

RE: Thunder Mountain by Bakerson, LLC | Loan 5247

Dear Investor,

We are writing to provide an update on the above-referenced loan. As you may recall, this loan is a second position loan that is behind a \$3,100,000 loan serviced by Ignite Funding. Second position loans are inherently riskier than first position loans because the first position loan takes priority in the event of a default. The borrower, Thunder Mountain by Bakerson, LLC, is in default on both the first position and second position loan as they have not paid interest on either loan since October 2022.

Ignite Funding has been in contact with the borrower and they acknowledge the delinquency but are unable to make the payments at this time. The President and Director of Underwriting for Ignite Funding visited the property at the beginning of January to meet face to face with the borrower, as well as the general contractor for the project, and to verify the status of the property. The borrower does not have the funds necessary to complete the project and is actively working with their existing capital partners, as well as meeting with some potential new equity partners to bring in the necessary capital to complete construction on the property.

Unfortunately, the property is not as far along as Ignite Funding was led to believe and previously communicated to investors. As you may recall, the property consists of a nearly 100,000 square foot Quality Inn that the borrower has been converting to a 65-unit apartment building in Sierra Vista, Arizona. We previously were told by the borrower that the conversion was approximately 90% complete and that information was passed onto you, the investor.

During our visit in January, we discovered that the conversion is not as far along as we believed. Based on our site visit we can confirm that the former Quality Inn has been 60% demoed and approximately 20% of the renovations have been completed. Additionally, 90% of the materials to complete the project have been paid for through the construction control account and are on site ready to be installed. All construction control funds have been spent and it is estimated that an additional \$1 million will be needed to finish the project before it can start to be leased up. Ignite Funding prides itself on total transparency with our investors and it is important to us that our investors have the most accurate information and status of the property collateralizing the loans.

As mentioned above and disclosed on the initial Investment Overview for this loan, the first position loan takes priority over this loan in the event of a default. As such, Ignite Funding has filed the Notice of Default on behalf of the first position loan (Thunder Mountain by Bakerson, LLC – Loan 5078). The foreclosure process takes a minimum of 120 days in the State of Arizona. During this time, the borrower will still be able to continue to work toward resolution of the default by bringing interest current or paying off the loan; however, if the borrower is unable to bring the loan current during this time period, Ignite Funding, on behalf of the investors on the first position loan, will take ownership of the property.

It is important to understand that if the property is taken back through foreclosure, on behalf of the first position loan investors, your interest in the property will be eliminated and you could lose all of your principal investment.

We will continue to keep you informed regarding the status of this loan and property, including the outcome of the Notice of Default filed on behalf of the priority lien holders, through additional correspondence.

Please contact Client Services by phone at (702) 941-7917 or email at [clientservices@ignitefunding.com](mailto:clientservices@ignitefunding.com) should you have any questions.

Sincerely,

**Ignite Funding**