

Friends of Red Oak Community School, LLC

Issuing Agent: Community Impact Technologies, Inc.
15405 SE 37th Street, Suite 100
Bellevue, WA 98006

Offering Memorandum July 13, 2017

Payment Dependent Community Impact Notes

Total Aggregate Offering	Up to \$325,000*
Term/Maturity	Five (5) Years
Rate	Five Percent (5%)
Status	Special, limited obligations of Friends of Red Oak Community School, LLC

**Investor dollars are not used to pay sales commissions or any other Friends of Red Oak Community School, LLC expenses.*

Friends of Red Oak Community School, LLC (“LLC”), a 501(c)(3) nonprofit organization incorporated in Washington, is the issuer of the Payment Dependent Community Impact Notes (the “Notes”), a security that directs investor capital to the loan needs of Sunbury Urban Farm, an Ohio 501(c)(3) nonprofit organization (the “Borrower”) which is the sole member of LLC. LLC may issue Notes from time to time up to the aggregate offering amount set forth above. Unless otherwise expressly provided for in this offering memorandum, the Notes will be issued in a single series with the funds raised used to make a loan to the Borrower (the “Note Series”). Investors should read this offering memorandum and the accompanying appendixes carefully before investing. LLC offers the Notes directly to the investor. LLC has not set a date for termination of this offering of Payment Dependent Community Impact Notes.

INVESTORS SHOULD READ THIS OFFERING MEMORANDUM IN CONJUNCTION WITH ANY ACCOMPANYING APPENDIX SUPPLEMENTS OR RELEVANT NOTE SERIES RELATED DETAILS WHICH CAN BE FOUND AT WWW.SEMBLE.COM/LISTING/RED-OAK OR BY CONTACTING THE ISSUING AGENT FOR THE NOTES AT THE ADDRESS OR TELEPHONE NUMBER LISTED WITHIN THIS OFFERING MEMORANDUM.

This offering memorandum does not constitute an offer or the solicitation of an offer to sell to any person in any state or any other political jurisdiction in which such offer or solicitation may not lawfully be made. This offering memorandum does not constitute an offer by a broker-dealer. Federal and state securities laws may affect LLC’s ability to continue to sell the Notes in certain states.

In making an investment decision, investors must rely on their own examination of the issuer, the terms of the Notes, and information related to the Borrower, including the merits and risks involved, which is available within the online listing. Neither the Notes nor the adequacy of this offering memorandum has been approved, disapproved or passed on by the Securities and Exchange Commission, any state securities commission or any other regulatory body. Any representation to the contrary is a criminal offense.

Investors are cautioned not to rely on any information not expressly set forth in this offering memorandum. Investors are advised to read this offering memorandum and the accompanying appendixes carefully prior to making any decision to purchase these securities. No person has been authorized to give any information or to make any representation in

connection with this offering other than those contained in this offering memorandum, and if given or made, such information or representation must not be relied upon as having been made by the issuer.

The Notes are subject to certain risks, discussed in the Risk Factors section below. Investors are encouraged to consider the concept of investment diversification when determining the amount of Notes that would be appropriate for them in relation to their overall investment portfolio goals and personal financial needs (Note: Investors are required to represent and warrant to LLC they are being diversified with their investment decision and are investing an amount in the Note Series that, in the event of loss, would not cause undo financial hardship). The Notes are being offered under an exemption from federal registration pursuant to Section 3(a)(4) of the Securities Act of 1933, as amended (the “Securities Act”) and Section 3(c)(10) of the Investment Company Act of 1940, as amended (the “Investment Company Act”). The Securities and Exchange Commission has not made an independent determination that these securities are exempt from registration.

In making an investment decision, investors must rely on their own examination of the person or entity creating the securities and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense. These securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act of 1933 as amended, pursuant to registration or exemption therefrom. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time

THE NOTES ARE NOT AND WILL NOT BE INSURED OR GUARANTEED BY THE FEDERAL DEPOSIT INSURANCE COMPANY (FDIC), THE SECURITIES INVESTMENT PROTECTION CORPORATION (SIPC), OR ANY OTHER AGENCY.

FURTHERMORE, IF YOU ARE CONTEMPLATING MAKING A COMMITMENT TO INVEST IN THIS PARTICULAR NOTE SERIES AND DO NOT LIVE IN THE STATE OF JURISDICTION OF THE BORROWER, LLC RESERVES THE RIGHT TO DENY ANY INVESTOR’S RIGHT TO PARTICIPATE IN INVESTING IN THIS NOTE SERIES IF YOU LIVE IN A JURISDICTION WHERE LLC IS NOT AUTHORIZED TO SOLICIT OR ACCEPT INVESTOR PARTICIPATION OR IN JURISDICTIONS THAT PROHIBIT INVESTMENTS OF THIS NATURE.

IT SHOULD BE NOTED THIS OFFERING IS AVAILABLE TO INDIVIDUALS WITH KNOWLEDGE OF THE BORROWER. THE INFORMATION CONTAINED ON THE FOLLOWING PAGES ARE GENERAL STATEMENTS REGARDING INVESTMENT PARTICIPATION LIMITATIONS OR SPECIFIC DISCLOSURE MATTERS FOR CERTAIN STATES; SPECIFIC DETAILS SURROUNDING THESE STATEMENTS WILL BE SUPPLEMENTED AND DISCLOSED TO INVESTORS PRIOR TO THE DATE ANY INVESTMENT COMMITMENT BECOMES IRREVOCABLE.

OFFERING MEMORANDUM OFFERING SUMMARY

This section summarizes the legal and financial terms of the Notes. Final terms of any particular Note will be determined at the time of sale and will be contained in the accompanying Note document. The terms of the Note may vary from and supersede the terms contained in this offering memorandum. Before you decide to purchase a Note, you should read the more detailed information appearing elsewhere in this offering memorandum and in the accompanying listing of the Borrower and LLC found online at www.semble.com/listing/red-oak.

Overview

Friends of Red Oak Community School, LLC, incorporated in Washington, is a single-member limited liability company formed to facilitate making one or more lower-cost loan(s) to the Borrower through the sale of Payment Dependent Community Impact Notes to individual and institutional investors which are special, limited obligations of LLC. The Borrower is the sole member of LLC and the programmatic focus of LLC mirrors that of the Borrower. As a result of one or more loans by LLC to the Borrower, the Borrower will realize lower costs of capital and greater discretion over resources that will help it to maximize its missional impact.

The proceeds from the sale of the Notes related to a Note Series provides the funding for a specific loan to the Borrower. The Notes will be issued in Note Series with each series dependent for repayment on payments received from the corresponding borrower loan of the Borrower.

To handle the different Note and borrower loan related activities such as the issuing of the Notes, the origination of the borrower loans, payment processing of the Notes and borrower loans, and potential Note transfer administration, LLC and the Borrower have entered into agreements that will remain in full force and effect for the life of the Notes with Community Impact Technologies, Inc. d/b/a “Semble” which provides a turn-key solution for such note offerings by nonprofit organizations. As part of the agreements, Semble licenses the use of its online facilitation platform located at www.semble.com (the “Platform”) and acts as the paying and transfer agent for the Note Series and an affiliate organization of Semble (i.e., CIT Fiduciary, LLC) will serve as the manager for LLC. Note: CIT Fiduciary, LLC receives no compensation for its role as manager of LLC to act as third-party oversight on behalf of the Investors.

