

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **2021-07-01** | Period of Report: **2021-06-30**
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FILER

Korth Direct Mortgage Inc.

CIK: **1695963** | IRS No.: **270644172** | State of Incorporation: **FL** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **333-215782** | Film No.: **211065391**
SIC: **6500** Real estate

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 30, 2021 (June 24, 2021)

KORTH DIRECT MORTGAGE INC.

(Exact name of registrant as specified in its charter)

Florida

(State or other jurisdiction
of incorporation)

000-1695962

(Commission File Number)

27-0644172

(IRS Employer Identification No.)

2937 SW 27th Avenue, Suite 307, Miami, FL 33133

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code 305-668-8485

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
n/a	n/a	n/a

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 3.02. Unregistered Sales of Equity Securities.

On June 29, 2021, Korth Direct Mortgage Inc., a Florida corporation, which we refer to as KDM, issued and sold to “qualified institutional buyers,” as defined in rule 144A under the Securities Act of 1933, as amended, or the Securities Act, in a private placement transaction 19,000 shares of its Series B 6.50% Cumulative Non-Voting Redeemable Secured Preferred Stock, \$0.001 par value per share, with a liquidation preference of \$1,000 per share, which we refer as the Series B preferred stock, based on the private placement exemption under Section 4(a)(2) of the Securities Act.

The terms of the Series B preferred stock are more fully described in the Articles of Amendment to the Articles of Incorporation and Certificate of Designation of Series B 6.50% Cumulative Non-Voting Redeemable Secured Preferred Stock of KDM filed with the Florida Secretary of State on June 25, 2021, a copy of which is attached as Exhibit 3.4 to this Current Report on Form 8-K and which we refer to as the Series B Certificate of Designation. The proceeds of the sale of the Series B preferred stock will be used for general corporate purposes, which may include support future growth and KDM’s transition to a better execution model through aggregation of mortgage secured notes collateral.

The Series B preferred stock is non-convertible and will pay cumulative dividends, if and when declared by the KDM’s board of directors, at a rate of 6.50% per annum. Dividends declared will be payable quarterly in arrears on the 15th day of January, April, July and October of each year. The Series B preferred stock ranks senior to KDM’s outstanding Series A 6% Cumulative Perpetual Convertible Preferred Stock, par value \$0.001 per share, or Series A preferred stock, and all of KDM’s common stock, and will rank *pari passu* with, or senior to, all future issuances of preferred stock of KDM.

KDM is required to use commercially reasonable efforts to maintain a nationally-recognized statistical ratings organization, or NRSRO, rating for so long as any shares of Series B preferred stock remain outstanding. If KDM fails to maintain an NRSRO rating for the Series B preferred stock of at least BBB (or the equivalent thereof), the dividend rate applicable to the Series B preferred stock will be increased by 25 basis points, and in the event KDM fails to maintain an NRSRO rating of at least BBB- (or the equivalent thereof), the dividend rate applicable to the Series B preferred stock will be increased by an additional 25 basis points.

The Series B preferred stock is redeemable at KDM’s option, in whole or in part, on or after June 29, 2026, at a redemption price per share equal to \$1,000.00 per share, plus accrued and unpaid dividends, if any. Subject to applicable law, KDM is required to redeem the Series B preferred stock, in each case at a redemption price equal to \$1,000.00 per share, plus accrued and unpaid dividends, as follows:

- 10% of the originally-issued shares of Series B preferred stock on June 29, 2027;
- 10% of the originally-issued shares of Series B preferred stock on June 29, 2028;
- 10% of the originally-issued shares of Series B preferred stock on June 29, 2029;
- 20% of the originally-issued shares of Series B preferred stock on June 29, 2030; and
- 50% of the originally-issued shares of Series B preferred stock on June 29, 2031.

KDM’s obligations to redeem the Series B preferred stock will be secured by a security interest on servicing fees, as specified in each mortgage secured note issued by KDM, which is the difference between the interest payable pursuant to the mortgage secured note and the interest receivable pursuant to the related commercial real estate mortgage loan. The requisite holders of Series B preferred stock will entitled to exercise rights and remedies pursuant to such security interest in the event that KDM does not pay the relevant mandatory redemption price (inclusive of any accrued and unpaid dividends) within thirty (30) days of the applicable redemption date, except with respect to the final redemption date, which is not be subject to a thirty (30)-day grace period.

This Current Report on Form 8-K does not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall it constitute an offer to sell, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful. These securities have not been registered under the Securities Act or any state securities laws and, unless so registered, may not be offered or sold in the United States or to U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state laws.

Item 3.03. Material Modification to Rights of Security Holders.

Amendment to Terms of Series A Preferred Stock

As a condition to establishing the Series B preferred stock and consummating the private placement described in Item 3.02 of this Current Report on Form 8-K, on June 24, 2021, holders of 180,000 shares of KDM's Series A 6% Cumulative Perpetual Convertible Preferred Stock, par value \$0.001 per share, or Series A preferred stock, representing 90% of the outstanding shares of Series A preferred stock, approved by written consent certain amendments to the terms of the Series A preferred stock, as more particularly described below. KDM issued the outstanding shares of Series A preferred stock in September 2019, in a private placement transaction exempt from registration under the Securities Act for aggregate gross proceeds of approximately \$5 million. The terms of the Series A preferred stock are set forth in the Amendment to Articles of Incorporation and Certificate of Designation filed with the Florida Secretary of State on September 20, 2019 and attached as [Exhibit 3.1](#) to this Current Report on Form 8-K, as amended and restated by that certain Amendment to Articles of Incorporation and Amended Certificate of Designation filed with the Florida Secretary of State on March 20, 2020 and attached as [Exhibit 3.2](#) to this Current Report on Form 8-K.

Pursuant to the amendment to the Series A preferred stock terms approved by the requisite holders KDM's Series A preferred stock on June 24, 2021, which we refer to as the Series A preferred stock amendment, KDM may issue preferred stock that, pursuant to its terms, is expressly senior in rights or liquidation preference to the Series A preferred stock, and the dividend or redemption payments of which are secured by specific assets of KDM.

The Series A preferred stock amendment was filed with the Florida Secretary of State on June 25, 2021 and is attached as [Exhibit 3.3](#) to this Current Report on Form 8-K.

Terms of Series B Preferred Stock

Pursuant to the Series B Certificate of Designation, the Series B preferred stock ranks, with respect to dividend rights and rights upon KDM's liquidation, winding up or dissolution:

- senior to KDM's common stock, Series A preferred stock and each other class of capital stock or series of KDM's preferred stock that KDM's board of directors may establish in the future, the terms of which do not expressly provide that such class or series ranks senior to or on parity with the Series B preferred stock;
- on parity with each class of KDM's capital stock or series of KDM's preferred stock that KDM's board of directors may establish in the future, the terms of which expressly provide that such class or series will rank on parity with the Series B preferred stock, which we refer to as parity stock; and
- junior to each class of KDM's capital stock or series of KDM's preferred stock that KDM's board of directors may establish in the future, the terms of which expressly provide that such class or series will rank senior to the Series B preferred stock, which we refer to as senior stock.

Pursuant to the Series B Certificate of Designation, so long as any shares of Series B preferred stock remain outstanding, KDM will not permit:

- its net worth, determined as of the last day of each fiscal quarter, to be less than the product resulting when (i) the number of shares of Series B preferred stock outstanding as of the last day of such fiscal quarter is multiplied by (ii) \$1,150.00;
- its dividend coverage ratio for such fiscal quarter to be less than 1.50 to 1.00; or

- any portion of the servicing fees it receives with respect to mortgage secured notes to be utilized for general corporate purposes unless all dividends on the Series B preferred stock are current.

In addition, pursuant to the Series B Certificate of Designation, so long as any shares of Series B preferred stock remain outstanding, KDM will not, without the prior written consent of holders representing at least a majority of the then-outstanding shares of Series B preferred stock, issue any parity stock, senior stock or unsecured indebtedness that ranks senior to, or *pari passu* with, the Series B preferred stock. The Series B Certificate of Designation specifically permits KDM to issue the following without the prior permission of holders of Series B preferred stock:

- one or more issuances of preferred stock with the same or different dividend rate as the Series B preferred stock and secured by the servicing fees related to mortgage secured notes, so long as KDM's pro forma dividend coverage ratio, after giving effect to any such issuance, is no less than 6.00 to 1.00 as of the end of the most recent fiscal quarter;
- one or more warehouse lines of credit utilized to fund the issuance of mortgage secured notes with a maturity of not more than 36 months, where such warehouse line of credit is secured by the loans originated pursuant to such warehouse line; secured indebtedness or capital stock that has separate and distinct collateral securing them, either as on-time transactions or ongoing programs, provided KDM does not grant a security interest in the servicing fees related to mortgage secured notes in connection with such secured indebtedness or the issuance of such capital stock; and
- indebtedness secured by KDM subsidiaries or other special purpose vehicles so long as any security interest granted in connection therewith does not relate to, or otherwise cover, the servicing fees related to mortgage secured notes.

For purposes of the description above, "net worth" and "dividend coverage ratio" are calculated as described in the Series B Certificate of Designation.

So long as any shares of Series B preferred stock remain outstanding, as more fully set forth in the Series B Certificate of Designation, KDM will not, without the affirmative vote or consent of the holders of at least a majority of the outstanding shares of Series B preferred stock, amend, alter or repeal or otherwise change (including in connection with any merger, consolidation or other similar transaction) any provision of the Series B Certificate of Designation or KDM's Articles of Incorporation, as amended, if the amendment, authorization or repeal would materially and adversely affect the rights, preferences, powers or privileges of the Series B preferred stock. Otherwise, holders of the Series B preferred stock will have no voting rights, except as otherwise required by law or KDM's Articles of Incorporation, as amended, and are not entitled to any preemptive or preferential rights to purchase any of KDM's securities.

In addition to the foregoing, the information set forth under Item 3.02 above is incorporated into this Item 3.03 by reference.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

The disclosure set forth in Items 3.02 and 3.03 above is incorporated into this Item 5.03 by reference to the extent relevant to this Item.

Item 5.07. Submission of Matters to a Vote of Security Holders.

As described in Item 3.02 above, on June 24, 2021, holders of at least two-thirds of KDM's outstanding shares of Series A preferred stock approved the Series A preferred stock amendment by written consent. A copy of the Series A preferred stock amendment, which was filed with the Florida Secretary of State on June 25, 2021, is attached as Exhibit 3.3 to this Current Report on Form 8-K

Item 7.01. Regulation FD Disclosure.

On June 29, 2021, KDM issued a press release announcing that it had issued and sold shares of its Series B preferred stock in a private placement transaction. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

Information contained in this Item 7.01, including Exhibit 99.1, shall not be deemed filed for the purposes of the Securities Exchange Act of 1934, as amended, nor shall such information and Exhibit be deemed incorporated by reference in any filing under the Securities Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
3.1	Amendment to Articles of Incorporation of Korth Direct Mortgage Inc. and Certificate of Designation of Series A 6% Cumulative Perpetual Convertible Preferred Stock, as filed with the Florida Secretary of State on September 20, 2019
3.2	Amendment to Articles of Incorporation of Korth Direct Mortgage Inc. and Amended Certificate of Designation of Series A 6% Cumulative Perpetual Convertible Preferred Stock, as filed with the Florida Secretary of State on March 20, 2020
3.3	Amendment to Articles of Incorporation of Korth Direct Mortgage Inc. and Amendment to Amended Certificate of Designation of Series A 6% Cumulative Perpetual Convertible Preferred Stock, as filed with the Florida Secretary of State on June 25, 2021
3.4	Articles of Amendment to Articles of Incorporation of Korth Direct Mortgage Inc. and Certificate of Designation of Series B 6.50% Cumulative Non-Voting Redeemable Secured Preferred Stock, as filed with the Florida Secretary of State on June 25, 2021
99.1	Press Release, dated June 29, 2021

SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

KORTH DIRECT MORTGAGE INC.

