3.1.8 VeLEND

VeLend provides a way for holders of gold to gain current yield on their gold holdings. Through the VeADIR, holders can offer their VeGold on a collateralized basis to other users for a stated ROI. Currently, there are custom processes in place for connecting lenders with borrowers across two key products, VeStability and VeMortgage.

1. VeStability

There are several countries whose currencies are exposed to foreign exchange risk due to the balance of debt held in stronger currencies such as the USD and EURO. Veritaseum offers a loan program that reduces currency exchange risk better enabling government entities to manage loan repayment. A custom user interface for both borrower and user will be created on chain and accessible only to the two parties involved. The interface is custom designed to your loan and includes all terms, conditions and actions required of both parties in order for each action in the smart contract to execute. This on-chain VeADIR management will be similar to that described below for VeMortgage. If you are interested in this customized product, please contact Reggie@Veritaseum.com and Eleanor.Reid@Veritaseum.com for additional information.

2. VeMortgage

VeLend currently provides a custom process for creating gold-denominated, collateralized loans on the Blockchain through the VeADIR. If you are interested in making or receiving a VeMortgage loan, please contact us for additional required qualifications and availability by emailing Eleanor.Reid@veritaseum.com. We have successfully completed a pilot mortgage and are prepared to move forward with other projects. The loan process, through the VeADIR, is described below.

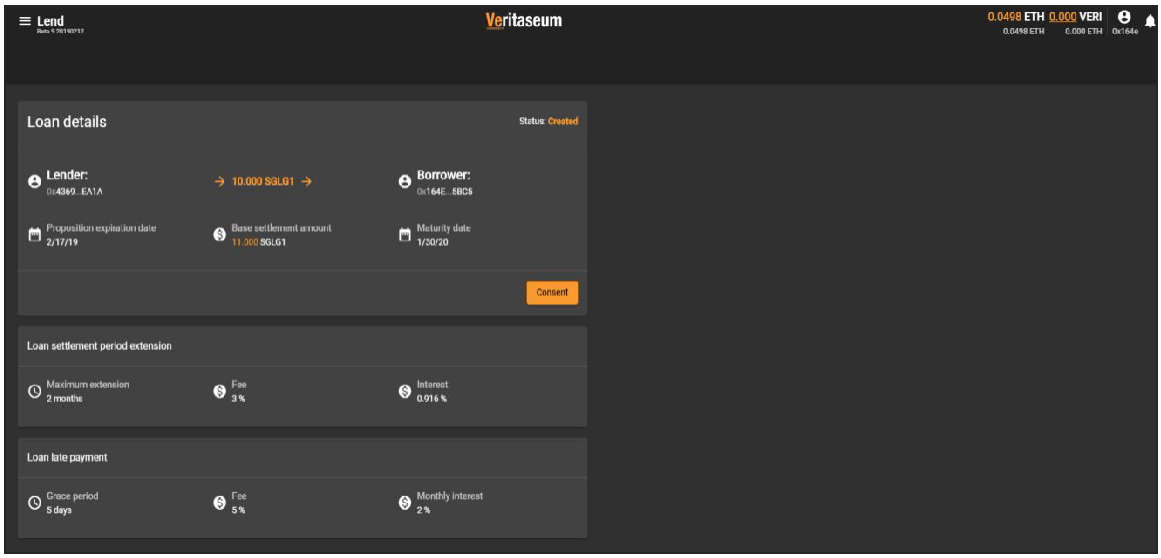
A. Loan Negotitation

Currently, the terms and conditions of the loan are agreed upon off-chain using a template Veritaseum provides. This will change before the end of 2019 such that lenders and borrowers can negotiate terms on the VeADIR. Once the terms are negotiated, the Veritaseum Administrator launches the loan interface that is only accessible to the borrower and lender for that contract. They can navigate to VeLend using the VeADIR Menu. The interface uses the KYC'd wallet of each to connect and uniquely identify each in the smart contract as either **Borrower** or **Lender** providing access to VeLend on this basis.

Each contract is private such that specific loan terms and conditions are visible only to the Borrower and Lender who are party to a given transaction. The loan screen can be customized to include any terms and conditions that are relevant to each party per the (1) loan agreement, (2) type of loan, (3)

structure of loan. Each Borrower or Lender has flexibility to negotiate terms and conditions that are important to them.