“Connect By” Semble

Semble provides the technology infrastructure and back-end capabilities and services that streamline the process of connecting nonprofit borrowers to their historic donors and supporters in order to secure a low-cost loan. The Platform enables the efficient purchase of notes issued by nonprofit entities in which the proceeds are 100% directed towards making loans to the borrowers (i.e., nonprofits) selected by the investors. The notes purchased are dependent for payment on payments received from those corresponding borrower loans selected by the investors and described in the listings. Each loan request on the Platform is ultimately in response to a commercial loan need of a nonprofit organization and on behalf of a nonprofit entity formed that is the issuer, which is referred to as “borrower loan” and “listing,” respectively.

Each listing sets forth the desired loan amount, maximum interest rate, length of the borrower loan, and such other information and documentation as may be required. Listings may also include the narrative description of the borrower’s mission, its history, intended use of the loan proceeds, as well as other details. Listings are displayed publicly on the Platform.

The Notes

Investors will have the opportunity to buy Payment Dependent Community Impact Notes (the “Notes”) issued by LLC which are dependent for payment on payments received from the Borrower. Investors will access the Platform to review the listing and to make purchase commitments for Notes that are dependent for payment on payments received from the Borrower. The investors who purchase the Notes from LLC expressly designate the sales proceeds be applied

towards a loan for the Borrower. The Notes are special, limited obligations of LLC only and not obligations of the Borrower. In addition to principal and interest payments received, LLC will pay to investors of the Note Series any other amounts received on the Borrower loan, including late fees, prepayments, extension fees, if any, except that LLC will not pay to investors any non-sufficient funds fees for failed Borrower payments or collection related fees which, among other fees, are costs paid separately by the Borrower.

As part of the agreement between LLC and Semble, in the event there is a breach of any representations and warranties outlined in the investor purchase agreement pertaining to the Notes, and such breach materially and adversely affects a Note Series, Semble will, in its sole and absolute discretion, either indemnify the Note investors or repurchase that Note Series or cure the breach.

Borrower Loan

LLC has posted the listing on the Platform specific to the Borrower's request for a commercial loan. The listing indicates the key terms of the loan as well as provides information and documentation from the Borrower as required. The Borrower has passed an initial review performed by Semble which verifies the Borrower's identity, legal organization and good standing, and that all initial required documents have been provided. Further, the Borrower has provided disclosures which outline relevant details pertaining to its ability to repay the proposed loan as well as has completed the required loan questionnaire prior to the listing being posted on the Platform. Investors are able to review all of this information provided by the Borrower and found within the listing.

After the listing is posted on the Platform, Semble will also perform general and basic due diligence which shall consist of verifying the Borrower's authority to enter into the loan transaction and that all remaining required loan listing documentation for closing on the loan has been submitted by the Borrower. Loans facilitated through the Platform may provide real estate collateral as security for the loan. In the event that the Borrower is providing such collateral, Semble will verify that the Borrower has the authority to provide the intended security and will perform a title review and work with a title company to perfect the security interest at closing. This general due diligence is normally performed after the listing has been created but before the loan is funded, and therefore the results are not initially reflected in the listing.

NOTE: Semble's basic review of information on behalf of LLC is not comprehensive and should not be the sole due diligence relied upon by an investor, who should consult with their own legal, accounting, investment and other professional advisors. While Semble's review is intended to uncover misrepresentations by the Borrower, there are no assurances that the information provided is true and accurate.

Use of Proceeds

100% of the proceeds received by LLC from the sale of Notes are directed to fund the Borrower's loan, which includes the fees and costs associated with Loan.

THIS OFFERING MEMORANDUM FOR THE NOTES DESCRIBES THE PROGRAM UNDER WHICH LLC MAY ISSUE THE NOTES. THE PROCEEDS OF THE NOTES ARE USED BY LLC FOR THE SOLE PURPOSE OF FUNDING BORROWER'S LOAN. IN ORDER TO PARTICIPATE IN THIS INITIATIVE, ALL INVESTORS MUST HAVE A CURRENT OR HISTORIC RELATIONSHIP WITH THE BORROWER OR IN SOME INSTANCES BE RELATED TO A PERSON OR ENTITY THAT IS A MEMBER OR SUPPORTER OF THE BORROWER. ALL NOTES ARE SPECIAL, LIMITED OBLIGATIONS OF LLC.

OFFERING OVERVIEW

Note Issuer	Friends of Red Oak Community School, LLC, a Washington 501(c)(3) nonprofit organization.
The Notes	Payment Dependent Community Impact Notes, or "Notes," are dependent for payment on payments LLC receives on Borrower's loan.
The Lender	Friends of Red Oak Community School, LLC, a Washington nonprofit.
The Borrower	Sunbury Urban Farm, an Ohio 501(c)(3) nonprofit organization.
Offering price	100% of principal amount of each Note.
Initial maturity date	Five (5) Years.
Borrower Loan Amount	The Borrower has established \$325,000 as the maximum loan amount for Borrower's loan. The Borrower may set a lower, minimum, amount for the loan which would be communicated within the Borrower's listing. If there is a minimum loan amount, all additional Note proceeds for Borrower's loan distributed up to the maximum amount will be in accordance with the disbursement schedule described in Borrower's listing.
Borrower's Interest Rate	The maximum rate Borrower is willing to pay on the Note Series is five (5%) percent (the "Maximum Rate"). However, since each investor will have the ability to select an interest rate equal to or less than the Maximum Rate, the interest rate charged to the Borrower on a specific borrower loan will be the weighted average of the interest rate(s) contained among the Notes within the Note Series. Holders of Notes will receive their pro-rata share of payments of principal and interest on Borrower's loan.
Notes Interest Rate	Interest rates may vary within the Note Series. The Borrower has established the Maximum Rate, as described above, as the maximum interest rate it is willing to pay on its loan, which is referred to as the "offered interest rate." Investors will then review the listing and commit to purchase Notes at a rate equal to the offered interest rate or at a lower interest rate which is referred to as the "investor set rate." If the investor commits to purchase Notes, that investor will receive their investor set rate on the Notes purchased.
Payments on the Notes	LLC will pay principal and interest on any Note Series purchased by investors in an amount equal to the portion of the principal and interest payments, if any, received on Borrower's loan, net of any unpaid late fees or collection costs. Late fees are assessed to the Borrower and do not dilute the obligated interest or principal payments due and owing holder of the Note Series. However, any payments received on Borrower's loan will first be applied to any outstanding late fees and collection costs, then to paying interest on the Notes, and finally to principal on the Notes. Each Note will provide for monthly payments over a term equal to that of Borrower's loan. The payment dates for the Notes will fall on the sixth day after the date LLC receives an installment payment from the Borrower. NOTE: BORROWER'S LOAN IS ONLY REQUIRED TO PAY INTEREST ON THE OUTSTANDING PRINCIPAL BALANCE OF THE LOAN AND IS NOT REQUIRED