Dated: June 30, 2021

By: /s/ Holly C. MacDonald-Korth
Holly C. MacDonald-Korth, President

Exhibit Index

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3.4	Articles of Amendment to Articles of Incorporation of Korth Direct Mortgage Inc. and Certificate of Designation of Series B 6.50% Cumulative Non-Voting Redeemable Secured Preferred Stock, as filed with the Florida Secretary of State on June 25, 2021
99.1	Press Release, dated June 29, 2021

**ARTICLES OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
KORTH DIRECT MORTGAGE, INC.
(Document No. P190000466390)**

**CERTIFICATE OF DESIGNATION
OF
SERIES A 6% CUMULATIVE PERPETUAL CONVERTIBLE PREFERRED STOCK**

Pursuant to the provisions of Section 607.1006, Florida Statutes, this Florida Profit Corporation adopts the following amendment to its Articles of Incorporation.

Pursuant to the authority vested in the Board of Directors (the "Board of Directors") in accordance with Section 607.0602, Florida Statutes, and the provisions of the Articles of Incorporation of said Company, the Board of Directors on September 18, 2019, approved the following resolution creating a series of Four Hundred Thousand (400,000) shares of \$25.00 liquidation value preferred stock designated as "Series A 6% Cumulative Perpetual Convertible Preferred Stock":

RESOLVED, That pursuant to the authority vested in the Board of Directors of this Company in accordance with the provisions of the Articles of Incorporation, a series of Preferred Stock, par value \$.001 per share, of the Company be, and it hereby is, created, and that the designation and number of shares thereof and the voting and other powers, preferences and relative, participating, optional or other rights of the shares of such series and the qualifications, limitations and restrictions thereof are as follows: The shares of such series shall be designated as the Series A 6% Cumulative Perpetual Convertible Preferred Stock (the "Series A Preferred Stock") and the number of shares constituting such series shall be Four Hundred Thousand (400,000). Such number of shares may be increased or decreased from time-to-time by resolution of the Board of Directors; provided, however, that such number may not be decreased below the number of then currently outstanding shares of Series A Preferred Stock. The shares of Series A Preferred Stock shall rank senior, as to dividends and upon liquidation, dissolution and winding up, to the Common Stock and to any other class or series of capital stock of the Company now or hereafter authorized, issued or outstanding; provided, however, that without the consent of the holders of the Series A Preferred Stock the Company may authorize and issue Mortgage Secured Notes and shares of securities junior to or at parity with the Series A Preferred Stock and any other class or series of stock of the Company, with respect to the payment of dividends and the distribution of assets in the event of any dissolution, liquidation or winding up of the Company, as set forth below.

Page 1 of 10

1. Designation and Amount. The shares of such series shall be designated as the Series A 6% Cumulative Perpetual Convertible Preferred Stock (the "Series A Preferred Stock") and the number of shares constituting such series shall be Four Hundred Thousand (400,000). Such number of shares may be increased or decreased from time-to-time by resolution of the Board of Directors; provided, however, that such number may not be decreased below the number of then currently outstanding shares of Series A Preferred Stock. The shares of Series A Preferred Stock shall rank senior, as to dividends and upon liquidation, dissolution and winding up, to the Common Stock and to any other class or series of capital stock of the Company now or hereafter authorized, issued or outstanding; provided, however, that without the consent of the holders of the Series A Preferred Stock the Company may authorize and issue Mortgage Secured Notes and shares of securities junior to or at parity with the Series A Preferred Stock and any other class or series of stock of the Company, with respect to the payment of dividends and the distribution of assets in the event of any dissolution, liquidation or winding up of the Company, as set forth below.

2. Certain Definitions. For the purposes of this Certificate of Designation which embodies this resolution, unless the content otherwise requires, capitalized terms used and not otherwise defined in such Certificate of Designation shall have the following meaning (with terms defined in the singular having comparable meanings when used in the plural):

"Business Day" shall mean any day on which banks are open for business in Boca Raton, Florida (other than a Saturday or Sunday), provided that any reference to "days" (unless Business Days are specified) shall mean calendar days.

“Capital Stock” means the Series A Preferred Stock, any other series of Preferred Stock, Common Stock of any class, and any other class or series of capital stock or other equity securities of the Company, whether authorized as of or after the date hereof.

“Common Stock” means, collectively: (a) the common stock, par value \$.001 per share, of the Company, and any stock into which such stock shall have been converted or changed or any stock resulting from any reclassification of such stock and all other stock of any class or classes (however designated) of the Company, the holders of which shall have the right, without limitation as to amount, either to all or to a share of the balance of current dividends and liquidating dividends after the payment of dividends and distributions on any shares entitled to preference; and (b) any securities issued in respect thereof, or in substitution therefor, in connection with any stock split, dividend or combination, or any reclassification, recapitalization, merger, consolidation, exchange or similar reorganization.

“Company” shall mean Korth Direct Mortgage, Inc., a Florida corporation.

“Conversion Rate” shall mean five (5) shares of Common Stock for each share of Series A Preferred Stock.

“Convertible Security” shall mean, with respect to the Company, any evidence of indebtedness, shares of stock or other securities directly or indirectly convertible into or exchangeable for Common Stock or Preferred Stock, but excluding Options.

“Holder” shall mean a holder of the Series A 6% Cumulative Perpetual Convertible Preferred Stock.

“Junior Securities” means means the Common Stock and all other equity or equity equivalent securities of the Company other than those securities that are senior or pari passu in rights or liquidation preference to the Series A Preferred Stock.

Page 2 of 10

“Liquidity Event” shall mean (a) the liquidation, dissolution or winding up of the Company, (b) the merger, consolidation or similar transaction of the Company with or into another entity (if after such merger the holders of a majority of the Company's voting securities immediately prior to the transaction do not hold a majority of the voting securities of the successor entity), or (c) the sale, license or lease of all or substantially all of the Company's assets.

“Mortgage Secured Notes” shall mean the Company's mortgage secured notes (also referred to herein as “MSN's”) issued or issuable by the Company as special limited obligations on a pass-through basis. The Company is required to make payments on MSNs only to the extent that payments are received from borrowers. The Company forwards borrower payments that it receives to MSN noteholders less a Company service fee.

“Preferred Stock” means, collectively, (a) the Series A Preferred Stock and (b) any other class of preferred stock of the Company and any securities issued in respect thereof, or in substitution therefor, in connection with any stock split, dividend or combination, or any reclassification, recapitalization, merger, consolidation, exchange or similar reorganization.

“Series A Preferred Stock” means the Series A 6% Cumulative Perpetual \$25 Liquidation Value Convertible Preferred Stock, of the Company.

3. Dividends and Distributions.

(a) Holders of Series A Preferred Stock will be entitled to receive, when, as and if declared by the Board of Directors or a duly authorized committee of the Board of Directors, out of assets legally available for the payment of dividends, cash dividends based on the liquidation preference of the Preferred Stock at a rate equal to 6% of the \$25.00 liquidation value per annum for each Series A Preferred Stock dividend period from the original issue date of the Series A Preferred Stock. If the Company issues additional shares of the Preferred Stock after the original issue date, dividends on such shares will accrue from the date such additional shares are issued.

(b) If declared, dividends will be payable on the Preferred Stock on the following dates (each, a “Preferred Stock Dividend Payment Date”), dividends will be payable quarterly, on the 15th of each month beginning on December 15, 2019 and on March 15, June 15, and September 15 thereafter. The first payment will be made based on the number of days between the issue date and December 15, 2019, at an amount of the dividend rate divided by 360. If any date on which dividends would otherwise be payable is not

a Business Day, then the Preferred Stock Dividend Payment Date will be the next Business Day, without any adjustment to the amount. A “Business Day” means any weekday that is not a legal holiday in New York, New York and that is not a day on which banking institutions in New York, New York, or Miami, Florida, are closed.

(c) Dividends will be payable to holders of record of Preferred Stock as they appear on the Company’s books and/or the Depository Trust Company, as applicable, on the applicable record date, which shall be the last Business Day of the calendar month before the applicable Dividend Payment Date. A “Preferred Stock Dividend Period” is the period from and including a Preferred Stock Dividend Payment Date to, but excluding, the next Preferred Stock Dividend Payment Date, except that the initial Preferred Stock Dividend Period will commence on and include the original issue date of Preferred Stock. Dividends payable on Preferred Stock will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Page 3 of 10

(d) Dividends on the Preferred Stock will be cumulative. If the Board of Directors of the Company does not declare a dividend on the Preferred Stock in respect of Preferred Stock Dividend Period, then a dividend shall be deemed to have accrued for such dividend period, and the Company will have the obligation to pay any dividend for that Preferred Stock Dividend Period prior to a dividend’s being declared or paid or set aside for payment, and no distribution shall be declared or made or set aside for payment, on any Junior Securities.

(e) No shares of Junior Securities outstanding at the time of issuance of any shares of Series A Preferred Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Company, directly or indirectly, other than (i) as a result of a reclassification of Junior Securities for or into other Junior Securities, (ii) the exchange or conversion of one share of Junior Securities for or into another share of Junior Securities, (iii) through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Securities.

(f) Subject to the foregoing, and not otherwise, dividends (payable in cash, stock or otherwise), as may be determined by the Board of Directors of the Company, may be declared and paid on the Common Stock and any other class or series of capital stock ranking equally with or junior to Preferred Stock from time to time out of any assets legally available for such payment, and the holders of Preferred Stock shall not be entitled to participate in any such dividend.

4. Voting Rights.

(a) Except as provided below or as expressly required by law, the holders of shares of Series A Preferred Stock shall have (i) no voting rights, (ii) no right to vote on any matter at any time, either as a separate series or class or together with any other series or class of shares of capital stock, and (iii) shall not be entitled to call a meeting of the Company’s shareholders for any purpose.

(b) So long as any shares of Series A Preferred Stock remain outstanding, the affirmative vote or consent of the holders of at least two-thirds of all of the shares of Series A Preferred Stock at the time outstanding, voting separately as a class, shall be required to: (1) authorize or increase the authorized amount of, or issue shares of any class or series of stock ranking senior to the Series A Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of the Company, or issue any obligation or security convertible into or evidencing the right to purchase, any class or series of stock ranking senior to the Series A Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of the Company, except Mortgage Secured Notes; (2) amend the provisions of the Company’s Articles of Incorporation, as amended, so as to adversely affect the powers, preferences, privileges or rights of Preferred Stock, taken as a whole, provided, however, that any increase in the amount of the authorized or issued shares of Preferred Stock or authorized common or preferred stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of preferred stock ranking equally with or junior to Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) or the distribution of assets upon liquidation, dissolution or winding up of the Company will not be deemed to adversely affect the powers, preferences, privileges or rights of Preferred Stock; and (3) consolidate with or merge into any other corporation unless the shares of Preferred Stock outstanding at the time of such consolidation or merger or sale are converted into or exchanged for preference securities having such rights, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of Preferred Stock, taken as a whole. The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Preferred Stock shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been set aside by the Company for the benefit of the holders of Preferred Stock to effect such redemption.