The user interface screen, shown below, updates any changes or information automatically as the Borrower or Lender exercises its rights over the term of the loan and as the status of the loan changes (interest rates, loan amount outstanding, etc.). Information expressed in the user interface is pulled from the smart contract that sits on the Ethereum network and has the security benefits of the Blockchain. It includes Lender and Borrower public address, loan amount (in grams or ounces), maturity date, loan maturity settlement amount, loan extension period terms, and late payment terms. The VeLend user interface enables each party to exercise their rights with each other directly on the Ethereum Blockchain. The status of the contract changes over time as do the Borrower's and Lender's rights according to their contract.

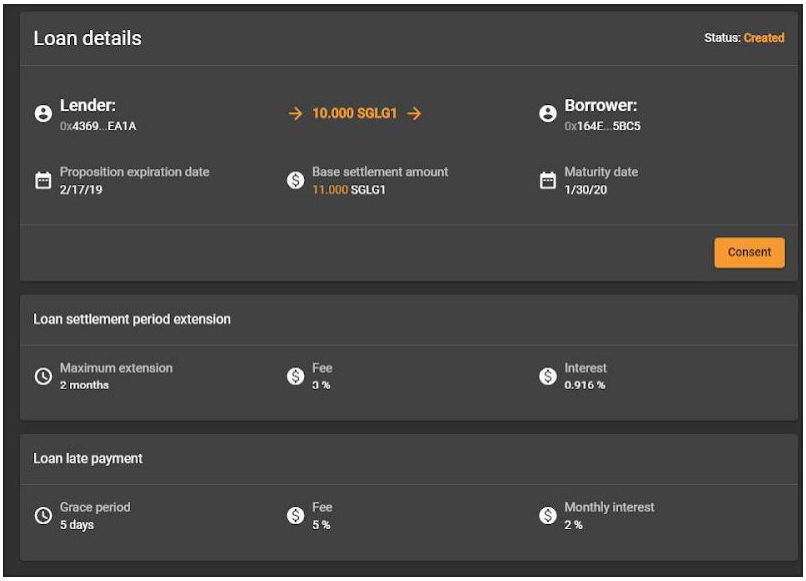


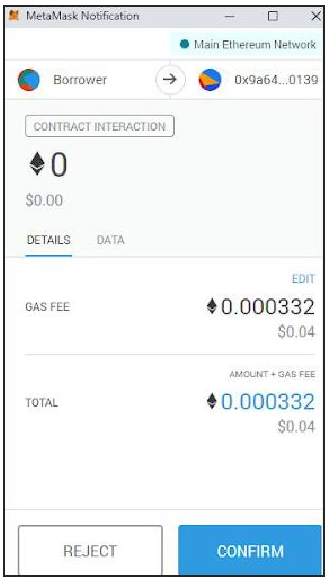
B. Borrower Consent to the Loan

After the loan agreement is fully negotiated and finalized between Borrower and Lender, the loan smart contract is launched by the Veritaseum Administrator revealed by the status "**Created**" in the upper right hand corner of the page.

The Borrower begins the consent and signature of the loan smart contract by clicking on the consent button.

Once the Borrower signs the loan smart contract on-chain through the VeADIR, the signature is recorded into the smart contract on-chain, the Lender is notified and must also provide its consent before the loan smart contract is binding and in effect.