TO PAY ANY MORE THAN THE SET MONTHLY INSTALLMENT PAYMENT UNTIL THE MATURITY DATE SET FORTH ABOVE. FOR CLARIFICATION, BORROWER'S LOAN IS NON-AMORTIZED AND THERE IS NO SINKING FUND ESTABLISHED TO REPAY THE ENTIRE PRINCIPAL BALANCE AT MATURITY. SEE RISK FACTORS FOR FURTHER DISCUSSION ON THIS MATTER. PROVIDED, HOWEVER, AND NOTWITHSTANDING THE PRECEEDING, THE REQUIRED MONTHLY PAYMENTS ARE BASED ON THE MAXIMUM RATE ESTABLISHED AND IN THE EVENT THE "OFFERED INTEREST RATE" IS LESS THAN THE MAXIMUM RATE, A PORTION OF THE MONTHLY PAYMENTS WILL BE USED TO REDUCE THE PRINCIPAL BALANCE OF THE BORROWER LOAN.

Borrower's Loan

Investors, through the listing on the Platform, will designate LLC to apply the proceeds from the sale of the Notes to the origination of a commercial loan to the Borrower under the terms set forth in this offering memorandum. Borrower's loan is payable in monthly installments and may be prepaid at any time by Borrower without prepayment penalty.

Installment Payments

The first installment payment on Borrower's loan commences one month from the effective date of the promissory note with each subsequent installment payment occurring on the same day of each and every month thereafter (the "Installment Payment"). The Installment Payment amount, as adjusted from time-to-time, is determined by multiplying the offered interest rate by the outstanding principal balance of Borrower's Loan divided by twelve (12) months. Any adjustment to the Installment Payment amount will take effect the day following the date of recalculating the new Installment Payment amount. The Installment Payment amount will adjust automatically if (i) additional loan funds are added to the principal balance of Borrower's loan or (ii) if any one Installment Payment by Borrower reduces the outstanding principal balance of Borrower's loan by over five percent (5%). The minimum Installment Payment amount, as adjusted from time-to-time, is calculated by multiplying the offered interest rate by the outstanding principal balance of Borrower's Loan divided by twelve (12) months.

Security Interest

All Notes will be unsecured special, limited obligations of LLC. Investors in the Note Series do not have a direct security interest in the corresponding borrower loan, the proceeds of that loan or any real estate securing the loan.

Borrower-Assessed Fees

All ongoing expenses of LLC, as well as fees assessed to Borrower's loan, are the payment obligation of the Borrower. In addition to late fees, these may include, among other things, service-related fees for the Notes, entity renewal expenses, accounting expenses, non-sufficient funds fees, and collection related expenses. For example, to act as issuing agent, paying agent, and transfer agent for the Notes, LLC and the Borrower have entered into agreements with Semble. Payments to Semble for such services are directly billed to the Borrower. While most of these fees are billed to the Borrower separate of the borrower loan installment payment, the covenants of a borrower loan dictate that failure of the Borrower to satisfy these obligations will trigger a default of Borrower's loan.

Use of proceeds

100% of the proceeds received by LLC from the sale of this Notes Series will be used to fund the Borrower loan. The Borrower's intended use of proceeds related to the listing will be available for viewing by investors on the Platform; a portion of the loan proceeds may go to pay a fee for use of the Platform and other closing costs associated with Borrower's loan.

Electronic form and transferability

The Notes will be issued in electronic form only and will not be listed on any exchange. While, at some point in the future, a trading platform to allow investors to transfer Notes may be established, there are no guarantees that such a trading platform for the Notes will materialize or that if such a trading platform is established that a market for Notes will

develop. As such the Notes will not initially be readily transferable and may never be readily transferable by investors and investors must be prepared to hold their Notes to maturity.

RISK FACTORS

Risk Level of Unsecured Investments

The Notes are special, limited obligations of LLC and depend entirely on payments received from the Borrower. The Notes are not deposits or obligations of, or guaranteed or endorsed by, any bank, and are not insured by any federal or state agency, including the FDIC. The terms of Borrower's loan requires installment payments which may equate to just interest only payments and, as such, the repayment of Borrower's loan is not amortized over the term of the loan. Further, no sinking fund or other similar deposit has been or will be established by LLC or the Borrower to provide for the repayment of the Notes. Therefore, the relative risk level may be higher for the Notes than for other securities and it is advised that if the investor cannot afford to lose the entire amount of the investment in the Notes purchased, the investor should not invest in the Notes.

Issuer-Related Risks

LLC is a newly-formed single-member limited liability company organized for the sole purpose of selling Notes with 100% of the proceeds from the Note Series used to fund Borrower's loan. As such, the ability of LLC to return the capital investment of the Note investors will be dependent on the financial ability of the Borrower to repay its loan and any loan guarantors. The likelihood of repayment must be considered by each investor in light of their own assessment of the financial strength and financial wherewithal of the Borrower and the inherent risks of lending money to a single borrower in this market environment.

Liquidity of Notes

Investments in Borrower's loan made with proceeds from the sale of Notes are typically illiquid. Further, at this time, a secondary trading platform to allow investors to transfer Notes does not exist. As such the Notes may not initially be transferable and may never be transferable by investors so investors must be prepared to hold their Notes to maturity.

Repayment of Notes

Although the Platform has established rigorous payment monitoring procedures, there can be no guarantee the Borrower will repay LLC promptly. LLC will only make payments pro rata on a Note Series after receiving payments from the Borrower on its loan. Investors will not receive any non-sufficient funds fees, collection fees, or other fees charged directly to the Borrower. Under the terms of the Notes, if LLC does not receive payments on Borrower's loan, the investor in the Note Series will not receive any payments on their Notes. Further, no sinking fund or other similar deposit has been or will be established by LLC to provide for the repayment of the Notes. Since the Borrower loan is not amortized, it must be assumed that there will still be an outstanding balance on the Borrower loan when it comes due in full. The inability of the Borrower to address this as the Borrower loan matures presents added risk to the investors.

Best Efforts Offering

The sale of the Notes is a best efforts offering, and while there is no minimum sales requirement, LLC will only sell Notes if the proceeds through the Note Series will satisfy the minimum loan amount established for Borrower's loan. Because LLC has established the appropriate relationships with third-party service providers with the systems and processes to effectively administer this offering of Notes, a low sales volume will not prompt cancellation of the offering or cause LLC to refund Note purchases to any existing investors. However, in the event the minimum loan amount is not

achieved and Borrower elects to terminate the financing initiative, 100% of all Note proceeds will be returned to the investors of the Note Series.

Special, Limited Obligations of LLC Only

The Notes will not represent an obligation of the Borrower or any other party except LLC, and are special, limited obligations of LLC. The Notes are not directly secured by any collateral and are not guaranteed or insured by any governmental agency or instrumentality or any third party. Although there is a security interest in the right to payment under, and all proceeds received on, Borrower's loan and in the bank account in which the Borrower's loan payments are deposited, the Note holders do not have a direct security interest in Borrower's loan or the right to payment thereunder.