(c) If the Company fails to pay, or declare and set apart for payment, dividends on outstanding shares of the Preferred Stock or any other series of preferred stock for six quarterly dividend periods, or their equivalent, whether or not consecutive, the number of directors shall be increased by the number of directors necessary so as to create a majority at our first annual meeting of the shareholders held thereafter, and at such meeting and at each subsequent annual meeting until cumulative dividends payable for all past dividend periods and continuous noncumulative dividends for at least one year on all outstanding shares of Preferred Stock entitled thereto shall have been paid, or declared and set apart for payment, in full, the holders of shares of preferred stock of all series shall have the right, voting as a class, to elect such majority additional members of the Board of Directors to hold office for a term of one year. Upon such payment, or such declaration and setting apart for payment, in full, the terms of such majority of additional directors so elected shall forthwith terminate, and the number of directors shall be reduced by such majority, and such voting right of the holders of shares of preferred stock shall cease, subject to increase in the number of directors as described above and to re-vesting of such voting right in the event of each and every additional failure in the payment of dividends for six quarterly dividend periods, or their equivalent, whether or not consecutive, as described above.

5. Pre-Emptive Rights. The holders of shares of Series A Preferred Stock will have no preemptive rights with respect to any shares of the Company's Capital Stock or any of its other securities convertible into or having rights or options to purchase any such Capital Stock.

6. Conversion. The holders of the Series A Preferred Stock shall have the following rights with respect to the conversion of Series A Preferred Stock into shares of Common Stock (the "Conversion Rights"):

(a) Conversion Right. Each share of Series A Preferred Stock may, at the option of the Holder, be converted at any time and from time to time into five (5) shares of Common Stock (the "Conversion Rate").

(b) Exercise of Conversion Privilege. To exercise its privilege, each Holder of Series A Preferred Stock shall surrender the certificate or certificates (unless such shares are held in electronic form) representing the shares being converted to the Company at its principal office, and shall give written notice to the Company at that office that such Holder elects to convert such shares. Such notice shall also state the name or names (with address or addresses) in which the certificate or certificates for shares of Common Stock issuable upon such conversion shall be issued. The certificate or certificates for shares of Series A Preferred Stock surrendered for conversion shall be accompanied by proper assignment thereof to the Company or in blank. The date when such written notice is received by the Company the Company, together with the certificate or certificates representing the shares of Series A Preferred Stock being converted, shall be the "Series A Conversion Date." As promptly as practicable after the Series A Conversion Date, the Company shall issue and deliver to the holder of the shares of Series A Preferred Stock being converted a certificate or certificates as it may request for the number of shares of Common Stock issuable upon the conversion of such shares of Series A Preferred Stock in accordance with the provisions of this Section 6, and pay in cash the amount of all unpaid dividends due but not paid under Section 3 (whether or not declared) on such shares of Series A Preferred Stock up to and including the Series A Conversion Date. Such conversion shall be deemed to have been effected immediately prior to the close of business on the Series A Conversion Date, and at such time the rights of the holder as holder of the converted shares of Series A Preferred Stock shall cease and the person or persons in whose name or names any certificate or certificates for shares of Class A Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares of Class A Common Stock represented thereby.

(c) Partial Conversion. In the event some but not all of the shares of Series A Preferred Stock represented by a certificate or certificates surrendered by a Holder are converted, the Company shall execute and deliver to or on the order of the Holder, at the expense of the Company, a new certificate representing the shares of Series A Preferred Stock that were not converted.

(d) Reservation of Common Stock. The Company shall reserve, solely for the purpose of effecting the conversion of the shares of Series A Preferred Stock, such number of its shares of Common Stock as shall from time-to-time be sufficient to effect the conversion of all outstanding shares of the Series A Preferred Stock.

(e) Termination of Rights on Conversion. All shares of Series A Preferred Stock surrendered for conversion as herein provided shall no longer be deemed to be outstanding, and all rights with respect to such shares, including the rights, if any, to

receive dividends, notices and to vote, shall immediately cease and terminate on the Conversion Date, except only the right of the holders thereof to receive shares of Common Stock and cash in lieu of fractional shares in exchange therefore, and also the right of the holders to receive dividends due but not paid (whether or not declared) under Section 3. Any shares of Series A Preferred Stock so converted shall be retired and canceled and shall not be reissued, and the Company may from time-to-time take such appropriate action as may be necessary to reduce the number of shares of authorized Series A Preferred Stock accordingly.

(f) Adjustment for Merger, Reorganization, etc. In case of any consolidation, reorganization, recapitalization, reclassification, merger or share exchange involving the Company in which the Common Stock (but not the Series A Preferred Stock) is converted into or exchanged for securities, cash or other property (which the Holders shall have consented to in accordance with Section 4 hereof), then, following any such reorganization, recapitalization, reclassification, consolidation or merger, each share of Series A Preferred Stock shall thereafter be convertible into the kind and amount of shares of stock or other securities or property to which a holder of the number of shares of Common Stock of the Company deliverable upon conversion of such Series A Preferred Stock would have been entitled upon such reorganization, recapitalization, reclassification, consolidation or merger; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors) shall be made in the application of the provisions in this Section 6 set forth with respect to the rights and interests thereafter of the Holders, to the end that the provisions set forth in this Section 6 shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares of stock or other property thereafter deliverable upon the conversion of the Series A Preferred Stock.

Page 6 of 10

(g) No Impairment. The Company will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, share exchange, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Section 6 and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the Holders against impairment.

(h) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Rate pursuant to this Section 6, the Company at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each Holder a certificate setting forth such adjustment and showing in detail the facts upon which such adjustment or readjustment is based and shall file a copy of such certificate with its corporate records. The Company shall, upon the written request at any time of any Holder, furnish or cause to be furnished to such holder a similar certificate setting forth (1) such adjustments and readjustments, (2) the Conversion Rate then in effect, and (3) the number of shares of Common Stock which then would be received upon the conversion of Series A Preferred Stock. Despite such adjustment or readjustment, the form of each or all stock certificate(s) representing Series A Preferred Stock, if the same shall reflect the initial or any subsequent Conversion Rate, need not be changed in order for the adjustments or readjustments to be valued in accordance with the provisions of this Certificate of Designation, Preferences and Rights which shall control.

(i) Notice to Shareholders. If:

1. the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock of the Company (other than a subdivision or combination of the outstanding shares of Common Stock), any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property; or

2. the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding-up of the affairs of the Company;

then the Company shall cause to be filed at each office or agency maintained for the purpose of conversion of Series A Preferred Stock, and shall cause to be mailed to the Holders at their last address as they shall appear upon the stock books of the Company, at least thirty (30) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating) the date on which such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding-up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding-up; provided, however, that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice.

(j) Issuance Taxes. The issuance of certificates for shares of Common Stock on any conversion of Series A Preferred Stock shall be made without charge to the holders thereof for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such certificate, provided that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate upon conversion in a name other than that of the Holder of such shares of Series A Preferred Stock so converted and the Company shall not be required to issue or deliver such certificates or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

(k) Conversion Notices. Each Holder's conversion notice shall be given by facsimile and by mail, postage prepaid, addressed to the attention of the Chief Financial Officer of the Company at the facsimile telephone number and address of the principal place of business of the Company or the Company's transfer agent,. Any such notice shall be deemed given and effective upon the earliest to occur of (i) if such conversion notice is delivered via facsimile prior to 4:30 P.M. (Miami, Florida, Time) to the Company's facsimile number, (ii) five days after deposit in the United States mail, or (iii) upon actual receipt by the party to whom such notice is required to be given.

(l) Prohibition of Certain Actions. The Company will not, by amendment of its articles of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Section 6 and in the taking of all such action as may reasonably be requested by the Holder in order to protect the conversion privilege of such Holder against dilution or other impairment, consistent with the tenor and purpose of this Section 6. Without limiting the generality of the foregoing, the Company (A) will not increase the par value of any shares of any series of Common Stock receivable above the par value of the Series A Preferred Stock then in effect, (B) will take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the conversion of all Series A Preferred Stock from time to time outstanding, (C) will not take any action which results in any adjustment of the Conversion Rate if the total number of shares of Common Stock issuable after the action upon the conversion of all shares of Series A Preferred Stock would exceed the total number of shares of Common Stock then authorized by the Company's articles of incorporation and available for the purpose of issue upon such conversion.

7. Redemption. The Company may redeem the Series A Preferred Stock in whole or in part from the proceeds of a public offering of the Company's Common Stock or with the proceeds of a sale of the Company at a redemption value of \$25.00 per share, together with accrued interest, provided that the proceeds of the public offering exceed the value of the Series A Preferred Stock outstanding. Any shares of Series A Preferred Stock that shall at any time have been redeemed shall, after redemption, be cancelled and not reissued. In case fewer than all of the shares represented by a Series A Preferred Stock certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without cost to the Holder thereof.

8. Ranking. The shares of Series A Preferred Stock shall rank senior, as to dividends and upon liquidation, dissolution and winding up, to the Common Stock, and to any other class or series of capital stock of the Company now or hereafter authorized, issued or outstanding. The Company may authorize and issue additional Mortgage Secured Notes and shares of securities junior to or at parity with the Preferred Stock without the consent of the holders of the Preferred Stock. The Company may also issue additional series of Preferred Stock at parity with the Series A Preferred Stock.

9. Liquidation Priority. If the Company liquidates, dissolves or winds up, holders of the Series A Preferred Stock will have the right to receive \$25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date of payment, before any payment is made to the holders of our Common Stock or any other securities ranking junior to the Series A Preferred Stock.

10. Restriction on Debt. Except for the Company's Mortgage Secured Notes, the Company shall not issue unsecured debt or borrow money for any purposes other than those incidental to its daily business operations and originating and closing loans or using margin loans to purchase its Mortgage Secured Notes in the secondary market. The Mortgage Secured Notes are special limited obligations of the Company, in which the Company operates as a pass-through, forwarding borrower payments to the MSN noteholders less its service fee. The Company is only required to make payments on the MSNs to the extent they are received from borrowers.

11. Miscellaneous Provisions.

(a) Issue Tax. The issuance of certificates for shares of the Class A Common Stock upon conversion of any shares of Series A Preferred Stock shall be made without charge to the Holder thereof for any issuance tax in respect thereto.

(b) Closing of Books. The Company will at no time close its transfer books against the transfer of any shares of Series A Preferred Stock or of any share of the Common Stock issued or issuable upon the conversion of Series A Preferred Stock in any manner which interferes with the timely conversion of such Series A Preferred Stock.

(c) Headings of Subdivisions. The headings of the various Sections and other subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

(d) Severability of Provisions. If any voting powers, preferences and relative, participating, optional and other special rights of the Series A Preferred Stock and qualifications, limitations and restrictions thereon set forth in this Certificate of Designation are invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other powers, preferences and relative, participating, optional and other special rights of Series A Preferred Stock and qualifications, limitations and restrictions thereon set forth therein which can be given effect without the invalid, unlawful or unenforceable voting powers, preferences and relative, participating, optional and other special rights of Series A Preferred Stock and qualifications, limitations and restrictions thereon shall, nevertheless, remain in full force and effect, and no voting powers, preferences and relative, participating, optional or other special rights of Series A Preferred Stock and qualifications, limitations and restrictions thereon herein set forth shall be deemed dependent upon any other such voting powers, preferences and relative, participating, optional or other special rights of Series A Preferred Stock and qualifications, limitations and restrictions thereon unless so expressed herein.