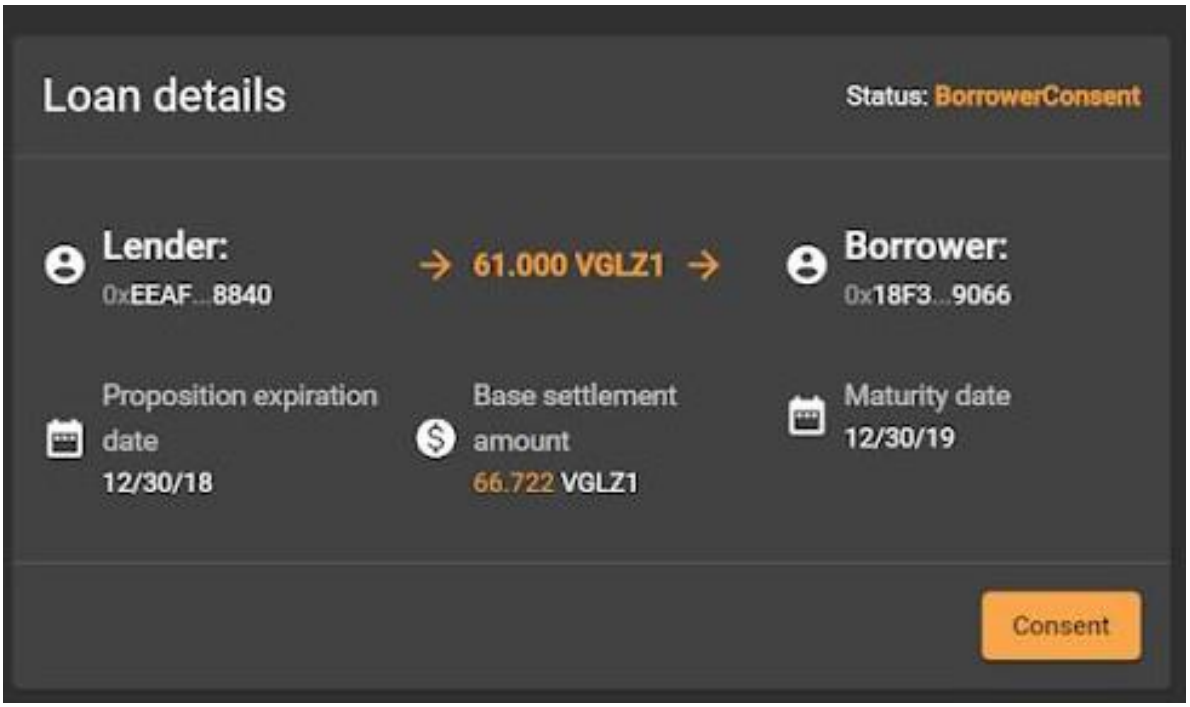




C. Lender Consent to the Loan

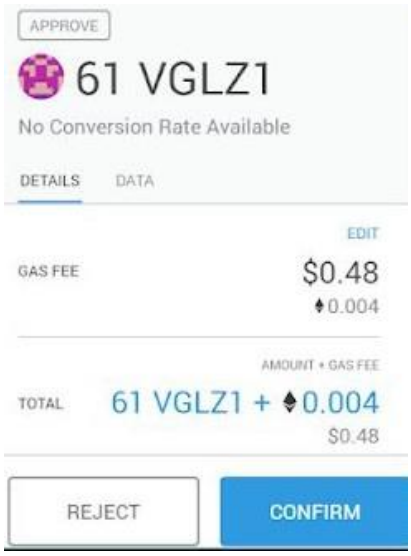
After the Borrower has provided its consent, the status of the contract is updated to Borrower Consent. This screen is only available to the Lender after the Borrower has already provided its consent to the smart contract.

The Lender begins the consent and signature of the loan smart contract by clicking on the consent button.