Risk of Inaccurate Information

The Borrower will supply a variety of information described in the listing for Borrower's loan that may not have been vetted by third parties, including, but not necessarily limited to, the purpose of the loan, authorization documentation, financial projections, plans for repayment, and other relevant information that is included in the listing. Although basic and general due diligence on the Borrower has been performed, such due diligence is not complete and may not uncover inaccurate or intentionally false information provided by the Borrower. For example, the Borrower may misrepresent its intentions for the use of borrower loan proceeds. Such statements by the Borrower as to how loan proceeds are to be used are not initially verified or, after loan funding, confirmed. That said, for loan proceeds intended to be used to the purchase of real estate or to refinance an existing loan, instead of releasing funds to the Borrower, said funds will be sent directly to the intended receiving party as outlined in the use of proceeds as authorized by Borrower.

Federal and State Regulations

Future changes in federal or state laws, rules, or regulations regarding the sale of securities by religious, charitable or other nonprofit organizations may make it more costly and difficult for LLC to offer and sell the Notes in order to satisfy the full amount of the Borrower's loan request. Such an occurrence could result in a decrease in the amount of Notes sold by LLC. Further, with Semble's business operations dependent on having similar service-related agreements with multiple nonprofit organizations, such regulatory changes may also affect Semble's operations and its ability to fulfill its duties, which could impact the performance on the Notes.

Reliance on Third-Party Collections

Although Borrower's loan is secured by a security agreement (such as a recorded Deed of Trust in real property), Borrower's loan is not guaranteed or insured by any third party or backed by any governmental authority in any way. In the event that collection activities are required, any designated third-party collection efforts may be limited in its ability to collect on Borrower's loan. Moreover, Borrower's loan is an obligation of the Borrower to LLC, not a direct obligation to the investors of Notes. The Note holders will have no recourse to the Borrower and no ability to pursue the Borrower to collect payments under Borrower's loan or to realize upon any collateral pledged to secure the payment of Borrower's loan. Investors may look only to LLC for payment of the Notes. Through collection efforts, it may not be possible to recover some or all of the unpaid balance of Borrower's loan, and an investor who has purchased a Note dependent for payment on the non-performing Borrower's loan will then realize a loss of the unpaid principal and interest payable under the Note. Investors are not permitted to attempt to collect payments on Borrower's loan in any manner.

Change in Prevailing Interest Rates

Notes bear fixed, not floating, rates of interest. If prevailing interest rates increase, the interest rates on Notes purchased might be less than the rate of return that could be earned if invested in different investments. While investors may still receive a return on the purchase price for the Notes through the receipt of amounts equal to the interest portion of the Borrower's payments on Borrower's loan, if prevailing interest rates exceed this rate of interest, the payments investors receive during the term of the Note may not reflect the full opportunity cost when taking into account factors such as the time value of money. In addition, there is no prepayment penalty for the Borrower electing to prepay its loan. If prevailing interest rates on commercial loans decrease, the Borrower may choose to prepay Borrower's loan with

money borrowed from other sources or other resources, thus, investors may not receive the interest payments on the Notes that they expect.

Negative Impact as a result of Economic Conditions

Borrower loans may be significantly affected by economic downturns or general economic conditions beyond LLC's control and beyond the control of the Borrower. In particular, loss rates on commercial loans may be high due to factors such as prevailing interest rates, the rate of unemployment, the level of consumer confidence, real estate values, the value of the U.S. dollar, energy prices, changes in consumer spending, the number of personal bankruptcies, disruptions in the credit markets and other factors. A contraction in the global financial and credit markets and a downturn in the United States economy would likely result in an increased rate of default of commercial loans in the future. It is not possible to predict economic conditions or the impact economic struggles will have on the Borrower's ability to repay its loan.

Concentrated Investment in the Borrower

An investor's expected return on the Note purchased will depend solely on the financial viability and enterprise performance of the Borrower. A concentration of any type of investment, including the concentration of an investment in the Note Series, creates additional risk to investors. The inherent risk associated with a concentration of investments in one or a limited number of investments is the reason LLC requires each investor to represent that they are being diversified with their investment decision and are investing an amount in a Note that, in the event of loss, would not cause undo financial hardship. However, as it relates to the issue of investment concentration, diversification alone does not eliminate the risk that investors may lose some, or all, of their investment. Each investment in general and an investor's decision to invest in this Note Series must be evaluated based on the financial merits of the opportunity. Specific to the Note Series or any investment tied to a loan, the assessment of the financial strength of the subsequent borrower and the degree to which loss of principal is mitigated by collateral used to secure the loan is critical.

Federal Bankruptcy or State Insolvency Laws

The Borrower may seek protection under federal bankruptcy law or similar laws. If the Borrower files for bankruptcy (or becomes the subject of an involuntary petition), a stay will go into effect that will automatically put any pending collection actions on Borrower's loan on hold and prevent further collection action absent bankruptcy court approval. If notice is received Borrower has filed for protection under the federal bankruptcy laws, or has become the subject of an involuntary bankruptcy petition, Borrower will be put into "bankruptcy status." When this occurs, any automatic monthly ACH debits, if applicable, on the Borrower loan will be terminated and no collection activity will be taken without bankruptcy court approval. Whether any payment will ultimately be made or received on Borrower's loan after a bankruptcy status is declared depends on Borrower's particular financial situation and the collateral being used to secure Borrower's loan. That said and as it relates to any existing lien(s), foreclosure on the asset(s) related to lien(s) securing Borrower's loan will be pursued upon court approval. If Borrower were to become subject to a bankruptcy or similar proceeding, the recovery, if any, of a holder of a Note may be substantially delayed in time and may be substantially less in amount than the principal and interest due and to become due on the Note. Although LLC will be granted a security interest in the rights to payment under, and all proceeds received on, Borrower's loan and in the bank account in which Borrower's loan payments are deposited, the Notes are still subject to risks associated with insolvency, bankruptcy, or a similar proceeding.

No Repurchase of Notes Except in Limited Circumstances

LLC is not obligated to repurchase any Note. Further, and except in very limited circumstances as discussed in the investor purchase agreement, Semble is not obligated to repurchase any Note. The investor purchase agreement provides that, in the event of a material breach of representations and warranties, Semble must either cure the defect, repurchase the Note, or indemnify and hold the investor harmless against losses resulting from the defect in the Note. Even if Semble is obligated to repurchase a Note, there can be no assurance that it will be able to meet the repurchase obligation. If Semble is unable to meet the repurchase obligations, investors may realize a loss on investments in the Notes.