Page 9 of 10

The date of the amendment's adoption was September 18, 2019.

The amendment was duly adopted by the Company's Board of Directors. Shareholder approval was not required.

IN WITNESS WHEREOF, these Articles of Amendment to the Articles of Incorporation of Korth Direct Mortgage Inc. and Certificate of Designation of Series A Preferred Stock have been duly executed by a duly authorized officer of this Corporation.

Dated: September 18, 2019

/s/ Holly MacDonald-Korth
Holly MacDonald-Korth, President

Page 10 of 10

**ARTICLES OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
KORTH DIRECT MORTGAGE INC.
(Document No. P190000466390)**

**AMENDED AND RESTATED CERTIFICATE OF DESIGNATION
OF
SERIES A 6% CUMULATIVE PERPETUAL CONVERTIBLE PREFERRED STOCK**

Pursuant to the provisions of Section 607.1006, Florida Statutes, and with the approval of the holders of the Company's Common Stock and Series A 6% Cumulative Perpetual Convertible Preferred Stock (the "Series A Preferred Stock"), the Company's Board of Directors has adopted the following resolutions amending and restating the Company's Certificate of Designation of Series A 6% Cumulative Perpetual Convertible Preferred Stock filed on September 20, 2019 (the "Series A Designation"), as follows:

RESOLVED, That the Series A Designation is hereby amended to read in its entirety as follows:

1. Designation and Amount. The shares of such series shall be designated as the Series A 6% Cumulative Perpetual Convertible Preferred Stock (the "Series A Preferred Stock") and the number of shares constituting such series shall be Four Hundred Thousand (400,000). Such number of shares may be increased or decreased from time-to-time by resolution of the Board of Directors; provided, however, that such number may not be decreased below the number of then currently outstanding shares of Series A Preferred Stock. The shares of Series A Preferred Stock shall rank senior, as to dividends and upon liquidation, dissolution and winding up, to the Common Stock and to any other class or series of capital stock of the Company now or hereafter authorized, issued or outstanding; provided, however, that without the consent of the holders of the Series A Preferred Stock the Company may authorize and issue Mortgage Secured Notes and shares of securities junior to or at parity with the Series A Preferred Stock and any other class or series of stock of the Company, with respect to the payment of dividends and the distribution of assets in the event of any dissolution, liquidation or winding up of the Company, as set forth below.

2. Certain Definitions. For the purposes of this Certificate of Designation which embodies this resolution, unless the content otherwise requires, capitalized terms used and not otherwise defined in such Certificate of Designation shall have the following meaning (with terms defined in the singular having comparable meanings when used in the plural):

"Business Day" shall mean any day on which banks are open for business in Boca Raton, Florida (other than a Saturday or Sunday), provided that any reference to "days" (unless Business Days are specified) shall mean calendar days.

"Capital Stock" means the Series A Preferred Stock, any other series of Preferred Stock, Common Stock of any class, and any other class or series of capital stock or other equity securities of the Company, whether authorized as of or after the date hereof.

Page 1 of 9

"Common Stock" means, collectively: (a) the common stock, par value \$.001 per share, of the Company, and any stock into which such stock shall have been converted or changed or any stock resulting from any reclassification of such stock and all other stock of any class or classes (however designated) of the Company, the holders of which shall have the right, without limitation as to amount, either to all or to a share of the balance of current dividends and liquidating dividends after the payment of dividends and distributions on any shares entitled to preference; and (b) any securities issued in respect thereof, or in substitution therefor, in connection with any stock split, dividend or combination, or any reclassification, recapitalization, merger, consolidation, exchange or similar reorganization.

"Company" shall mean Korth Direct Mortgage Inc., a Florida corporation.

"Conversion Rate" shall mean five (5) shares of Common Stock for each share of Series A Preferred Stock.

“Convertible Security” shall mean, with respect to the Company, any evidence of indebtedness, shares of stock or other securities directly or indirectly convertible into or exchangeable for Common Stock or Preferred Stock, but excluding Options.

“Holder” shall mean a holder of the Series A 6% Cumulative Perpetual Convertible Preferred Stock.

“Junior Securities” means the Common Stock and all other equity or equity equivalent securities of the Company other than those securities that are senior or pari passu in rights or liquidation preference to the Series A Preferred Stock.

“Liquidity Event” shall mean (a) the liquidation, dissolution or winding up of the Company, (b) the merger, consolidation or similar transaction of the Company with or into another entity (if after such merger the holders of a majority of the Company's voting securities immediately prior to the transaction do not hold a majority of the voting securities of the successor entity), or (c) the sale, license or lease of all or substantially all of the Company's assets.

“Mortgage Secured Notes” shall mean the Company's mortgage secured notes (also referred to herein as “MSN's”) issued or issuable by the Company as special limited obligations on a pass-through basis. The Company is required to make payments on MSNs only to the extent that payments are received from borrowers. The Company forwards borrower payments that it receives to MSN noteholders less a Company service fee.

“Preferred Stock” means, collectively, (a) the Series A Preferred Stock and (b) any other class of preferred stock of the Company and any securities issued in respect thereof, or in substitution therefor, in connection with any stock split, dividend or combination, or any reclassification, recapitalization, merger, consolidation, exchange or similar reorganization.

“Series A Preferred Stock” means the Series A 6% Cumulative Perpetual \$25 Liquidation Value Convertible Preferred Stock, of the Company.

3. Dividends and Distributions.

(a) Holders of Series A Preferred Stock will be entitled to receive, when, as and if declared by the Board of Directors or a duly authorized committee of the Board of Directors, out of assets legally available for the payment of dividends, cash dividends based on the liquidation preference of the Preferred Stock at a rate equal to 6% of the \$25.00 liquidation value per annum for each Series A Preferred Stock dividend period from the original issue date of the Series A Preferred Stock. If the Company issues additional shares of the Preferred Stock after the original issue date, dividends on such shares will accrue from the date such additional shares are issued.

Page 2 of 9

(b) If declared, dividends will be payable on the Preferred Stock on the following dates (each, a “Preferred Stock Dividend Payment Date”), dividends will be payable quarterly, on the 15th of each month beginning on December 15, 2019 and on March 15, June 15, and September 15 thereafter. The first payment will be made based on the number of days between the issue date and December 15, 2019, at an amount of the dividend rate divided by 360. If any date on which dividends would otherwise be payable is not a Business Day, then the Preferred Stock Dividend Payment Date will be the next Business Day, without any adjustment to the amount. A “Business Day” means any weekday that is not a legal holiday in New York, New York and that is not a day on which banking institutions in New York, New York, or Miami, Florida, are closed.

(c) Dividends will be payable to holders of record of Preferred Stock as they appear on the Company's books and/or the Depository Trust Company, as applicable, on the applicable record date, which shall be the last Business Day of the calendar month before the applicable Dividend Payment Date. A “Preferred Stock Dividend Period” is the period from and including a Preferred Stock Dividend Payment Date to, but excluding, the next Preferred Stock Dividend Payment Date, except that the initial Preferred Stock Dividend Period will commence on and include the original issue date of Preferred Stock. Dividends payable on Preferred Stock will be computed on the basis of a 360-day year consisting of twelve 30-day months.

(d) Dividends on the Preferred Stock will be cumulative. If the Board of Directors of the Company does not declare a dividend on the Preferred Stock in respect of Preferred Stock Dividend Period, then a dividend shall be deemed to have accrued for such dividend period, and the Company will have the obligation to pay any dividend for that Preferred Stock Dividend Period prior to a

dividend's being declared or paid or set aside for payment, and no distribution shall be declared or made or set aside for payment, on any Junior Securities.

(e) No shares of Junior Securities outstanding at the time of issuance of any shares of Series A Preferred Stock shall be repurchased, redeemed or otherwise acquired for consideration by the Company, directly or indirectly, other than (i) as a result of a reclassification of Junior Securities for or into other Junior Securities, (ii) the exchange or conversion of one share of Junior Securities for or into another share of Junior Securities, (iii) through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Securities.

(f) Subject to the foregoing, and not otherwise, dividends (payable in cash, stock or otherwise), as may be determined by the Board of Directors of the Company, may be declared and paid on the Common Stock and any other class or series of capital stock ranking equally with or junior to Preferred Stock from time to time out of any assets legally available for such payment, and the holders of Preferred Stock shall not be entitled to participate in any such dividend.

4. Voting Rights.

(a) Except as provided below or as expressly required by law, the holders of shares of Series A Preferred Stock shall have (i) no voting rights, (ii) no right to vote on any matter at any time, either as a separate series or class or together with any other series or class of shares of capital stock, and (iii) shall not be entitled to call a meeting of the Company's shareholders for any purpose.

Page 3 of 9

(b) So long as any shares of Series A Preferred Stock remain outstanding, the affirmative vote or consent of the holders of at least two-thirds of all of the shares of Series A Preferred Stock at the time outstanding, voting separately as a class, shall be required to: (1) authorize or increase the authorized amount of, or issue shares of any class or series of stock ranking senior to the Series A Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of the Company, or issue any obligation or security convertible into or evidencing the right to purchase, any class or series of stock ranking senior to the Series A Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up of the Company, except Mortgage Secured Notes; (2) amend the provisions of the Company's Articles of Incorporation, as amended, so as to adversely affect the powers, preferences, privileges or rights of Preferred Stock, taken as a whole, provided, however, that any increase in the amount of the authorized or issued shares of Preferred Stock or authorized common or preferred stock or the creation and issuance, or an increase in the authorized or issued amount, of other series of preferred stock ranking equally with or junior to Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) or the distribution of assets upon liquidation, dissolution or winding up of the Company will not be deemed to adversely affect the powers, preferences, privileges or rights of Preferred Stock; and (3) consolidate with or merge into any other corporation unless the shares of Preferred Stock outstanding at the time of such consolidation or merger or sale are converted into or exchanged for preference securities having such rights, privileges and voting powers, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of Preferred Stock, taken as a whole. The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding shares of Preferred Stock shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been set aside by the Company for the benefit of the holders of Preferred Stock to effect such redemption.

(c) If the Company fails to pay, or declare and set apart for payment, dividends on outstanding shares of the Preferred Stock or any other series of preferred stock for six quarterly dividend periods, or their equivalent, whether or not consecutive, the number of directors shall be increased by the number of directors necessary so as to create a majority at our first annual meeting of the shareholders held thereafter, and at such meeting and at each subsequent annual meeting until cumulative dividends payable for all past dividend periods and continuous noncumulative dividends for at least one year on all outstanding shares of Preferred Stock entitled thereto shall have been paid, or declared and set apart for payment, in full, the holders of shares of preferred stock of all series shall have the right, voting as a class, to elect such majority additional members of the Board of Directors to hold office for a term of one year. Upon such payment, or such declaration and setting apart for payment, in full, the terms of such majority of additional directors so elected shall forthwith terminate, and the number of directors shall be reduced by such majority, and such voting right of the holders of shares of preferred stock shall cease, subject to increase in the number of directors as described above and to re-vesting of such voting right in the event of each and every additional failure in the payment of dividends for six quarterly dividend periods, or their equivalent, whether or not consecutive, as described above.

5. Pre-Emptive Rights. The holders of shares of Series A Preferred Stock will have no preemptive rights with respect to any shares of the Company's Capital Stock or any of its other securities convertible into or having rights or options to purchase any such Capital Stock.