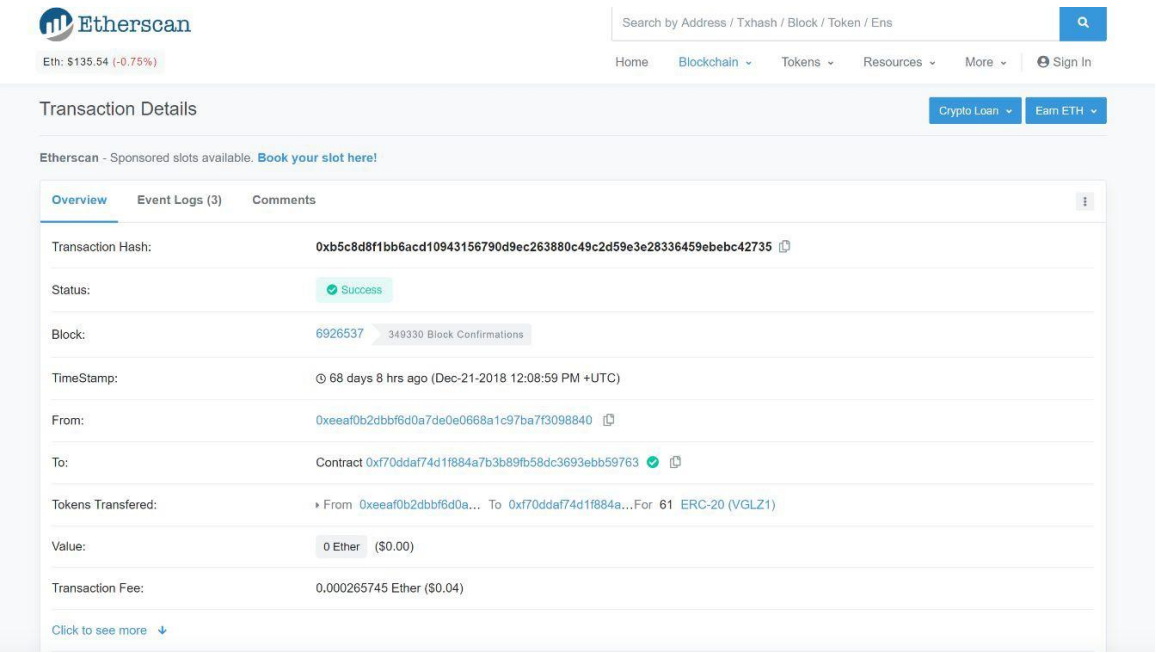
D. Amount and Proceeds Funding Confirmation

After clicking the consent button, the following Lender consent dialog appears. Once the Lender provides its signature and "Proceed", a MetaMask wallet dialog box appears authorizing the Lender to set an ETH gas price to record the transaction on-chain and confirms the payment through its wallet. The loan is then fully executed, and the loan smart contract must be funded by the Lender, which takes place automatically.

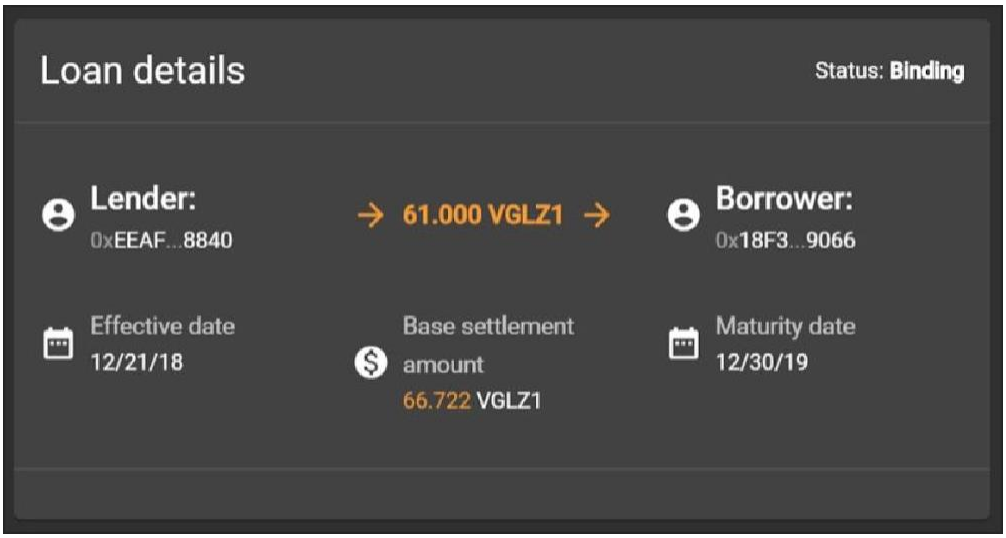


The Ethereum loan smart contract records both Borrower and Lender signatures to the loan and both parties are legally obligated by the terms and conditions of the loan's legal and business provisions.

When a transaction is authorized by a party on the Ethereum network, they must set a not-to-exceed ETH gas price. An ETH gas limit of no more than $0.48 was set by Lender, but the actual ETH gas price charged was $0.04.; the price paid for its consent transaction (signature) on-chain.