Borrower Able to Prepay Without Penalty

Borrower loan prepayment occurs when Borrower decides to pay some or all of the principal amount on its loan earlier than originally scheduled. Such prepayment can be done at any time without penalty and in the sole discretion of the Borrower. In the event of a prepayment of the entire remaining unpaid principal amount of Borrower's loan on the Note Series, investors in the Notes will receive such prepayment but further interest will not accrue after the date on which the payment is made. If the Borrower prepays only a portion of the remaining unpaid principal balance, the term of the borrower loan will not change, but interest will cease to accrue on the prepaid portion. Prepayment in full or in part means the Note Series investors will not receive all of the interest payments originally expected had the entire principal balance of Borrower's loan remained until the Note's maturity date.

Reliance on a Third-Party Commercial Bank

Because neither LLC nor Semble is a bank, LLC cannot belong to and directly access the Automated Clearing House (ACH) payment network. As a result, an FDIC-insured depository institution is required to process the transactions related to Borrower's loan. If such services cannot continue from Wells Fargo, the bank currently designated to handle such transactions, or elsewhere, or if the transition to another processor cannot happen quickly, the ability to process payments will suffer and the investor's ability to receive principal and interest payments on the Notes will be delayed or impaired.

Insolvency of the Paying Agent

The paying agent is responsible for accepting payments on behalf of LLC from the Borrower and then distributing the payments to the investors in the Notes. LLC has selected Semble to act as paying agent. Semble currently maintains an account at Puget Sound Bank, N.A. "for the benefit of" the investors of the Notes. This so-called "FBO account" is a pooled account titled in Semble's name "for the benefit of" the investors. Although it is believed that amounts funded and held on behalf of investors in the FBO account at Puget Sound Bank, N.A. should not be subject to claims of creditors of Semble other than the investors for whose benefit the funds are held, the legal title to the FBO account, and the attendant right to administer the FBO account would be property of Semble's bankruptcy estate. As a result, the legal right to administer the funds in the FBO account would vest with the bankruptcy trustee or debtor in possession. In that case, while neither Semble nor any of its creditors should be able to reach those funds, the investors may have to seek a bankruptcy court order lifting the automatic stay and permitting them to withdraw their funds. As a result, investors in Notes may suffer delays in accessing funds in the FBO account as a result.

Security of Confidential Information

The Platform managed by Semble and utilized by LLC stores personally-identifiable sensitive data of the investors. Any accidental or willful security breaches or other unauthorized access could cause secure information to be stolen and used for criminal purposes. Security breaches or unauthorized access to secure information could also expose Semble to liability related to the loss of the information, time-consuming and expensive litigation and subject the Platform to negative publicity. Further, if security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in the software are exposed and exploited, investors may be exposed to risks as a result of sensitive data in the hands of those that are unauthorized.

Significant Disruption in Service on the Platform

LLC has elected to deploy its offering of Notes through the Platform utilizing the services provided by Semble. Thus, satisfactory administration of Borrower's loan and the Notes are dependent on Semble's ability to perform necessary tasks and the Platform to remain operational without disruption. While the hardware is hosted in multiple locations and operated by Microsoft Corp. Microsoft Corp does not guarantee that access will be uninterrupted, error-free or secure. If the arrangement with Microsoft Azure is terminated, or there is a lapse of service or damage to Microsoft Azure's facilities, this could interrupt service resulting in delays and possibly additional expense in arranging new facilities. Such an event could prevent processing or posting payments on the borrower loans or the Notes.

Tax Consequences

The principal amount of a Note is not tax-deductible, and all interest paid or accrued on the Notes is taxable as ordinary income to investors. If a Note investor opts to irrevocably donate earned interest or a portion or all of the

principal balance of the investor's Note to the Borrower, such a donation may be tax-deductible as a charitable contribution.

If interest paid is below the market interest rate, the Internal Revenue Service may impute income up to the market interest level. The Internal Revenue Service may exempt certain loans, including gift loans to charitable organizations, if the amount does not exceed \$250,000.

Other Risks Specific to the Borrower

There are certain other risks specific to Borrower's loan which will be disclosed in LLC's listing on the Platform (herein "Borrower Specific Disclosures"). LLC will update the Borrower Specific Disclosures in its listing as soon as any additional, material information regarding Borrower's loan becomes available. In some instances such material information may be posted after the date an investor makes a commitment but before the investor's commitment becomes irrevocable. In order to ensure investors are making an informed decision to participate in the Note series, each investor will be required to affirmatively acknowledge reading the Borrower Specific Disclosures. Accordingly, each investor is **strongly urged to read thoroughly all of the information** in this offering memorandum, LLC's listing (e.g., Borrower Specific Disclosures) and to inquire further if questions arise as a result of an investor's due diligence surrounding an investment in the Note Series. Furthermore, in order to ensure maximum transparency and full disclosure of every financing initiative using the Platform, the investor purchase agreement places an affirmative obligation on each investor to disclose any material misrepresentations discovered in the listing for Borrower's loan, including information contained in this offering memorandum or LLC's listing and any omission of material fact discovered that would be deemed material information in order for the ordinary investor to make an informed decision as it relates to making an investment in the Note Series for the funding of Borrower's loan.

DESCRIPTION OF THE PLATFORM AND CERTAIN SERVICES PROVIDED BY SEMBLE

Overview

The Platform enables nonprofit organizations to borrow money and investors to purchase notes issued by nonprofit organizations in which the proceeds are directed to facilitate the funding of specific loans made to borrowers which is referred to as “peer-to-community lending.”

Online peer-to-community lending is a new approach to address the capital/financing needs of a nonprofit. Peer-to-community lending uses an Internet-based network to bring nonprofit borrowers in need of loans together with constituents, historic community supports, and those relationally connected. As part of the agreements between Semble, LLC, and the Borrower, Semble will provide transactional services for the online network, including, among other things, screening and set up of borrower initiatives, issuing of notes, payments processing, and any transfer of notes after funding.

The Platform provides much needed transparency and liquidity to nonprofit lending and capital markets. Key drivers of peer-to-community lending include the following:

- The possibility of lower interest rates for nonprofit borrowers
- The possibility of competitive interest rates for investors seeking fixed income investments
- The possibility for borrowers and investors to help each other while driving social impact

How the Platform Operates

The Platform is an online marketplace that permits nonprofit organization issuers to post borrower listings that are dependent for payment on payments received from the nonprofit borrower on the corresponding borrower loan described in the listing. Once a listing has been established, investors who designate themselves as members of the nonprofit borrower are permitted to review the listing and purchase the notes from the issuer related to the listing. The Platform operates online only. The registration, processing and payment systems are automated and electronic. There are no physical branches, no deposit-taking and interest payment activities and limited loan underwriting activities. The website provides detailed information about the Platform, including the full text of related legal agreements, help pages and white papers. In addition to the customer support materials available online, Semble makes additional customer support available by email and phone. The primary support team for Semble is currently located in Bellevue, Washington.

Platform Participants and Registration Requirements

All of the Platform participants, whether issuers, borrowers, or subsequent investors in issuer notes, must register and agree to the Platform’s rules and terms of use, including consent to receipt of disclosures electronically. At the time of registration, individuals or authorized institutional agents must provide name, address and an email address. After responding to subsequent email verifications, registrants must agree to the terms and conditions (including the applicable registration agreement) for the specific role for which they are registering.