6. Conversion. The holders of the Series A Preferred Stock shall have the following rights with respect to the conversion of Series A Preferred Stock into shares of Common Stock (the "Conversion Rights"):

(a) Conversion Right. Each share of Series A Preferred Stock may, at the option of the Holder, be converted at any time and from time to time, on sixty-one (61) days' prior written notice of conversion to the Company, into five (5) shares of Common Stock (the "Conversion Rate").

Page 4 of 9

(b) Exercise of Conversion Privilege. To exercise its privilege, each Holder of Series A Preferred Stock shall give written notice to the Company at its principal office that such Holder elects to convert such shares no earlier than sixty-one (61) days after delivery to such written notice to the Company. Upon expiration of such sixty-one (61) days' notice period, the holder shall surrender the certificate or certificates (unless such shares are held in electronic form) representing the shares being converted to the Company at its principal office. Such notice shall also state the name or names (with address or addresses) in which the certificate or certificates for shares of Common Stock issuable upon such conversion shall be issued. The certificate or certificates for shares of Series A Preferred Stock surrendered for conversion shall be accompanied by proper assignment thereof to the Company or in blank. The date when such written notice is received by the Company the Company, together with the certificate or certificates representing the shares of Series A Preferred Stock being converted, shall be the "Series A Conversion Date." As promptly as practicable after the Series A Conversion Date, the Company shall issue and deliver to the holder of the shares of Series A Preferred Stock being converted a certificate or certificates as it may request for the number of shares of Common Stock issuable upon the conversion of such shares of Series A Preferred Stock in accordance with the provisions of this Section 6, and pay in cash the amount of all unpaid dividends due but not paid under Section 3 (whether or not declared) on such shares of Series A Preferred Stock up to and including the Series A Conversion Date. Such conversion shall be deemed to have been effected immediately prior to the close of business on the Series A Conversion Date, and at such time the rights of the holder as holder of the converted shares of Series A Preferred Stock shall cease and the person or persons in whose name or names any certificate or certificates for shares of Class A Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares of Class A Common Stock represented thereby.

(c) Partial Conversion. In the event some but not all of the shares of Series A Preferred Stock represented by a certificate or certificates surrendered by a Holder are converted, the Company shall execute and deliver to or on the order of the Holder, at the expense of the Company, a new certificate representing the shares of Series A Preferred Stock that were not converted.

(d) Reservation of Common Stock. The Company shall reserve, solely for the purpose of effecting the conversion of the shares of Series A Preferred Stock, such number of its shares of Common Stock as shall from time-to-time be sufficient to effect the conversion of all outstanding shares of the Series A Preferred Stock.

(e) Termination of Rights on Conversion. All shares of Series A Preferred Stock surrendered for conversion as herein provided shall no longer be deemed to be outstanding, and all rights with respect to such shares, including the rights, if any, to receive dividends, notices and to vote, shall immediately cease and terminate on the Conversion Date, except only the right of the holders thereof to receive shares of Common Stock and cash in lieu of fractional shares in exchange therefore, and also the right of the holders to receive dividends due but not paid (whether or not declared) under Section 3. Any shares of Series A Preferred Stock so converted shall be retired and canceled and shall not be reissued, and the Company may from time-to-time take such appropriate action as may be necessary to reduce the number of shares of authorized Series A Preferred Stock accordingly.

Page 5 of 9

(f) Adjustment for Merger, Reorganization, etc. In case of any consolidation, reorganization, recapitalization, reclassification, merger or share exchange involving the Company in which the Common Stock (but not the Series A Preferred Stock) is converted into or exchanged for securities, cash or other property (which the Holders shall have consented to in accordance with Section 4 hereof), then, following any such reorganization, recapitalization, reclassification, consolidation or merger, each share of Series

A Preferred Stock shall thereafter be convertible into the kind and amount of shares of stock or other securities or property to which a holder of the number of shares of Common Stock of the Company deliverable upon conversion of such Series A Preferred Stock would have been entitled upon such reorganization, recapitalization, reclassification, consolidation or merger; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors) shall be made in the application of the provisions in this Section 6 set forth with respect to the rights and interests thereafter of the Holders, to the end that the provisions set forth in this Section 6 shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares of stock or other property thereafter deliverable upon the conversion of the Series A Preferred Stock.

(g) No Impairment. The Company will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, share exchange, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Section 6 and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the Holders against impairment.

(h) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Rate pursuant to this Section 6, the Company at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each Holder a certificate setting forth such adjustment and showing in detail the facts upon which such adjustment or readjustment is based and shall file a copy of such certificate with its corporate records. The Company shall, upon the written request at any time of any Holder, furnish or cause to be furnished to such holder a similar certificate setting forth (1) such adjustments and readjustments, (2) the Conversion Rate then in effect, and (3) the number of shares of Common Stock which then would be received upon the conversion of Series A Preferred Stock. Despite such adjustment or readjustment, the form of each or all stock certificate(s) representing Series A Preferred Stock, if the same shall reflect the initial or any subsequent Conversion Rate, need not be changed in order for the adjustments or readjustments to be valued in accordance with the provisions of this Certificate of Designation, Preferences and Rights which shall control.

(i) Notice to Shareholders. If:

1. the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock of the Company (other than a subdivision or combination of the outstanding shares of Common Stock), any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property; or

2. the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding-up of the affairs of the Company;

then the Company shall cause to be filed at each office or agency maintained for the purpose of conversion of Series A Preferred Stock, and shall cause to be mailed to the Holders at their last address as they shall appear upon the stock books of the Company, at least thirty (30) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating) the date on which such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding-up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, share exchange, dissolution, liquidation or winding-up; provided, however, that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice.

Page 6 of 9

(j) Issuance Taxes. The issuance of certificates for shares of Common Stock on any conversion of Series A Preferred Stock shall be made without charge to the holders thereof for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such certificate, provided that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate upon conversion in a name other than that of the Holder of such shares of Series A Preferred Stock so converted and the Company shall not be required to issue or deliver such certificates or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

(k) Conversion Notices. Each Holder's conversion notice shall be given by facsimile and by mail, postage prepaid, addressed to the attention of the Chief Financial Officer of the Company at the facsimile telephone number and address of the principal

place of business of the Company or the Company's transfer agent,. Any such notice shall be deemed given and effective upon the earliest to occur of (i) if such conversion notice is delivered via facsimile prior to 4:30 P.M. (Miami, Florida, Time) to the Company's facsimile number, (ii) five days after deposit in the United States mail, or (iii) upon actual receipt by the party to whom such notice is required to be given.

(l) Prohibition of Certain Actions. The Company will not, by amendment of its articles of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Section 6 and in the taking of all such action as may reasonably be requested by the Holder in order to protect the conversion privilege of such Holder against dilution or other impairment, consistent with the tenor and purpose of this Section 6. Without limiting the generality of the foregoing, the Company (A) will not increase the par value of any shares of any series of Common Stock receivable above the par value of the Series A Preferred Stock then in effect, (B) will take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the conversion of all Series A Preferred Stock from time to time outstanding, (C) will not take any action which results in any adjustment of the Conversion Rate if the total number of shares of Common Stock issuable after the action upon the conversion of all shares of Series A Preferred Stock would exceed the total number of shares of Common Stock then authorized by the Company's articles of incorporation and available for the purpose of issue upon such conversion.

7. Redemption. The Company may redeem the Series A Preferred Stock in whole or in part from the proceeds of a public offering of the Company's Common Stock or with the proceeds of a sale of the Company at a redemption value of \$25.00 per share, together with accrued interest, provided that the proceeds of the public offering exceed the value of the Series A Preferred Stock outstanding. Any shares of Series A Preferred Stock that shall at any time have been redeemed shall, after redemption, be cancelled and not reissued. In case fewer than all of the shares represented by a Series A Preferred Stock certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without cost to the Holder thereof.

8. Ranking. The shares of Series A Preferred Stock shall rank senior, as to dividends and upon liquidation, dissolution and winding up, to the Common Stock, and to any other class or series of capital stock of the Company now or hereafter authorized, issued or outstanding. The Company may authorize and issue additional Mortgage Secured Notes and shares of securities junior to or at parity with the Preferred Stock without the consent of the holders of the Preferred Stock. The Company may also issue additional series of Preferred Stock at parity with the Series A Preferred Stock.

Page 7 of 9

9. Liquidation Priority. If the Company liquidates, dissolves or winds up, holders of the Series A Preferred Stock will have the right to receive \$25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date of payment, before any payment is made to the holders of our Common Stock or any other securities ranking junior to the Series A Preferred Stock.

10. Restriction on Debt. Except for the Company's Mortgage Secured Notes, the Company shall not issue unsecured debt or borrow money for any purposes other than those incidental to its daily business operations and originating and closing loans or using margin loans to purchase its Mortgage Secured Notes in the secondary market. The Mortgage Secured Notes are special limited obligations of the Company, in which the Company operates as a pass-through, forwarding borrower payments to the MSN noteholders less its service fee. The Company is only required to make payments on the MSNs to the extent they are received from borrowers.

11. Miscellaneous Provisions.

(a) Issue Tax. The issuance of certificates for shares of the Class A Common Stock upon conversion of any shares of Series A Preferred Stock shall be made without charge to the Holder thereof for any issuance tax in respect thereto.

(b) Closing of Books. The Company will at no time close its transfer books against the transfer of any shares of Series A Preferred Stock or of any share of the Common Stock issued or issuable upon the conversion of Series A Preferred Stock in any manner which interferes with the timely conversion of such Series A Preferred Stock.

(c) Headings of Subdivisions. The headings of the various Sections and other subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

(d) Severability of Provisions. If any voting powers, preferences and relative, participating, optional and other special rights of the Series A Preferred Stock and qualifications, limitations and restrictions thereon set forth in this Certificate of Designation are invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other powers, preferences and relative, participating, optional and other special rights of Series A Preferred Stock and qualifications, limitations and restrictions thereon set forth therein which can be given effect without the invalid, unlawful or unenforceable voting powers, preferences and relative, participating, optional and other special rights of Series A Preferred Stock and qualifications, limitations and restrictions thereon shall, nevertheless, remain in full force and effect, and no voting powers, preferences and relative, participating, optional or other special rights of Series A Preferred Stock and qualifications, limitations and restrictions thereon herein set forth shall be deemed dependent upon any other such voting powers, preferences and relative, participating, optional or other special rights of Series A Preferred Stock and qualifications, limitations and restrictions thereon unless so expressed herein.

The date of the Amendment's adoption is March 19, 2020.

The number of votes cast for the Amendment in a manner required by F.S. Ch. 607 and by the Company's Articles of Incorporation was sufficient for approval. The voting groups entitled to vote separately on the Amendment were the Company's common and preferred shareholders. The number of votes cast for the Amendment by the shareholders in each voting group was sufficient for approval by that voting group.

Page 8 of 9

IN WITNESS WHEREOF, these Articles of Amendment to the Articles of Incorporation of Korth Direct Mortgage Inc., Amended and Restated Certificate of Designation of Series A 6% Cumulative Perpetual Convertible Preferred Stock have been duly executed by a duly authorized officer of this Corporation.

Dated: March 19, 2020

KORTH DIRECT MORTGAGE INC.

