

RE: Forbearance Extension | Caldwell Investments, Loan 4534

August 16, 2019

Dear Investor,

We are writing to provide an update on the above-referenced investment. As you may recall there is a single majority investor, owning 54% of the loan. This investor has approved the borrower's request to extend the current forbearance on foreclosure through December 31, 2019. The forbearance has been requested to allow the borrower additional time to resolve the delinquency on this loan with Ignite Funding and potentially avoid bankruptcy, which would result in significant delays to the foreclosure process.

Throughout the forbearance Carrie Cook, President of Ignite Funding, has continued to work closely with both the borrower and the outside lenders Mr. Caldwell is working with to refinance many of the properties. Throughout this time the borrower has continued to add value to the residential properties by completing necessary work at his own expense and remains in the active process of refinancing the commercial properties. Ms. Cook been in constant contact with both the borrower and the lenders during the forbearance to ensure that all parties remain committed to the ultimate goal of resolving the delinquencies on the Ignite Funding loans.

As is common with any refinance, but particularly with the commercial properties we are describing here, it can take longer than expected to complete the process. This is the case with the pending commercial property refinances here. Although it is a long and frustrating process as we wait for resolution of the loans, it is important to remember that any foreclosure activity against the borrower will prohibit him from completing refinancing of any of the properties. If he is unable to complete the refinances of the properties, it is highly likely he will seek bankruptcy protection for these assets, which will ultimately serve to delay all foreclosure activity.

Although the borrower did previously agree to pass through rents received less expenses on any qualifying multi-family properties through the term of the forbearance, we have not been able to collect any payments. It is important to understand that these properties are Class C apartment buildings and the ability for the borrower to pass through any funds is contingent on multiple factors: ability to collect rent from the tenants, ability to keep the properties fully leased, ongoing expense to maintain the properties to a legal standard, among other things. The borrower is not in a position to pass through rents received on these properties at this time due to the reasons described above. It is important to recognize that if the borrower is having these challenges, so would you as an investor owning these commercial properties.

As previously stated, the borrower has completed all rehab work on one (currently marketed for sale) and 80% of the work on the other residential property throughout the forbearance that has positively impacted the value of the properties as they were acquired in a distressed condition. Due to the rehab completed, we anticipate investors will receive 100% return of principal. Likewise, as we work with the borrower and his lenders, we are negotiating on behalf of investors to receive at least 100% return of principal on the commercial properties, as well. Investors on commercial properties are balloted each time the lender and borrower come to terms with refinance numbers. To date, the investor majority on

two of the five commercial properties balloted have agreed to allow the refinance to go forward with a 100% return of principal, foregoing past due interest and late fees.

We proposed to extend the forbearance until December 31, 2019 to allow the borrower to continue to refinance his loan obligations and resolve each of the loans to Ignite Funding. The alternative to forbearance would be to proceed with foreclosure, forcing the borrower to stop work on properties, eliminate his ability to refinance the commercial properties and likely drive the borrower to file for bankruptcy to give himself more time to protect the assets. These actions, if they occur, would likely result in a loss of principal for investors on both the residential and commercial property loans, in addition to potentially extending the time involved in achieving a final resolution of the loans.

In addition to the negative implication above, investors would be responsible for identifying a property management company and maintaining the financial burden of the carrying costs of a Class C apartment buildings.

Detailed property updates, including videos and photos, for the properties can be found on the Caldwell Investments portal at:

<https://ignitefunding.com/caldwell-investments-default-updates/>

The password to enter the page is: Caldwell

We will continue to keep you informed regarding the status of the property through additional correspondence. In addition, all updates are posted on the Caldwell Investments portal on Ignite's website, as shown above.

Please contact your Investment Representative should you have any questions.

Sincerely,

Ignite Funding