Key Services incorporated within the Platform

As part of the agreements evidenced by the issuers utilizing the Platform, the borrowers of the corresponding borrower loans, and the investors purchasing the related notes, Semble has been designated as the agent responsible for collecting sale proceeds and issuing the notes on behalf of the issuer (the “issuing agent”), the agent tasked with collecting borrower loan payments and directing them to the underlying note investors (the “paying agent”), and the agent to facilitate any subsequent transfer of notes post-issuing (the “transfer agent”).

Possible Borrowers

A corresponding borrower on the Platform may be any nonprofit organization organized in the U.S., in a state where loans through the Platform are available, and permitted, with a bank account and a federal tax identification number. After a nonprofit issuer has submitted a request to use the Platform to issue notes related to a specific nonprofit borrower and

that borrower has passed the general, initial, due diligence process, the issuer may post the listing on the Platform corresponding to the borrower's loan request. The Platform allows listings related to borrower loan requests regardless of the borrower's level of operating income, although the Platform reserves the right to restrict access to and use of the Platform at its sole discretion.

Possible Investors

Investors are individuals, entities or organizations that have the opportunity to buy the notes of the issuer. Opportunity to buy a specific issuer's notes are reserved for those that have designated themselves as members of the corresponding nonprofit borrower. Further, prior to committing to purchase an issuer's notes, the investor must register on the Platform. During such registration, the potential investor must agree to a credit profile authorization statement for identification purposes, a tax withholding statement and the terms and conditions of the website. Investors must also enter into an investor purchase agreement outlining the processes and procedures for originating, servicing and collecting borrower loans, and for purchasing the related notes. Prior to committing to a listing, investors must have set up an account on the Platform and transferred funds to the account at least equal to the commitment, which is referred to as the "funding account." The funding account holds all funds supporting an investor's commitments and this account also receives all payments payable to the investor on notes owned.

Borrower Financial Information Cannot be Verified

The Platform reserves the right in the agreements established to verify the accuracy of all statements and information provided by issuers, borrowers, and note investors in connection with listings, commitments and borrower loans. This review can be conducted at any time before, during or after the posting of a listing, or before or after the funding of a borrower loan. If it is not possible to verify material information with respect to a borrower, listing or bid, the listing may be canceled or posting refused, or bids may be canceled against a listing. Further, funding of a borrower loan may be delayed in order to verify the accuracy of information provided in connection with the listing or commitments, and to determine whether there are any irregularities with respect to the listing or commitments. The funding of a borrower loan may also be canceled, even if the listing garners a sufficient amount of purchase commitments for Notes to otherwise support the funding of the corresponding borrower loan, if material misstatements or inaccuracies are found in the listing or in other information provided.

Borrower Loan Listings

Once a listing is completed, the listing is posted on the Platform and then becomes available for viewing by possible investors, with the limitations as previously discussed. A listing is the result of a request by a nonprofit borrower for a borrower loan in a specified amount, at an interest rate equal to the offered interest rate set forth in the listing. A borrower loan can only be evidenced between the issuer and the corresponding borrower if the listing has received commitments totaling the minimum required funding level set by the borrower and communicated in the listing.

In addition to the listing providing key terms related to the corresponding borrower loan such as the requested loan amount, offered interest rate, length of the loan, as well as third-party documentation such as past financials, a Dunn & Bradstreet commercial credit report on the borrower, and, when applicable, either a recent appraisal or broker's price opinion ("BPO") performed on any real estate provided as collateral on the borrower loan, investors may also be able to view the following information if provided at the time the investor visits the listing:

• Articles of incorporation and bylaws of the borrower
• Form 1023 filed by the borrower (if available)
• Year-to-date financial information of the borrower
• Pro forma financial projections of the borrower
• Form 990s of the borrower (if applicable)
• Title report on real property pledged (if applicable)

- Answers to the borrower disclosure questionnaire

Listings may include photos of any real property to be pledged as security for the borrower loan and the borrower's narrative description of the intended use of loan proceeds. If borrowers respond to any investor questions, such questions and answers will also be posted publicly in the listing.

How to Commit to Purchase Notes

Agreeing to purchase a note of an issuer in relation to a listing is a binding commitment of the investor to purchase the note in the principal amount and at the stated interest rate agreed to by the investor (the investor set rate) in the event the listing receives commitments in an amount equal to the minimum required funding level which is determined by the borrower and communicated in the listing. Thus, the term "commit" as referenced in this document refers to the final step taken by any investor after reviewing and accepting all of the disclosures relevant to the specific borrower loan corresponding to the issuer's offering of notes. Investors state the amount they are willing to commit to purchase and the interest rate they are willing to receive i.e., the investor set rate. If the listing does not receive commitments in an amount at least equal to the minimum amount requested by the borrower, within the prescribed time period, then the investor's commitment is not binding and, in most cases, the listing is removed.

Currently, the minimum amount an investor may commit to is \$1,000, and the maximum amount an investor may commit to on a listing is the lesser of the full amount of the requested borrower loan or the maximum allowed by any state laws applicable to the investor. It is solely up to the investor, in consultation with investment, legal and tax/accounting advisors, to determine a diversification strategy in relation to any commitments on the Platform. It is recommended that an investor's investment not exceed 10% of the investor's net worth.

If a listing receives Note purchase commitments in an aggregate amount in excess of the full amount of the requested borrower loan, then the lender member commitments will be prioritized according based upon the investor set rate committed to by the investors with priority given to those investor commitments with the lowest investor set interest rates, then in order of date commitment.

In order to make note purchase commitments that are binding on any listing, the investor must have established an account on the Platform and have funds on deposit with the issuing agent in at least the amount of the commitment. Investors are able to withdraw commitments up until the date the investor agrees to the investor purchase agreement. The investor purchase agreement is part of the final disclosure process that is triggered once commitments for the loan reach 80% of the minimum loan amount set by the borrower (the "Irrevocable Commitment Period"). As a general rule, investors will be notified by electronic means at the start of the Irrevocable Commitment Period and directed to affirmatively and irrevocably commit to a note in the corresponding note series which includes the completion of an agreement to the investor purchase agreement. Commitments expire automatically when a listing expires without having received commitments in the amount of the minimum required funding level or is withdrawn by the issuer or borrower or cancelled by the Platform. It is expected that a single listing will receive note purchase commitments from many different investors.

Listings remain open and available; a) for the duration of the commitment period which is set forth in the listing, during which time investors may make commitments to purchase notes that will be dependent for payment on payments received on the corresponding borrower loans; b) until commitments are received for the full amount of the borrower loan request if such commitments exceed the amount requested; or c) the issuer elects to close the commitment period early. A borrower loan will not be made unless the issuer offering notes through the listing has received commitments totaling the minimum required funding level.

Treatment of Investor Balances

In order to make note purchase commitments, investors must have sufficient funds in their funding account. This is accomplished by having each investor either authorize an electronic transfer using the Automated Clearing House, or ACH, deliver a check, or wire transfer from the lender member's designated and verified bank account to the account currently maintain at Puget Sound Bank, N.A. "for the benefit of" the investor.