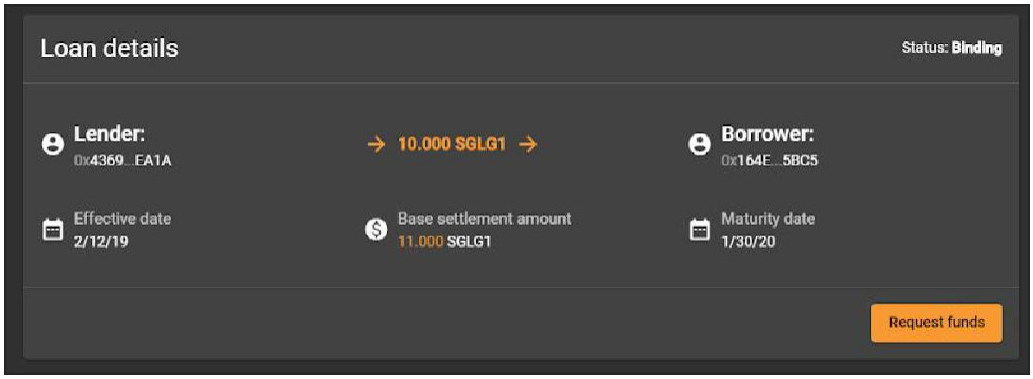


Once the smart contract has been digitally executed on-chain by both parties, it is instantaneously binding, as reflected in the status below. Again, this view is only available to Lender and Borrower on the VeADIR. The Borrower and Lender can monitor all aspects of the loan as its status changes throughout the loan transaction and loan term.

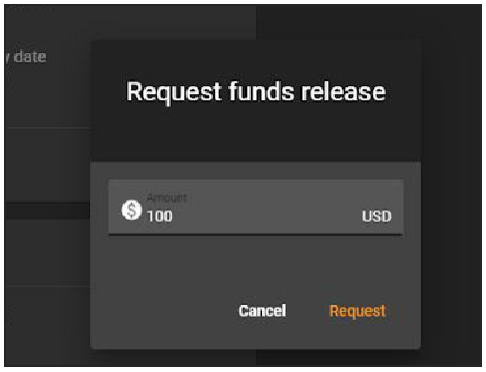


E. Borrower Funding Request

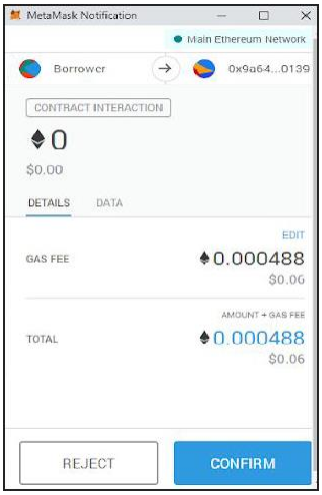
After the Borrower has made improvements to the property, it has the contractual, legal right to submit a funding reimbursement request to release a given amount of the loan proceeds in the smart contract. They would simply click Request Funds.

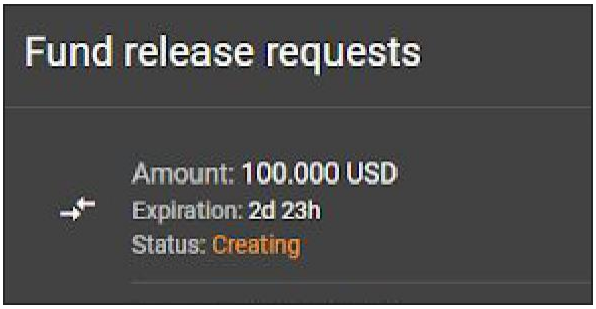


The Borrower inserts the amount of funds they want from the smart contract and then clicks **Request**.

