). Any such excess interest or unauthorized fee shall, instead of anything stated to the contrary, be applied first to reduce the principal balance of this loan, and when the principal has been paid in full, be refunded to Borrower. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

LMF OCTOBER 2010 FUND, LLC

LM FUNDING, LLC, Manager of LMF OCTOBER 2010 FUND, LLC

By: /s/ Bruce M. Rodgers
BRUCE M. RODGERS, Manager of LM FUNDING, LLC

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Amendment No. 1 to the 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, LLC and Subsidiaries 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
August 7, 2015

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Amendment No. 1 to the Registration Statement on Form S-1 of LM Funding America, Inc. of our report dated July 24, 2015 relating to the balance sheet of LM Funding America, Inc. as of April 20, 2015, 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
August 7, 2015

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
WWW.FOLEY.COM

WRITER'S DIRECT LINE
813.225.4122
EMAIL
ccreely@foley.com

CLIENT/MATTER NUMBER
098929-0103

August 7, 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.
Registration Statement on Form S-1
Filed June 25, 2015
File No. 333-205232
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 July 8, 2015 containing the Staff's comments regarding the Registration Statement on Form S-1 (the "Registration Statement") publicly filed with the United States Securities and Exchange Commission on June 25, 2015. Simultaneous herewith, the Company is filing an Amendment No. 1 to the Registration Statement, and unless otherwise indicated or the context suggests otherwise, all references to the "Registration Statement" in this letter refer to the Amendment No. 1 to the Registration Statement being filed on the date hereof. For your convenience, the full text of each of the comments of the Staff is set forth below, and the Company's response to each comment directly follows the applicable text.

Unaudited Pro Forma Financial Statements, page 36

1. Please revise to provide a pro forma income statement for your most recent fiscal year end (i.e. year ended December 31, 2014).

RESPONSE: The Company has added a pro forma income statement for the year ended December 31, 2014. Please see Page 38 of the Registration Statement.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview, page 39

2. *We note your response to our comment 26 and the roll forwards included on page 40. Please revise to clarify the difference between purchases and investments as used in the roll forwards.*

RESPONSE: The Company has revised the roll forward schedules on the bottom of Page 40 to use the term "fundings" in lieu of "purchases" and "investments" for purposes of clarity and consistency.

3. *We note your discussion of the New Neighbor Guaranty product and your dependence on the Florida court system for timely adjudication. We further note your intention to expand this product on a national basis. Please disclose whether you have identified other areas where adjudication is timely and your business may be successful. In addition, given that you have observed a decline in your original product and will rely on the growth of the New Neighbor Guaranty product, consider adding a risk factor about the obstacles to this expansion nationally.*

RESPONSE: The Company has added disclosure regarding the difference between judicial and non-judicial foreclosure states and the timing differences between them. See the second paragraph on Page 40 of the Registration Statement. In response to this comment, the Company has also added a new risk factor on Page 14 beginning with "*We may not be successful at acquiring and collecting New Neighbor Guaranty Accounts in other states profitably*."

Business

Company Overview, page 53

4. *We note your response and related revisions to our comment 34. Please clarify why there are no legal fees included in the New Neighbor Guaranty example on page 53.*

RESPONSE: The Company has revised its disclosure to explain that attorney fees will, in fact, be payable. Please see the footnote to this example on Page 53 of the Registration Statement.

Products – New Neighbor Guaranty, page 58

5. *We note your response and related revisions to our comment 38. Please expand to disclose the cancellation clause of the AmTrust insurance policy in sufficient detail (e.g. any reasons needed for cancellation – at-will or for-cause, cancellation rights of each party, any required advance notice, etc.).*

RESPONSE: Please be advised that the Company has revised the "New Neighbor Guaranty" section on Pages 57 through 59 of the Registration Statement to expand the disclosure of the cancellation clause of the AmTrust insurance policy. The additional disclosure is extensive, therefore we refer you specifically to the carryover paragraph on Pages 58 and 59 of the Registration Statement for a review of the new cancellation disclosures.

6. Please revise here and in other appropriate sections of your filing to clarify when you stop paying the monthly assessment on the New Neighbor Guaranty product. For example, clarify if you stop paying the monthly assessment if the full amount due is collected.