Funds in the FBO account will always be maintained at an FDIC member financial institution. Investors have no direct relationship with Puget Sound Bank, N.A. by virtue of participating on the Platform as an investor. Semble, as the paying agent, maintains and administers the FBO account. Under the FBO account, the paying agent maintains sub-accounts for each of the investors on the Platform to track and report funds committed by investors to purchase notes from issuers, as well as payments received from borrower loans. These record-keeping sub-accounts are purely administrative and reflect balances and transactions concerning the funds in the FBO account. No paying agent monies are ever commingled with the assets of investors in the FBO account.

The FBO account is FDIC-insured on a “pass through” basis to the individual investors, subject to applicable limits. This means that each individual investor’s balance is protected by FDIC insurance, up to the aggregate amounts established by the FDIC. Other funds the investor has on deposit with Puget Sound Bank, N.A., for example, may count against the FDIC insurance limits.

Funds of an investor may stay in the FBO account indefinitely, at the sole discretion of the investor. Funds held in the FBO account do not earn interest. Such funds may include funds in the investor’s sub-account never committed to the purchase of issuer notes or committed to the purchase of a specific issuer’s notes for which the listing for the corresponding borrower loan did not become a funded loan or receive commitments totaling the minimum required funding level, and may also include payments received from issuers related to notes previously purchased. Upon request by the investor, the paying agent will transfer investor funds in the FBO account to the investor’s designated and verified bank account by ACH, check, or wire transfer, provided such funds are not already committed to the future purchase of issuer notes.

Borrower Loan Funding and Sale of Notes

Once a listing receives commitments from investors totaling the borrower loan amount requested, the issuer proceeds with the funding of the corresponding borrower loan through the sale of its notes to investors who committed to purchasing said notes.

Upon satisfactory completion of securing investor commitments equal to or greater than the minimum required funding level, a pre-funding review will be performed leading up to the origination of the borrower loan by the issuer to the nonprofit borrower. In addition, the loan documents, which will include a loan agreement, promissory note, and possible deed(s) of trust for borrower loans with pledged real property as collateral, will be drafted and delivered to the borrower for execution in favor of the issuer in the amount of the requested borrower loan which is to be funded.

At the same time, upon funding of the borrower loan the issuing agent, Semble, will issue the issuer’s notes to each investor and register the notes on its books and records corresponding to the issuer and corresponding borrower loan. The principal amount of the notes issued is transferred from the investors’ sub-accounts under the FBO account to the bank account for the third party escrow company by ACH or wire transfer for the benefit of the specific escrow file in relation to the funding of the corresponding borrower loan. This transfer represents the payment by the investors for the purchase price for the issuer’s notes.

Once the loan documents are completed and the specific documents which must be recorded prior to funding have been recorded, the funds in escrow will be directed pursuant to the applicable receiving parties outlined in the use of proceeds schedule determined by the borrower and communicated in the listing. Each time a borrower loan is funded, the borrower is charged related transaction fees associated with the borrower loan which is paid out of the borrower loan funds as an obligation of the borrower.

Payment Processing and Collection Protocol

Following the origination of borrower loans and issuing of notes corresponding to the borrower loans, the borrower loans and corresponding issuer notes require ongoing services to maintain. Semble, the paying agent, will handle collecting payments from borrowers on borrower loans and transfers those payments to the FBO sub-accounts of the investors who own the notes corresponding to the borrower loan. The payment transfer dates will fall on the sixth day after receiving each installment of principal and interest on the corresponding borrower loan. There is no obligation to transfer any amounts to investors’ FBO sub-accounts if payments are not received on the corresponding borrower loan.

To the extent that the paying agent does not receive the anticipated payments on a borrower loan, no payments are made on the notes related to that borrower loan, and the investors of these notes will not have any rights against the issuer or the borrower. Each investor's right to receive principal and interest payments and other amounts in respect of their notes through the Platform are limited in all cases to the investor's pro rata portion of the amounts received by the issuer or paying agent in connection with the corresponding borrower loan, including without limitation, all payments or prepayments of principal and interest.

Procedures for collecting borrower loan payments generally involve the automatic debiting of borrower bank accounts by ACH transfer or receipt of checks. Such funds are transferred to a master servicing account in the name of the paying agent. Thereafter, payments on the notes are evidenced to the investor by transferring the appropriate funds from the master servicing account to the FBO account and then to the appropriate investor sub-accounts related to the borrower loan. An investor may transfer uncommitted funds out of his or her FBO sub-account by ACH transfer or check to the investor's designated bank account at any time, subject to normal execution times for such transfers.

The Platform will disclose to the investors a related borrower's payment performance on borrower loans. If any borrower loan goes into default, the paying agent will initially pursue collection efforts at the direction of the issuer for a period of ninety (90) days following such default. During this period the paying agent will attempt to arrange a "work-out" with the Borrower or re-structure the borrower loan (with any necessary consent of the investors of the Notes in the series corresponding to the borrower loan in default). In the event the borrower loan falls into default and remains in default beyond the ninety day period, the issuer will engage legal counsel or a third-party collection group to take legal action and/or pursue foreclosure on pledged collateral.

The Platform will keep investors apprised of the delinquency status of borrower loans corresponding to their notes by identifying delinquent loans through the investors' accounts on the Platform as "1 month late," "2 months late," "3 months late or more," or "current." Investors are able to monitor the borrower loans corresponding to their notes but cannot participate in or otherwise intervene in the collection process.

SUMMARY OF MATERIAL AGREEMENTS

NOTE: THE FOLLOWING STATEMENTS ARE WRITTEN AS A GENERAL DISCLOSURE STATEMENT APPLICABLE TO ALL NONPROFIT FINANCING INITIATIVES USING THE PLATFORM AND RELATED SERVICES. AS SUCH, THE FOLLOWING STATEMENTS DO NOT DESCRIBE THE DETAILS ON ANY PARTICULAR FINANCING INITIATIVE.

Form of the Notes

General

The Payment Dependent Community Impact Notes or “Notes” will be issued in series. Each series of Notes will correspond to one borrower loan. Each series of Notes are dependent for payment on payments received on the corresponding borrower loan.

All series of Notes will be U.S. dollar denominations and have a fixed rate of interest that will equal the interest rate charged on the corresponding borrower loan and an aggregate stated principal amount equal to the principal amount of the corresponding borrower loan. Notwithstanding the foregoing, there is no obligation to make any payments on the Notes unless, and then only to the extent that, payments have been received on the corresponding borrower loan. The Notes and their corresponding borrower loan promissory note will also be capable of full or partial prepayment without penalty.

Maturity Dates

The Notes will have a term of typically 3 to 7 years.

Ranking

The Notes will be unsecured special, limited obligations of the issuer. The issuer will be obligated to make payments on a Note series only if and to the extent that payments of principal or interest are received from the Borrower on the corresponding borrower loan purchased with the proceeds of that series. As borrower loan installment payments are received such payments will be distributed, pro-rata, to the investors of the Notes in the series corresponding to the borrower loan for which the payment was received.