By: /s/ Holly MacDonald-Korth
Holly MacDonald-Korth, President

Page 9 of 9

ARTICLES OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
KORTH DIRECT MORTGAGE, INC.
(Document No. P190000466390)

AMENDMENT TO AMENDED CERTIFICATE OF DESIGNATION
OF
SERIES A 6% CUMULATIVE PERPETUAL CONVERTIBLE PREFERRED STOCK

Pursuant to the provisions of Section 607.1006 of the Florida Business Corporation Act (“FBCA”), KORTH DIRECT MORTGAGE INC., a Florida corporation (the “Corporation”), hereby adopts the following amendment to its Articles of Incorporation, as amended:

FIRST: The name of the Corporation is KORTH DIRECT MORTGAGE INC.

SECOND: On March 20, 2020, the Corporation filed with the Secretary of State of the State of Florida those certain Articles of Amendment to Articles of Incorporation of the Corporation, which Articles of Amendment included the Amended Certificate of Designation of the Corporation’s Series A 6% Cumulative Perpetual Convertible Preferred Stock (the “Series A Certificate of Designation.”

THIRD: In accordance with the terms of the Series A Certificate of Designation and other provisions of the Corporation’s Articles of Incorporation, as amended, as well as Section 607.0704, Florida Statutes, on June 24, 2021, holders of not less than two-thirds of the outstanding shares of the Corporation’s Series A 6% Cumulative Perpetual Convertible Preferred Stock approved the following amendments to the Series A Certificate of Designation.

The proviso at the end of “RESOLVED” paragraph on the first page of the Certificate of Designation and the proviso at the

1. end of Section 1 of the Series A Certificate of Designation be and hereby are deleted in their entirety and replaced with the following:

“; provided, however, that without the consent of the holders of the Series A Preferred Stock the Company may authorize and issue Mortgage Secured Notes, Senior Securities and shares of securities junior to or at parity with the Series A Preferred Stock and any other class or series of stock of the Company, with respect to the payment of dividends and the distribution of assets in the event of any dissolution, liquidation or winding up of the Company as set forth below.”

2. Section 2 of the Series A Certificate of Designation be and hereby is amended to include the following defined term in alphabetical order within Section 2:

“Senior Securities” means all series of Preferred Stock that, pursuant to their terms, are expressly senior in rights or liquidation preference to the Series A Preferred Stock and either or each of the dividend and redemption payments on such series of Preferred Stock are secured by specified assets of the Company.

3. Section 3(f) of the Series A Certificate of Designation be and hereby is amended and restated in its entirety as follows:

“(f) Subject to the foregoing, and not otherwise, dividends (payable in cash, stock or otherwise), as may be determined by the Board of Directors of the Company, may be declared and paid on the Common Stock, Senior Securities and any other class or series of capital stock ranking senior to, equally with or junior to the Preferred Stock from time to time out of any assets legally available for such payment, and the holders of Preferred Stock shall not be entitled to participate in any such dividend.”

4. That portion of the first sentence of Section 4(b) immediately preceding the first colon in that sentence shall be deleted in its entirety and replaced with the following:

“(b) So long as any shares of Series A Preferred Stock remain outstanding, and other than with respect to the authorization or increase in the authorized amount of Senior Securities (for which no affirmative vote or consent of the holders of Series A Preferred Stock shall be required), the affirmative vote or consent of the holders of at least two-thirds of all of the shares of Series A Preferred Stock at the time outstanding shall be required to:”

5. Section 8 of the Certificate of Designation be and hereby is amended and restated in its entirety as follows:

“The shares of Series A Preferred Stock shall rank junior, as to dividends and upon liquidation, dissolution and winding up, to the Senior Securities, and shall rank senior, as to dividends and upon liquidation, dissolution and winding up, to the Common Stock and any other class or series of Capital Stock of the Company now or hereafter authorized, issued or outstanding. The Company may authorize and issue additional Mortgage Secured Notes, shares or series of Senior Securities and shares or series of securities junior to or at parity with the Series A Preferred Stock without the consent of the holders of the Series A Preferred Stock.

IN WITNESS WHEREOF, these Articles of Amendment to the Articles of Incorporation of Korth Direct Mortgage Inc. and Amended Certificate of Designation of Series A Preferred Stock have been duly executed by a duly authorized officer of the Company on June 25, 2021.

KORTH DIRECT MORTGAGE INC.

By: /s/ Holly C. MacDonald-Korth
Holly C. MacDonald-Korth
President and Chief Financial Officer

ARTICLES OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
KORTH DIRECT MORTGAGE INC.

(Document No. P190000466390)
CERTIFICATE OF DESIGNATION
OF
SERIES B 6.50% CUMULATIVE NON-VOTING REDEEMABLE SECURED
PREFERRED STOCK

Korth Direct Mortgage Inc., a Florida corporation (the “Corporation”), does hereby certify, in accordance with Sections 607.0602 and 607.1006, Florida Statutes, that the following resolutions were duly adopted pursuant to the authority of the Board of Directors (the “Board”) of the Corporation under the Articles of Incorporation of the Corporation, as amended.

RESOLVED, There shall be created from the 40,000,000 shares of preferred stock, par value \$0.001 per share (the “Preferred Stock”), of the Corporation authorized by Article IV of the Articles of Incorporation of the Corporation, as amended (the “Articles of Incorporation”), a series of Preferred Stock, designated as the “Series B 6.50% Cumulative Non-Voting Redeemable Secured Preferred Stock” (the “Series B Preferred Stock”), and the number of shares of such series shall be 20,000; and

RESOLVED, Such number of shares may be decreased by resolution of the Board of Directors; provided, however, that no such decrease shall reduce the number of authorized shares of the Series B Preferred Stock to a number less than the number of shares of the Series B Preferred Stock then issued and outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants, if any, to purchase the shares of Series B Preferred Stock, or upon the conversion of any outstanding securities issued by the Corporation that are convertible into shares of Series B Preferred Stock.

Section 1. Definitions. As used herein, in addition to those terms otherwise defined in the Articles of Incorporation, the following terms shall have the following meanings:

(a) “Business Day” shall mean any day other than a Saturday, Sunday or other day on which commercial banks in the state of Florida are authorized or required by law or executive order to close.

(b) “Capital Stock” shall mean the Series A Preferred Stock, Series B Preferred Stock, any other series of Preferred Stock, Common Stock of any class, and any class or series of capital stock or other equity securities of the Corporation, whether authorized as of or after the date hereof.

(c) “Certificate of Designation” shall mean this Certificate of Designation relating to the Series B Preferred Stock, as it may be amended from time to time.

(d) “Common Stock” shall mean the common stock of the Corporation authorized by Article IV of the Corporation’s Articles of Incorporation. For purposes of this Certificate of Designation, Common Stock shall also mean any other class

of stock resulting from successive changes or reclassifications of such Common Stock, consisting solely of changes as a result of a subdivision, combination, or merger, consolidation or similar transaction in which the Corporation is a constituent association.

- (e) “Computation Period” means each fiscal quarter of the Corporation.
- (f) “Dividend Coverage Ratio” means, for any Computation Period, the ratio of (a) the Corporation’s Net Income for such Computation Period, to (b) the dividends payable by the Corporation with respect to the Capital Stock for such Computation Period.
- (g) “Dividend Payment Date” has the meaning set forth in Section 5(b) of this Certificate of Designation.
- (h) “Dividend Period” has the meaning set forth in Section 5(b) of this Certificate of Designation.
- (i) “Dividend Rate” has the meaning set forth in Section 5(b) of this Certificate of Designation.
- (j) “GAAP” means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession) and the Securities and Exchange Commission, which are applicable to the circumstances as of the date of determination.
- (k) “Holder” shall mean a holder of record of an outstanding share or shares of the Series B Preferred Stock.
- (l) “Issue Date” shall mean the original date of issuance of shares of the Series B Preferred Stock.
- (m) “Junior Securities” shall mean the Common Stock, Series A Preferred Stock and each other class of capital stock or series of Preferred Stock of the Corporation established by the Board of Directors after the Issue Date, the terms of which do not expressly provide that such class or series ranks senior to or on parity with the Series B Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Corporation.
- (n) “Liquidation Preference” shall mean, with respect to each share of the Series B Preferred Stock, (i) an amount per share of Series B Preferred Stock equal to \$1,000.00 per share (the “Liquidation Amount”) of Series B Preferred Stock, and (ii) an amount per share equal to any dividends declared and unpaid from the last preceding dividend payment date established by the Board of Directors, without interest to the date fixed for such liquidation, dissolution or winding up.
- (o) “Mortgage Secured Notes” or “MSN’s” shall mean the Corporation’s mortgage secured notes issued or issuable by the Corporation as special limited obligations on a pass-through basis. The Corporation is required to make payments on MSN’s only to the extent that payments are received from borrowers. The Corporation forwards borrower payments that it receives to MSN noteholders less a Servicing Fee.

- (p) “Net Income” means the Corporation’s net income for the relevant Computation Period, calculated in conformity with GAAP.
- (q) “Net Worth” means, as of any date, the sum of the Corporation’s Capital Stock and additional paid-in capital plus retained earnings (or minus accumulated deficit) calculated in conformity with GAAP.
- (r) “NRSRO” means nationally recognized statistical ratings organization.
- (s) “Parity Stock” shall mean any other class of capital stock or series of Preferred Stock established by the Board of Directors after the Issue Date, the terms of which expressly provide that such class or series will rank on parity with the Series B Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Corporation.
- (t) “Person” shall mean an individual, partnership, association, limited liability company, trust, unincorporated organization, government or agency or political subdivision thereof, or any other legal entity.

(u) “Preferred Stock” means, collectively, (i) the Series A Preferred Stock, (ii) the Series B Preferred Stock, and (iii) any other class of preferred stock of the Corporation and any securities issued in respect thereof, or in substitution therefor, in connection with any stock split, dividend or combination, or any reclassification, recapitalization, merger, consolidation, exchange or similar reorganization.

(v) “Record Date” has the meaning set forth in Section 5(b) of this Certificate of Designation.

(w) “Senior Stock” shall mean each class of capital stock or series of Preferred Stock established by the Board of Directors after the Issue Date, the terms of which expressly provide that such class or series will rank senior to the Series B Preferred Stock as to dividend rights or rights upon the liquidation, winding-up or dissolution of the Corporation.

(x) “Series A Preferred Stock” shall mean the Corporation’s Series A 6% Cumulative Perpetual Convertible Preferred Stock, par value \$0.001 per share.

(y) “Servicing Fee(s)” shall mean the servicing fee as specified in each MSN, which is the difference between the interest payable pursuant to the MSN and the interest receivable pursuant to the related commercial real estate mortgage loan

(z) “Trading Day” shall mean, if applicable, any day on which the Common Stock is traded for any period on the New York Stock Exchange or The Nasdaq Global Market (or such other national securities exchange or automated quotation system on which the Common Stock is then listed or authorized for quotation).

(aa) “Transfer Agent” shall mean the Corporation’s duly appointed transfer agent, registrar, redemption, conversion and dividend disbursing agent for the Series B Preferred Stock, or any successor duly appointed by the Corporation, provided that nothing herein restricts the Corporation from serving as its own transfer agent, registrar, conversion and dividend disbursing agent for the Series B Preferred Stock.

Section 2. Ranking. The Series B Preferred Stock will, with respect to dividend rights and rights upon the liquidation, winding-up or dissolution of the Corporation, rank (a) senior to all Junior Securities, (b) on parity with all Parity Stock and (c) junior to all Senior Stock.

Section 3. Liquidation Rights.