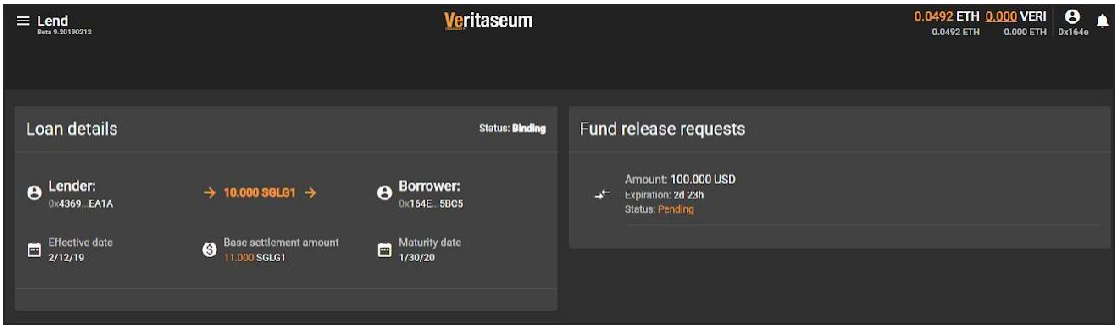


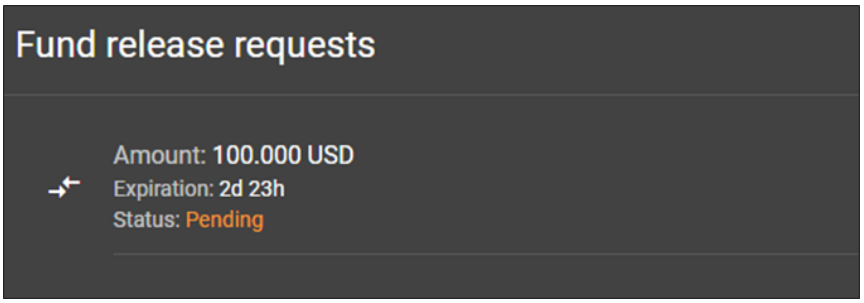
The Borrower then authorizes the transaction by clicking **Confirm** in their wallet. This then provides the request status box, which, in this case, shows the amount requested, the 3 days the lender has to approve and a status of **Creating** the request.





After the request is created, it then changes to a status of Pending. If the Lender does not respond with either **"Approve"** or **"Reject"** to the request, the Borrower's request is automatically approved, and the proceeds are automatically released from the loan smart contract and funded to the Borrower.

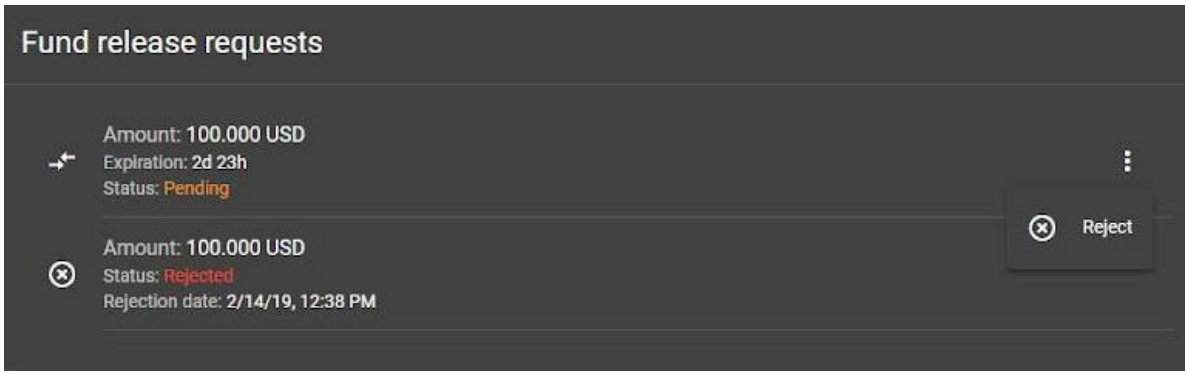




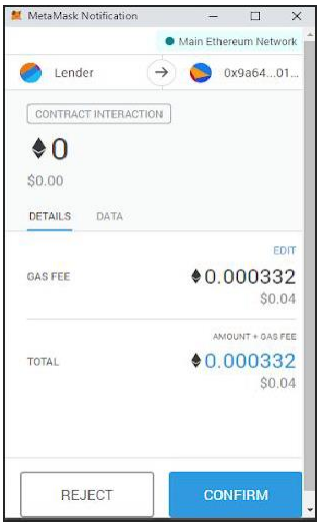
F. Lender Approval or Rejection of Draws

Once the Borrower's request is pending, the Lender is instantly notified and has a 3-day period to "Approve" or "Reject" the request. Either action would require the Lender to interact with the Borrower to record the decision on-chain.