Payments and Payment Limitations

Each Note will have a payment schedule providing for monthly payments over a term equal to the corresponding borrower loan. The payment dates will fall on the sixth day after receipt of each installment of principal and interest on the corresponding borrower loan. The payments will be transferred to the investor FBO sub-accounts on the sixth day after receipt of each installment of interest and/or principal on the corresponding borrower loan. There is no obligation to transfer any amounts to the investors’ FBO sub-accounts if a payment on the corresponding borrower loan is not received.

The Borrower’s payment is initially deposited in the master account upon receipt and is not distributed to the investor’s FBO sub-account until the sixth business day after the payment was received and the short return window for funds has expired. Investors can review their account on the Platform and see that payment has been received on the Notes on the sixth business day. Upon maturity of the Note, the same process occurs. Although payment to investors under the Notes is made six business days after the applicable payment and maturity date, the issuer treats the payment date and maturity date of the Note to be the same as the dates set forth in the corresponding borrower loan.

Investors will make commitments to purchase Notes bearing an interest rate set by the investor; the investor set rate. The investor set rate can be no more than the interest rate offered in the listing; the offered interest rate. The investor set rate applicable to each Note in a series may vary from Note to Note. The stated interest rate on the borrower loan will be the weighted average of the investor set interest rates.

“*Business day*” means each Monday, Tuesday, Wednesday, Thursday and Friday that is (1) not a day on which the Automated Clearing House system operated by the U.S. Federal Reserve Bank (the “ACH System”) is closed and (2) not

a day on which banking institutions in San Francisco, California or New York, New York are authorized or obligated to close.

Installment payments received from the borrower will be forwarded to the investors of the Notes corresponding to the borrower loan. Each Note investor's right to receive principal and interest payments and other amounts in respect of that Note is limited in all cases to the investor's pro rata portion of the amounts received in connection with the corresponding borrower loan taking into account that each Note may have a slightly different investor set rate that would impact the Note's share of interest payments, including without limitation, all payments or prepayments of principal and interest.

Prepayments

To the extent that the borrower prepays a corresponding borrower loan, such prepayment amount will be a borrower loan payment and investors of Notes related to that corresponding borrower loan will be entitled to receive their pro rata shares of the prepayment taking into account the investor set rates applicable to each Note.

Servicing Covenant

The issuer is obligated to use commercially reasonable efforts to service and collect on borrower loans, in good faith, accurately and in accordance with industry standards customary for servicing such loans. In the event a borrower loan goes into default, Semble as the paying agent will continue to process payments during the initial one hundred eighty (180) days following default. During this period the paying agent will attempt to arrange a "work-out" with the Borrower or restructure the loan (with any necessary consent of the investors of the Notes in the series corresponding to the borrower loan in default). Following the one hundred eighty day period and in the event no work-out or mutually accepted restructure is approved, the issuer will engage legal counsel or a third-party collection group to take legal action and/or pursue foreclosure on pledged collateral. The issuer will also be obligated to use commercially reasonable efforts to maintain backup servicing arrangements providing for the servicing of the borrower loans and for the appointment of a successor.

In the event the terms of a borrower loan is modified, the investor will be notified via email of the material terms of the borrower loan modifications and the effect such changes will have on the Notes, including changes to payments investors will receive under the Notes.

Notification Requirements

The Platform will keep investors apprised of the delinquency status of borrower loans by identifying delinquent loans in the investor's account on the Platform as "1 month late," "2 months late," "3 months or more late," or "current." Investors are able to monitor the borrower loans corresponding to their Notes, but cannot participate in or otherwise intervene in the collection process.

Denominations, Form and Registration

The issuer, through the issuing agent, will issue the Notes only in electronic form. This means that each Note will be stored on the Platform. An investor can view a record of the Notes owned and the form of the Notes online and print copies for their records, by visiting the secure, password-protected webpage in the "My Account" section of the website. Certificates for the Notes will not be issued. Investors will be required to hold the Notes through the electronic Note register.

The laws of some states in the United States may require that certain persons take physical delivery in definitive, certificated form, of securities that they own. This may limit or curtail the ability of such persons to purchase Notes. The issuer reserves the right to issue certificated Notes only if determined by the issuer not to have the Notes held solely in electronic form.

The issuer and any established trustee will treat the investors in whose names the Notes are registered as the owners thereof for the purpose of receiving payments and for any and all other purposes whatsoever with respect to the Notes.

Restrictions on Transfer

The Notes will not be listed on any securities exchange. All Notes must be held by the investors. While a trading platform to allow investors to transfer the Notes may develop at some point in the future, there are no guarantees that it will or that if such a trading platform is established that a market for Notes will develop. As such the Notes will not initially be transferable and may never be transferable by investors and investors must be prepared to hold their Notes to maturity.

No Sinking Fund

The Notes are not fully amortizing and will not have the benefit of a sinking fund.

Investor Purchase Agreement

General

Prior to any irrevocable commitment to purchase an issuer's Notes, an investor must first register on the Platform. During such registration, the potential investor must agree to a credit profile authorization statement for identification purposes, a tax withholding statement and the terms and conditions of the website. Further, investors must have set up a funding account on the Platform and transferred funds to the funding account at least equal to amount the investor is committing to invest in the Notes.

Once commitments for the borrower loan reach 80% of the minimum loan amount set by the borrower, investors are notified electronically to affirmatively and irrevocably finalize the initial commitment by entering into the investor purchase agreement which outlines the processes and procedures for originating, servicing and collecting borrower loans, and for purchasing the issuer's Notes whereby the proceeds from the sale of the Notes go towards facilitating the funding of the corresponding borrower loan.

Under the investor purchase agreement, the investor must commit to purchasing a Note prior to the origination of the borrower loan to which the Note corresponds. At the time the investor commits to purchase a Note on a listing, the investor must have sufficient funds in the investor's FBO sub-account to complete the purchase, and the investor will not have access to those funds for as long as the investor is committed on the listing. Once the investor makes a purchase commitment, it is irrevocable. If the listing does not receive purchase commitments for Notes totaling the amount of the minimum required funding level requested by the borrower and communicated through the listing, then investors will be informed and released from his/her/its commitment.

Remedies and Notification Requirements

If the Platform breaches any of its representations and warranties and such breach materially and adversely affects an investor's interest in a Note, Semble has agreed to, cure the breach, if the breach is susceptible to cure, repurchase the Note, or indemnify and hold the investor harmless against all losses.

It will be determined, in the sole discretion of Semble, if a breach is susceptible to cure, whether to cure such breach, repurchase the Note or indemnify the investor with respect to the Note. If repurchasing a Note is elected, the investor will be paid an amount equal to the remaining outstanding principal balance of the Note as of the date of repurchase.

Under the investor purchase agreement, the issuer agrees to notify investors within 90 days after becoming aware of a breach in representations and warranties under the investor purchase agreement and notify investors of the approach chosen to cure the breach or repurchase the applicable Notes.

There is no obligation to repurchase a Note from an investor if his or her investment is not realized in whole or in part due to fraud in connection with a listing or due to false or inaccurate statements or omissions of fact in a listing.