



**November 10, 2016**

**Re: Change to Collateral Agent**

Dear Investor:

Thank you for investing in the MCI Preferred Equity Fund (the “Fund”). Your investment is currently funding the construction of the American dream across Texas, and we hope that you are happy with our performance as manager of the fund.

As you know, your investments in the Fund are loaned to Megatel Homes, an affiliate of ours. Megatel Homes borrows investment proceeds raised in the Fund to fund the acquisition and development of real estate and the construction of homes thereon. As a protection to you, the Fund’s loans are monitored by a third-party collateral agent. The collateral agent’s role is to ensure compliance with the lending guidelines set forth in the offering documents and the loan documents, including the MCI Loan Policies and Procedures. The collateral agent maintains all loan documents and protects your interests in the event of any default under the loans by taking the necessary action to preserve the collateral that secures each loan made from the Fund to Megatel Homes. We consider the extra protection afforded by the collateral agent to be a unique and beneficial feature that differentiates the MCI Preferred Equity Fund from other investment funds.

Currently, the law firm of Hesse & Hesse, PC, serves as the collateral agent for the Fund. Hesse & Hesse has provided the highest level of service to you as collateral agent. However, Hesse & Hesse also provides legal services to Megatel Homes. Several due diligence groups have requested that we use a different collateral agent that does not provide any other service to Megatel Homes. After discussions with Hesse & Hesse and our securities attorneys, we agree. Accordingly, enclosed please find the resignation notice from Hesse & Hesse, PC.

The Collateral Agent Agreement provides that upon such resignation notice, the investors are to appoint and approve a new collateral agent by the vote of a majority of membership interests. We and Hesse & Hesse believe that an appropriate successor collateral agent would be the law firm of Prevost, Shaff, Mason & Carns, PLLC, a full service law firm with offices in Texas and Arkansas. We encourage you to review the firm’s qualifications and meet the firm’s attorneys by visiting [psmclaw.com](http://psmclaw.com). The Prevost, Shaff, Mason & Carns has significant experience in securities and real estate, which we believe will enable them to effectively perform the collateral agent job duties, and by doing so, protect you and your investment.

Because we require the approval of a majority of the outstanding preferred membership interests, we have set up a voting portal for you to use to approve the new collateral agent. Please

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review the instructions below and visit [www.shareholdervote.info](http://www.shareholdervote.info) to cast your vote on or before January 2, 2017. In the voting portal, you will be able to vote for the recommended collateral agent, Prevost, Shaff, Mason & Carns, PLLC, write in your own collateral agent, or abstain from voting. You may also vote by mail, by completing the attached form, placing it in enclosed envelope, and depositing it in the mail. We hope, however, that you will approve our recommended firm, Prevost, Shaff, Mason & Carns, PLLC.

As always, should you have any questions or concerns, please contact us at your convenience. We look forward to mutual continued success and appreciate your investment in MCI Preferred Equity Fund.

Very truly yours,

Zach Ipour  
Co-President  
Megatel Capital Investment

**The Membership Voting Form is available at [www.shareholdervote.info](http://www.shareholdervote.info). If you wish to complete the form by paper, please complete the attached Membership Voting Form, place it in the enclosed, pre-stamped blue envelope, and deposit it in the mail.**

The Membership Voting Form regarding the Change to Collateral Agent of MCI Preferred Equity Fund, LLC, is available at the web site specified below:

- Step 1: Go to [www.shareholdervote.info](http://www.shareholdervote.info)
- Step 2: Click on the MCI Preferred Equity Fund, LLC link to access the Membership Voting Form.
- Step 3: You can view or download the voting information, including a copy of this letter and the Hesse & Hesse, PC resignation notice at this time. Your Membership Voting Form contains the information to vote for the new Collateral Agent online.
- Step 4: To cast your vote online you can enter the vote from the materials page or put in the address: <http://www.stctransfer.com/proxyvote>. Control number and ID needed to vote online is listed above.



**CHANGE TO COLLATERAL AGENT**

**MEMBERSHIP VOTING FORM**

**MCI PREFERRED EQUITY FUND, LLC**

I have received and read the Collateral Agent Resignation Notice from Hesse & Hesse, PC dated November 18, 2016, and the letter from Megatel Capital Investment, LLC regarding Change to Collateral Agent dated November 18, 2016 (collectively, the “Notice”). I have had an opportunity to ask questions and seek additional information from Megatel Capital Investment, LLC, the MCI Preferred Equity Fund, LLC, Hesse & Hesse, PC, and Prevost, Shaff, Mason & Carns, PLLC, about the information contained in the Notice. I hereby represent and warrant that I understand the information presented in the Notice, and accordingly vote all of my membership interests as follows by checking the appropriate box:

- I hereby vote, consent, and approve Prevost, Shaff, Mason & Carns, PLLC to serve as successor collateral agent to Hesse & Hesse, PC.
  
- I hereby vote, consent, and approve the following person or entity to serve as successor collateral agent to Hesse & Hesse, PC: \_\_\_\_\_  
\_\_\_\_\_
  
- I hereby abstain from voting.

The effective date of this vote is \_\_\_\_\_, 2016.  
(month) (day)

Print name of individual investor, custodian, corporation, partnership, limited liability company, employee benefit plan, IRA or trustee	Signature of individual investor, authorized person, trustee
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Print name of co-investor, authorized person, co- trustee if required by trust instrument	Signature of co-investor, authorized person, co- trustee if required by trust instrument
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Please return original or a copy to by January 2, 2017:

**MCI Preferred Equity Fund, LLC**  
**1800 Valley View Lane, Suite 400**  
**Farmers Branch, Texas 75234**  
**vote@mciinvest.com**