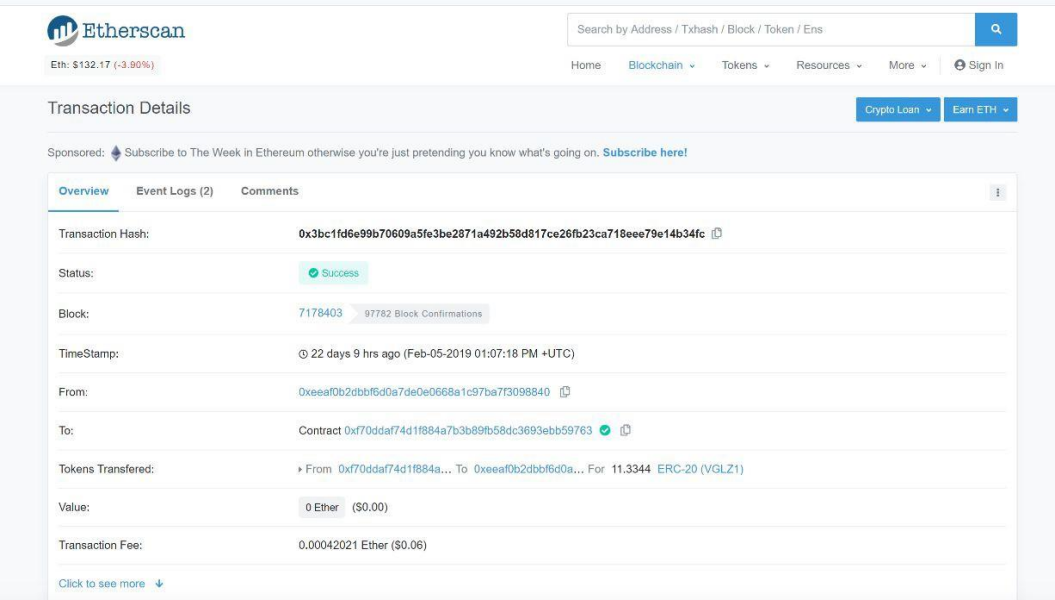
First, the Lender reviews the Borrower's supporting documents that justify the funding request. The Borrower must submit invoices and conditional lien waivers to verify that the amount requested from the loan smart contract was, in fact, already spent on the property to enhance the value of the asset. This ensures and protects the Lender because the funds are never released to the Borrower outright, but only as a reimbursement for investments the Borrower makes to the property. If the invoices submitted do not justify the amount of funds requested, the Lender has the right to reject the requet.



Any decision by the Lender is recorded on-chain, so whether approval or rejection, the **Lender** must Confirm the decision through their wallet. The Blockchain ensures there is an accurate history of all actions taken regarding the contract.



Upon Lender review and "Approval" of the funding request, the Approval is recorded on the loan smart contract. According to the contract, the Lender paid just $0.06 to process this approval.



G. Sale of VeGold and Delivery of FIat

Upon Lender "Approval" of the Borrower funding request, the loan smart contract automatically sells the VeGold tokens (100% backed by gold) to VeAssets at the spot price in exchange for cash. Within minutes of the sale, the cash from the sale is funded to the Borrower bank account. All of this information is stored within the smart contract.

First, the smart contract calculates and liquidates the necessary amount of gold from the smart contract to generate the cash amount requested by Borrower.

Gold Ounce Liquidation		
Liquidation Date		1/31/2019
Liquidation Price*	$	1,323.40
Liquidation Quantity		11.3344
Liquidation USD Value	$	15,000.00
Lender Distribution**	$	15,000.00

*Per Apmex on 1/31/2019 at 2:02 PM EST
**By ACH

Upon the liquidation of VeGold, the cash is immediately processed via ACH to the Borrower bank account that is on record in the smart contract. A confirmation invoice is sent to the Borrower and Lender for their records.

Bank ACH Confirmation	
Confirmation Number:	xxxxxxxxx
To:	Borrower
Delivery speed:	Next Business Day
Delivery method:	ACH
Amount:	$15,000.00
Fee:	$5.00 (Paid by VeAssets)
Frequency:	One time, immediately
Start on date:	1/31/2019
Estimated arrival date:	2/1/2019

After the VeGold sale, the smart contract reflects the update, instantaneously. This occurs in real-time and is visible to each party on the VeADIR. The loan continues in this fashion, with every action recorded on the Blockchain until the loan is closed.