(a) In the event the Corporation liquidates, winds up or dissolves, whether voluntary or involuntary, each Holder shall, subject to the prior rights of any holders of Senior Stock, be entitled to receive and to be paid out of the assets of the Corporation available for distribution to its shareholders the Liquidation Preference, in preference to the holders of, and before any payment or distribution is made on (or any setting apart for any payment or distribution), any Junior Securities, including, without limitation, on any Common Stock. After the payment to the Holders of the Liquidation Preference for each outstanding share of the Series B Preferred Stock, the Holders shall not be entitled to any further participation in distributions of, and shall have no right or claim to, any of the remaining assets of the Corporation in respect of the shares of the Series B Preferred Stock.

(b) Neither the sale, conveyance, exchange or transfer (for cash, shares of stock, other securities or other consideration) of all or substantially all the assets or business of the Corporation (other than in connection with the voluntary or involuntary liquidation, winding-up or dissolution of the Corporation) nor the merger or consolidation of the Corporation into or with any other Person shall be deemed to be a liquidation, winding-up or dissolution, voluntary or involuntary, for the purposes of this Section 3 of this Certificate of Designation.

(c) All distributions made with respect to the Series B Preferred Stock in connection with any liquidation, winding-up or dissolution shall be made *pro rata* to the Holders based on the number of shares of Series B Preferred Stock held by such Holders.

(d) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the Corporation shall, within ten (10) days after the date the Board of Directors approves such action, or at least twenty (20) days prior to any shareholder’s meeting called to approve such action, if applicable, or within twenty (20) days after the commencement of any involuntary

proceeding, whichever is earlier, give each Holder initial written notice of the proposed action. Such initial written notice shall describe the material terms and conditions of such proposed action.

Section 4. Voting; Amendments.

(a) The shares of the Series B Preferred Stock shall have no voting rights and shall have no right to call a meeting of the Corporation's shareholders, in each case except as set forth in Section 4(b) of this Certificate of Designation or as otherwise required by Florida law from time to time. In exercising the voting rights set forth in Section 4(b) of this Certificate of Designation, each Holder shall be entitled to one vote for each share of the Series B Preferred Stock held by such Holder.

(b) So long as any shares of the Series B Preferred Stock remain outstanding, unless a greater percentage shall then be required by law, the Corporation shall not, without the affirmative vote or written consent of the Holders (voting or consenting separately as one class) of at least a majority of the outstanding shares of the Series B Preferred Stock, amend, alter or repeal or otherwise change (including in connection with any merger, consolidation or other similar transaction) any provision of this Certificate of Designation or the Articles of Incorporation, if the amendment, authorization or repeal would materially and adversely affect the rights, preferences, powers or privileges of the Series B Preferred Stock. Notwithstanding the foregoing, except as otherwise required by law or Section 10 of these Articles of Amendment, the Corporation may, without the consent of any Holder, authorize, increase the authorized amount of, or issue additional Mortgage Secured Notes and shares of, Senior Stock or Parity Stock, and in taking such actions, the Corporation shall not be deemed to have materially and adversely affected the existing terms of the Series B Preferred Stock.

4

Section 5. Dividends.

(a) From and after the Issue Date, Holders shall be entitled to receive, when, as and if authorized and declared by the Board of Directors, out of legally available funds, on a cumulative basis, dividends in the amount determined as set forth in Section 5(b) of this Certificate of Designation, and no more.

(b) Subject to Section 4(a) of this certificate of Designation, Holders shall be entitled to receive cumulative dividends payable in cash at a rate equal to 6.50% (the "Dividend Rate") per annum on the Liquidation Amount for each share of the Series B Preferred Stock from the Issue Date for that share computed in accordance with Section 5(d) of this Certificate of Designation quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, commencing on October 15, 2021 (each such date, subject to adjustment as provided below, a "Dividend Payment Date"). Each dividend will be payable to Holders of record as they appear in the records of the Corporation and/or the Depository Trust Company at the close of business on the last Business Day of the calendar prior to the Dividend Payment Date occurs (each, a "Record Date"). Each period from and including a Dividend Payment Date (or the date of the issuance of the Series B Preferred Stock) to but excluding the following Dividend Payment Date is herein referred to as a "Dividend Period", except that the initial Dividend Period for shares of Series B Preferred Stock issued on the Issue Date will commence on and include the Issue Date and will end on and exclude October 15, 2021.

(c) If a day that would otherwise be a Dividend Payment Date is not a Business Day, then such date will nevertheless be a Dividend Payment Date but dividends on the Series B Preferred Stock for the applicable Dividend Period, when, as and if declared, will be paid on the next succeeding Business Day (without adjustment in the amount of the dividend per share of the Series B Preferred Stock).

(d) The amount of the dividend computed per share of Series B Preferred Stock will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dollar amounts resulting from that calculation shall be rounded to the nearest cent, with one-half cent being rounded upwards.

(e) Dividends on the Series B Preferred Stock are cumulative from the most recent date as to which dividends shall have been paid or, if no dividends have been paid, from the original Issue Date (whether or not in any Dividend Period or Dividend Periods there shall be funds of the Corporation legally available for the payment of such dividends) and shall accrue on a day-to-day basis, whether or not earned or declared, from and after the Issue Date. Accumulations of dividends on shares of Series B Preferred Stock shall not bear interest. If all dividends payable on the Series B Preferred Stock have not been declared and paid for an applicable Dividend Period, the Corporation shall not declare or pay any dividends on any Junior Securities, or redeem, purchase or acquire any Parity Stock or Junior Securities, directly or indirectly, other than (i) as a result of a reclassification of Parity Stock or Junior Securities for or into other Parity Stock or Junior Securities, as the case may be, (ii) the exchange or conversion of one share of Parity Stock or Junior Securities for

or into another share of Parity Stock or Junior Securities, as the case may be, or (iii) through the use of the proceeds of a substantially contemporaneous sale of other shares of Parity Stock or Junior Securities.

(f) If dividends for any Dividend Payment Date are not paid in full on the shares of the Series B Preferred Stock and there are issued and outstanding shares of Parity Stock for which such Dividend Payment Date is also a scheduled dividend payment date, then all dividends declared on shares of the Series B Preferred Stock and such Parity Stock on such date shall be declared *pro rata* so that the respective amounts of such dividends shall bear the same ratio to each other as full dividends (or equivalent) per share on the shares of the Series B Preferred Stock and all such Parity Stock otherwise payable on such Dividend Payment Date (subject to their having been declared by the Board of Directors out of legally available funds and including, in the case of any such Parity Stock that bears cumulative dividends, all accrued but unpaid dividends) bear to each other.

(g) The Corporation will use commercially reasonable efforts to maintain a NRSRO rating for so long as any shares of Series B Preferred Stock remain outstanding. If the Corporation fails to maintain an NRSRO rating for the Series B Preferred Stock of at least BBB (or the equivalent thereof), the dividend rate applicable to the Series B Preferred Stock will be increased by 25 basis points, and in the event the Corporation fails to maintain an NRSRO rating of at least BBB- (or the equivalent thereof, the dividend rate applicable to the Series B Preferred Stock will be increased by an additional 25 basis points, in each case commencing at the start of the following Dividend Period and continuing until the end of a Dividend Period in which the Series B Preferred Stock re-obtains the requisite rating (if applicable).

(h) Subject to applicable law, at least sixty (60) calendar days prior to a Dividend Payment Date, the Corporation shall set aside and segregate on its books and records an amount in cash equal to the Series B Preferred Stock dividend amount anticipated to be paid on the next occurring Dividend Payment Date.

(i) Payments of cash for dividends will be delivered to Holders or, if any interests in the Series B Preferred Stock are held through depositary shares, through the processes set by the Depository Trust Company and its successors and assigns, acting as depository.

(j) Notwithstanding anything to the contrary contained herein, no dividends on shares of Series B Preferred Stock shall be declared by the Board of Directors or paid by the Corporation if such dividend is restricted or prohibited by law.

(k) Subject to the foregoing, and not otherwise, dividends (payable in cash, stock or otherwise), as may be determined by the Board of Directors, may be declared and paid on the Common Stock, Parity Stock or Junior Securities from time to time out of any assets legally available for such payment, and the holders of Series B Preferred Stock shall not be entitled to participate in any such dividend.

Section 6. Pre-Emptive Rights. The holders of shares of Series B Preferred Stock will have no preemptive rights with respect to any shares of the Corporation's Capital Stock or any of its other securities convertible into or having rights or options to purchase any such Capital Stock.

Section 7. Optional Redemption; Mandatory Redemption; No Sinking Fund. Except as set forth in this Section 7, the Series B Preferred Stock will not be subject to any sinking fund or other similar provisions, and holders of Series B Preferred Stock will have no right to require the redemption or repurchase of any shares of Series B Preferred Stock.

(a) Notwithstanding the foregoing, the outstanding shares of Series B Preferred Stock will be redeemable at the Corporation's option, in whole or in part, on or after the fifth year anniversary of the Issue Date, at a redemption price per share equal to \$1,000.00 per share, plus accrued and unpaid dividends, if any.

(b) Subject to applicable law, the Corporation shall redeem the shares of Series B Preferred Stock issued on the Issue Date (the “Initial Series B Preferred Shares”), as follows, in each case at a redemption price equal to \$1,000.00 per share, plus accrued and unpaid dividends:

- (i) 10% of the shares of Initial Series B Preferred Shares on the sixth year anniversary of the Issue Date;
- (ii) 10% of the Initial Series B Preferred Shares on the seventh year anniversary of the Issue Date;
- (iii) 10% of the Initial Series B Preferred Shares on the eighth year anniversary of the Issue Date;
- (iv) 20% of the Initial Series B Preferred Shares on the ninth year anniversary of the Issue Date; and
- (v) 50% of the Initial Series B Preferred Shares on the tenth year (10th) anniversary of the Issue Date (each of the foregoing anniversaries a “Redemption Date”).

Notwithstanding the foregoing, the Corporation shall be required to redeem Initial Series B Preferred Shares on any given Redemption Date only to the extent that the aggregate number of Initial Series B Preferred Shares redeemed by the Corporation pursuant to Section 7(a) and Section 7(b) prior to such Redemption Date is less than the aggregate number of shares the Corporation otherwise is required to have redeemed on or before such Redemption Date pursuant to this Section 7(b).

Section 8. Security Interest. As security for the Corporation’s obligation to redeem the Initial Series B Preferred Shares in accordance with Section 7 above, the Corporation shall grant the Holders of Series B Preferred Stock a security interest in and to the Servicing Fee. Holders representing at least fifty percent (50%) of then-outstanding Initial Series B Preferred Shares shall be entitled to exercise rights and remedies pursuant to such security interest in the event the Corporation does not pay the relevant redemption price (inclusive of any accrued and unpaid dividends) within thirty (30) days of the applicable Redemption Date, except with respect to the final Redemption Date, which shall not be subject to any such thirty (30)-day grace period.

Section 9. Financial Covenants. For so long as any shares of Series B Preferred Stock shall remain outstanding:

- (a) Minimum Net Worth: The Corporation shall not permit its Net Worth as of the last day of any Computation Period to be less than the product resulting when (i) the number of shares of Series B Preferred Stock outstanding as of the last day of such Computation Period is multiplied by (ii) \$1,150.00. For example, if 20,000 shares of Series B Preferred Stock are issued and outstanding as of the last day of a Computation Period, the Corporation’s Net Worth as of that day shall be at least \$23.0 million.
- (b) Dividend Coverage Ratio: The Corporation shall not permit its Dividend Coverage Ratio for any Computation Period to be less than 1.50 to 1.00 for such Computation Period.