RESPONSE: The Company has added disclosure indicating that its obligation to pay monthly assessments is limited to 48 months or, if less, a number of months in which the Company reaches its $17,000 per Account limit contained in its AmTrust insurance policy. See the second-to-last sentence of the first full paragraph on Page 58 of the Registration Statement. The same disclosure has also been added on Page 3 in the second paragraph under the "New Neighbor Guaranty" heading and in the second full paragraph on Page 40.

Market Trends and Opportunities

REO, page 61

7. We note your response to our comment 42. Please include the fair market value of your real estate owned as a result of foreclosures. Additionally, please include disclosure similar to your disclosure in this section in the Summary.

RESPONSE: The Company has added disclosure indicating the estimated fair market value of real estate owned but also indicating that the Company does not believe that it has any equity in its real estate owned. See the first paragraph on Page 62 of the Registration Statement.

Certain Relationships and Related Party Transactions

Transactions with Related Parties, page 81

8. We note your response to our comment 48. Please disclose Ms. Gould's employment with BLG, including the terms of such employment, under the "Transactions with Related Parties" heading.

RESPONSE: Please be advised that the Company has revised the "Transactions with Related Parties" section to include the terms of Ms. Gould's employment with BLG. Under the "Transactions with Related Parties" section on Page 81 of the Registration Statement, at the end of the second paragraph, the Company added the following sentences: "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 will 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 foreseeable future."

Notes to the Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

Revenue Recognition, page F-7

9. *We note your response to our comment 50 stating that your finance receivables are not in the scope of ASC 310-30 as you do not fund any of your finance receivables for which it is probable at the time of funding that you will be unable to collect your invested amount. However, ASC 310-30 applies to all loans 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 receivable.*

   Please tell us how you considered whether your finance receivables were acquired by a completion of a transfer as defined in ASC 310-30 and tell us how you considered whether it was probable, at acquisition, that you would be unable to collect all contractually required payments.

   If you conclude your finance receivables are in the scope of ASC 310-30, please revise your accounting policies as appropriate to be consistent with the guidance in ASC 310-30 and disclose the information required under ASC 310-30-50. We note that under ASC 310-30-35-3, the cost recovery and cash basis method of income recognition may be appropriate if you are unable to have a reasonable expectation about the timing and amount of cash flows expected to be collected.

RESPONSE: In response to this comment, the Company notes that ASC 310-30-20 defines "completion of a transfer" and the characteristics of a transaction that, if in place, would qualify the transaction for further consideration of the recognition and measurement criteria of ASC-310-30-05 (see below). The primary characteristic defining a "completion of a transfer" under ASC 310-30-20, as it applies to the Company, involves consideration of the conditions set forth in ASC 860-10-40-5 regarding the purchase and sale of financial assets. The Company fundamentally does not consider its funding activities to be purchases of loans under the provisions of ASC 860-10-40-5. Those provisions require, among other requirements, that the "continuing involvement" of the transferor (i.e., the community associations) in the transferred financial asset be considered in evaluating if a sale and purchase has taken place and a determination if the transferor has surrendered effective control of those assets. Finance receivables of the Company are recorded in connection with disbursing funds to community associations in exchange for an assignment of proceeds (including

finance charges, late fees and other costs) ultimately collected by an association from its unit owners or home owners. Amounts disbursed by the Company to an association are equal to an itemized listing of certain and specific past due assessments by condo unit or home associations (the "Accounts") as set forth in a written agreement between the Company and the association. Under this agreement, an association has the right (among other rights) to: (i) make material decisions regarding the collection process and (ii) terminate the agreement at any time and restore all original claims on collections as long as the association remits all payments due on the Account to the Company at termination date. The Company notes that community associations have ongoing involvement with unit owners and home owners regarding payment of amounts due and have not surrendered control of the Accounts in light of the ability to cause the holder (i.e., the Company) to return those assets. The Company does not consider its funding transactions as described above to be a purchase of financial assets as set forth at ASC 860-10-40-5 and thus does not satisfy the definition of a "completion of a transfer".