7

- (c) Servicing Security of the Series B Preferred Shares: The Corporation shall not permit any portion of the Servicing Fees it receives to be utilized for general corporate purposes unless all dividends on the Series B Preferred Stock are current.

Within forty-five (45) days following the end of each Computation Period, the Corporation shall furnish to each Holder of Series B Preferred Stock a certificate, signed by the Corporation’s Chief Financial Officer, containing a statement certifying compliance with the foregoing covenants.

Section 10. Negative Covenants. For as long as any shares of Series B Preferred Stock are outstanding, the Corporation will not, without the prior written consent of Holders representing at least a majority of outstanding shares of Series B Preferred Stock, issue any Parity Stock, Senior Stock or unsecured indebtedness that ranks senior to, or *pari passu* with, the Series B Preferred Stock. For the avoidance of doubt, the Corporation shall be permitted issue the following without the prior permission of holders of Series B Preferred Stock:

(a) Pari Passu Preferred Stock. One or more issuances of Preferred Stock with the same or different dividend rate as the Series B Preferred Stock and secured by the Servicing Fees, so long as the Corporation's pro forma Dividend Coverage Ratio, after giving effect to any such issuance, is no less than 6.00 to 1.00 as of the end of the most recent Computation Period;

(b) Warehouse Lines of Credit. One or more warehouse lines of credit utilized to fund the issuance of MSN's with a maturity of not more than 36 months, where such warehouse line of credit is secured by the loans originated pursuant to such warehouse line;

(c) Alternative Securitization Programs. Secured indebtedness or Capital Stock that has separate and distinct collateral securing them, either as on-time transactions or ongoing programs, provided the Company does not grant a security interest in the Servicing Fees in connection with such secured indebtedness or the issuance of such Capital Stock; and

(d) Indebtedness Secured by Subsidiaries. Indebtedness secured by subsidiaries of the Corporation or other special purpose vehicles so long as any security interest granted in connection therewith does not relate to, or otherwise cover, the Servicing Fees.

Section 11. Consolidation; Merger and Sale of Assets.

In the event of any consolidation or merger of the Corporation with or into another Person or any merger of another Person with or into the Corporation (other than a consolidation or merger in which the Corporation is the resulting or surviving Person and which does not result in any reclassification or change of outstanding Series B Preferred Stock), or in the event of any sale, lease or other disposition to another Person of all or substantially all of the assets of the Corporation (computed on a consolidated basis) (any of the foregoing, a "Transaction"), each share of the Series B Preferred Stock then outstanding shall, without the consent of any Holder, become convertible at any time, at the option of the Holder thereof, only into the kind and amount of securities (of the Corporation or another issuer), cash and other property receivable upon such Transaction by a Holder of Series B Preferred Stock immediately prior to such Transaction, after giving effect to any adjustment event. The provisions of this Section 11 of this Certificate of Designation and any equivalent thereof in any such securities similarly shall apply to successive Transactions. The provisions of this Section 11 of this Certificate of Designation shall be the sole right of the Holders in connection with any Transaction and, unless otherwise required by law, such Holders shall have no separate vote on such Transaction.

Section 12. Certificates.

(a) The Series B Preferred Stock certificate or book-entry issuance may have notations, legends or endorsements required by law, stock exchange rule, agreements to which the Corporation is subject, if any, or usage (provided that any such notation, legend or endorsement is in a form acceptable to the Corporation).

(b) If any Series B Preferred Stock certificate shall be mutilated, lost, stolen or destroyed, the Corporation shall, at the expense of the Holder, issue, in exchange and in substitution for and upon cancellation of the mutilated Series B Preferred Stock certificate, or in lieu of and substitution for the Series B Preferred Stock certificate lost, stolen or destroyed, a new Series B Preferred Stock certificate of like tenor and representing an equivalent amount of shares of the Series B Preferred Stock, but only upon receipt of evidence of such loss, theft or destruction of such Series B Preferred Stock certificate and indemnity, if requested, satisfactory to the Corporation and the Transfer Agent.

Section 13. Other Provisions.

(a) With respect to any notice to a Holder required to be provided hereunder, such notice shall be mailed to the registered address of such Holder, and neither failure to mail such notice, nor any defect therein or in the mailing thereof, to any particular Holder shall affect the sufficiency of the notice or the validity of the proceedings referred to in such notice with respect to the other Holders or affect the legality or validity of any redemption, conversion, distribution, rights, warrant, reclassification, consolidation, merger, conveyance, transfer, dissolution, liquidation, winding-up or other action, or the vote upon any action with respect to which the Holders are entitled to vote. All notice periods referred to herein shall commence on the date of the mailing of the applicable notice. Any notice which was mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the Holder receives the notice.

(b) Shares of the Series B Preferred Stock issued and reacquired shall be retired and canceled promptly after reacquisition thereof and, upon compliance with the applicable requirements of Florida law, have the status of authorized but unissued shares of Preferred Stock of the Corporation undesignated as to series and may with any and all other authorized but unissued shares of Preferred Stock of the Corporation be designated or redesignated and issued or reissued, as the case may be, as part of any series of Preferred Stock of the Corporation.

(c) The headings of the various paragraphs and subparagraphs of this Certificate of Designation are for convenience of reference only and shall not affect the interpretation of any of the provisions of this Certificate of Designation.

(d) Whenever possible, each provision of this Certificate of Designation shall be interpreted in a manner as to be effective and valid under applicable law and public policy. If any provision set forth herein is held to be invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or otherwise adversely affecting the remaining provisions of this Certificate of Designation. No provision herein set forth shall be deemed dependent upon any other provision unless so expressed herein. If a court of competent jurisdiction should determine that a provision of this Certificate of Designation would be valid or enforceable if a period of time were extended or shortened, then such court may make such change as shall be necessary to render the provision in question effective and valid under applicable law.

(e) Except as may otherwise be required by law, the shares of the Series B Preferred Stock shall not have any powers, designations, preferences and relative, participating, optional or other special rights, other than those specifically set forth in this Certificate of Designation.

9

The date of this amendment's adoption was June 24, 2021.

The amendment was duly adopted by the Corporation's Board of Directors. In accordance with the Corporation's Articles of Incorporation, holders of not less than two-thirds of the Corporation's outstanding shares of Series A Preferred Stock approved the creation and terms of the Series B Preferred Stock pursuant to this amendment.

[Signature Page Follows]

10

IN WITNESS WHEREOF, these Articles of Amendment to the Articles of Incorporation of Korth Direct Mortgage Inc. and Certificate of Designation of Series B Preferred Stock have been duly executed by a duly authorized officer of the Corporation.

Dated: June 25, 2021

KORTH DIRECT MORTGAGE INC.

By: /s/ Holly C. MacDonald-Korth
Holly C. MacDonald-Korth, President and
Chief Financial Officer

[Signature Page to the Certificate of Designation of Korth Direct Mortgage Inc.]



Korth Direct Mortgage Inc. Announces \$19M Series B Preferred Stock Issuance and Receipt of Investment Grade Credit Rating

PR Newswire

CORAL GABLES, FL, June 29, 2021

CORAL GABLES, FL, June 29, 2021 /PRNewswire/ - Korth Direct Mortgage Inc. ("KDM"), a leading middle-money commercial real estate lender, today announced it has closed a private placement offering to "qualified institutional buyers," as defined in Rule 144A under the Securities Act of 1933, as amended, of 19,000 shares of its Series B Preferred Stock for gross proceeds of \$19.0 million. Net proceeds will be used for general corporate purposes, which may include supporting future growth and KDM's transition to a better execution model through aggregation of mortgage secured notes collateral. Brean Capital LLC served as KDM's exclusive financial advisor and placement agent in connection with the offering.

In addition, KDM announced that it has received a BBB+ corporate investment grade rating from Egan Jones Ratings Company, a nationally recognized statistical rating organization. The rating was received in connection with the transaction, which was also investment grade rated.

"Brean Capital is a valued partner to KDM. We appreciate their expertise and execution abilities to achieve this transformative transaction. We look forward to using the capital injection from our Series B Preferred Stock offering to achieve scale that we anticipate will accelerate both our growth and profitability," stated Holly MacDonald-Korth, President and CFO. "We have a national lending footprint, in-house servicing, a dozen account executives on our origination team, and nearly \$300 million in originations since inception. We believe that this strong foundation, combined with the additional capital, will be the springboard to our next stage of growth."

"This is a truly transformational event for KDM that we anticipate will bring us to the next level of executing our business strategy," said Pam Hipp, Managing Director of Fixed Income. "This will assist us in completing financings that were previously beyond our reach without this rating. The investor response to our securitization platform is expanding with each deal and our unique approach is building long-term value in the CRE debt markets."

"We believe achieving an investment grade corporate rating is an important external confirmation of our business model and what we have been building here at KDM," commented Jon Paul Lauria, Vice President of Business Development. "As a vertically integrated originator, lender, servicer, and securitizer of commercial real estate debt, we believe the investment grade rating will be instrumental in facilitating a more cost-efficient capital structure for our business."

This press release shall not constitute an offer to sell or a solicitation of an offer to buy KDM's Series B Preferred Stock nor shall there be any sale of KDM's Series B Preferred Stock in any state or other jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

ABOUT KDM

KDM is a vertically integrated originator, lender, servicer, and securitizer of first lien commercial real estate debt based in Coral Gables, Florida. KDM specializes in lending on income producing real estate, typically light industrial, warehouse, office, multi-family and medical properties. We provide flexible institutional capital as a common-sense lending partner and manage borrowers through the entire loan life cycle. KDM issues Mortgage Secured Notes ("MSNs") to fund its loans. MSNs are registered corporate bonds ("KDMMTG" on Bloomberg). You can find more information about KDM's lending platform at www.kdmfinancial.com and visit our corporate website at www.korthdirect.com.

ABOUT BREAN CAPITAL

Brean Capital's Investment Banking Group is dedicated to helping its clients achieve their strategic and financial goals. For more than 40 years, the Firm has specialized in providing capital raising, M&A and financial advisory services to middle market businesses. Throughout its history, Brean Capital has established a track record of providing its clients with deep market knowledge, commitment and experience to ensure a successful transaction.

Forward-looking Statements

This press release contains statements that are considered forward-looking statements within the meaning of and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements often include the words “believes,” “expects,” “anticipates,” “estimates,” “forecasts,” “intends,” “plans,” “targets,” “potentially,” “probably,” “projects,” “outlook” or similar expressions or future or conditional verbs such as “may,” “will,” “should,” “would” and “could” and the negative of these terms and similar words, although some forward-looking statements may be expressed differently. Forward-looking statements also include, but are not limited to, statements regarding plans, objectives, expectations or consequences of announced transactions, known trends and statements about future performance, operations, products and services of KDM (referred to below as “we,” “us” or “our”) and its subsidiaries. Our ability to predict results or the actual effects of future plans or strategies is inherently uncertain. You should be aware that our actual results could differ materially from those contained in the forward-looking statements.

While forward-looking statements reflect our good-faith beliefs, they are not guarantees of future performance. All forward-looking statements are necessarily only estimates of future results. Accordingly, actual results may differ materially from those expressed in or contemplated by the particular forward-looking statement, and, therefore, you are cautioned not to place undue reliance on such statements. Further, any forward-looking statement speaks only as of the date on which it is made, and 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 or circumstances, except as required by applicable law.

Website: <https://www.korthdirect.com/>

Contact: KDM: Jon Paul Lauria, (561) 876-5818, jjplauria@korthdirect.com