As noted by the Staff in this comment, a fundamental requirement of applying the provisions of ASC 310-30-05 involves the determination, at the time of funding, that it is probable the Company will be unable to collect all "contractually required payments receivable". In the Company's previous response to this particular matter, the Company expressed its position that it did not believe the "probable" threshold criteria as set forth above was met with respect to funded amounts and as such, the provisions of ASC 310-30-05 did not apply. Under ASC 310-30-20, contractually required payments receivable are defined as "the total undiscounted amount of all uncollected contractual principal and contractual interest payments both past due and scheduled for the future…". The Company does not believe the assignment of collection proceeds to be received from unit owners or home owners by the association to the Company relating to finance charges, late fees and other costs qualify as contractual and scheduled payments contemplated by ASC 310-30-20. These charges are periodically assessed under Florida statue 718.116(3) and are not part of a contractual note or similar agreement between a debtor and a creditor (i.e. one in which interest payments are a fundamental and "scheduled" part of a lending agreement).

Further, the Company notes ASC 310-30-05 applies to "loans" acquired – loans are defined at ASC 310-30-20 as a "contractual right to receive money on demand or on fixed or determinable dates… and includes but are not limited to accounts receivable (with terms exceeding one year) and notes receivable". Because the assignment of collections proceeds as described above do not involve a contractual obligation between the Company and the community association for payments on fixed or scheduled terms, including repayment of the funded amount, the Company does not consider its funding transactions to qualify as acquired "loans" as set forth at ASC 310-30-20.

Finance Receivables, page F-8

10. We note your response and related changes to our comment 49. Please revise to disclose the amount recovered from credit insurance for each period presented.

RESPONSE: In response to this comment, the Company added two new sentences to the first paragraph on Page F-12 that read as follows: "Recoveries under this credit insurance program during 2014 were approximately $81,000. Recoveries during 2013, the first year of the program, were $0."

11. We note your response and related changes to our comment 53. Please revise to disclose the information required by ASC 310-10-50-11B(b).

RESPONSE: In response to this comment, the Company added the following two sentences to the second paragraph on Page F-12: "The Company will charge any receivable against the allowance for credit losses when management believes the uncollectibility of the receivable is confirmed. Any losses greater than the recorded allowance will be recognized as expense."

Note 9. Fair Value of Financial Instruments, page F-15

12. We note that page 8 of the valuation report details key inputs to the discounted cash flow calculation and that the calculation assumes 3% of the outstanding receivables are collected each quarter. Please reconcile this assumption with the cash flow information on page 40 of your filing that indicates that approximately 14% and 12% of the outstanding receivables were collected in the quarter ended March 31, 2015 and March 31, 2014 and that approximately 45% and 37% of the outstanding receivables were collected in the year ended December 31, 2014 and 2013, respectively. If appropriate, please revise your estimate of the fair value of your finance receivables and update your disclosure.

RESPONSE: For the information of the Staff, the 3% assumption was selected and used by the valuation firm based on historical collection rates over 8.5 years, and it represents an average quarterly number over the 8.5-year period. The Company notes that its collections have varied among quarters, and the valuation calculation assumes much smaller collection rates as the receivables age. The Company believes that although the average collections have been higher than 3% per quarter in certain quarters, the average still appears to be in line with the independent actuarial analysis based on the Company's historical collections. The Company intends to have its finance receivables valued as part of our audit procedures on a yearly basis taking into account any new activity and/or trend.

Condensed Consolidated Financial Statements for the Period Ended March 31, 2015

Notes to the Condensed Consolidated Financial Statements, page F-21

13. We note that you had approximately $1.9 million of Other Indebtedness as disclosed in the condensed consolidated balance sheet as of March 31, 2015 on page F-17. Please revise to disclose the information required by Rule 5-02.22 of Regulation S-X and ASC 470-10-50.

RESPONSE: Please be advised that, in connection with updating the financial statements to include the second quarter of 2015, we have replaced the condensed consolidated balance sheet as of March 31, 2015 with a condensed consolidated balance sheet as of June 30, 2015, on which financial statement the Company lists $1.8 million of Other Indebtedness. The Company revised Note 3 to such financial statements to disclose the information required by Rule 5-02.22 of Regulation S-X and ASC 470-10-50.

Exhibit 5.1 – Opinion of Foley & Lardner LLP

14. Please revise to opine that the warrants are a binding obligation of the company under the laws of the jurisdiction governing them. Please refer to Section II.B.1.F of Staff Legal Bulletin No. 19 (CF) dated October 14, 2011.

RESPONSE: Please be advised that Foley & Lardner LLP revised its Opinion to opine that the warrants are a binding obligation of the Company under the laws of the state of Delaware. Please refer to the fourth paragraph of the Opinion.

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