

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

Peer Street Funding, LLC

MORTGAGE PAYMENT DEPENDENT NOTES

October 26, 2014

Peer Street Funding, LLC, a Delaware limited liability company (“*PeerStreet*” or “*we*,” “*us*,” “*our*,” or words to similar effect), is making a private offering to sell to accredited investors (each, an “*Investor*,” “*Noteholder*” or “*you*”) certain promissory notes of PeerStreet that are dependent for payment on payments that PeerStreet receives from specific loan investments made by PeerStreet (the “*Mortgage Dependent Notes*,” or the “*Notes*”). The Notes are being offered through the online investment platform www.PeerStreet.com (the “*Platform*” or “*PSI Website*”). This Private Placement Memorandum is referred to herein as the “*PPM*.”

PeerStreet, or an affiliate of PeerStreet, will issue the Notes on an ongoing basis, and will issue the Notes in series, through the Platform, which is owned and operated by Peer Street, Inc., a Delaware corporation (“*PSI*”). PeerStreet is a wholly-owned subsidiary of PSI. PeerStreet will conduct its activities using the PSI Website. PeerStreet may hire PSI (or an affiliate of PSI; together with PSI, the “*PSI affiliates*”) to perform certain other services and activities associated with the Notes described in this PPM, including, without limitation, loan origination, due diligence, servicing, payment processing, collections, and workouts. PSI and any applicable PSI affiliates will receive a portion of the fees provided to PeerStreet as compensation for these activities. Even if not expressly identified in this PPM, PSI may delegate services, duties and obligations of PSI described hereunder to PSI affiliates or third parties.

Each series of Notes will correspond to a single real estate loan investment that is either (i) originated by PSI, PSI affiliates or PeerStreet, (ii) originated by a third party (including PSI affiliates) and purchased by PSI or PeerStreet, or (iii) originated and held by a third party (including PSI affiliates) and participated in by PeerStreet (in other words, PeerStreet will invest alongside the third party). These loan investments may take the form of (a) a loan that has a first priority right of payment to other indebtedness (a “*senior loan*”), (b) a loan that is subordinate in right of payment to other indebtedness (a “*mezzanine loan*”), or (c) a participation in a senior or mezzanine loan (a “*participation loan*”). Senior loans, mezzanine loans and participation loans will each individually constitute a “*mortgage loan*” or “*loan*”). We expect each mortgage loan to be secured by a deed of trust, mortgage, security agreement, or legal title to the underlying real estate. In this PPM, we refer to the mortgage loans that are related to a particular series of Notes as the “*corresponding mortgage loan*”, the “*corresponding loan investment*” or simply the “*loan*” as for a particular series of Notes. For purposes of this PPM,

borrowers and third party lenders associated with a mortgage loan or loan investment may be individually and collectively referred to herein as a “**Borrower**” or “**borrower**”.

Each time we offer a series of Notes we will also prepare a disclosure supplement (which will be posted to the PSI Website) with relevant information about the applicable series of Notes, and the corresponding loan investment for that series of Notes. Each disclosure supplement is referred to as a “**Series Note Listing**.” The Investor Agreement that must be executed as part of using the Platform also provides certain terms of the Notes.

A summary of the important terms of the Notes include the following, each of which is described in greater detail elsewhere in this PPM:

- Our obligation to make payments on a Note will be limited to an amount equal to the Investor’s *pro rata* share of amounts we receive with respect to the corresponding mortgage loan for that Note, net of any applicable fees. We do not guarantee payment of the Notes or the corresponding loan investment.
- The Notes will be special, limited obligations of PeerStreet only and are not obligations of the borrowers or third party lenders associated with a corresponding loan investment.
- The Notes will be unsecured obligations of PeerStreet, and Investors will not have any security interest in any of PeerStreet’s assets, including (without limitation) the corresponding loan investment, nor will the Notes be secured by any assets of any borrower or third party lender.
- We expect each senior loan, and certain mezzanine loans that correspond to a particular Note to be secured by a deed of trust, mortgage, security agreement, or legal title to the underlying real estate. In the event of a default on the corresponding loan investment, any recovery by PeerStreet under that security interest will be shared with Investors *pro rata*, net of any applicable fees, costs and charges.
- Each series of Notes will have its own set of terms. Generally, each Note will bear interest from the date of issuance; but different series of Notes will have different interest rates and have different terms to maturity, depending on the corresponding loan investment. Investors must consult the applicable Series Note Listing for each Note, a copy of which will be posted online, to review and evaluate the specific terms and conditions associated with any particular Note.
- All Notes will be issued in electronic form only and are restricted securities; thus, they are generally not transferable and are subject to the legal restrictions governing private offerings generally. Accordingly, no public market for the Notes is likely to develop. Investors must be prepared, therefore, to hold their Notes to maturity. Further information regarding restrictions on transfers is provided herein. To the extent we are unable to collect payments under a corresponding loan or loan investment, we will not be obligated to make the corresponding payment under the Notes.

- When you commit to purchase a Note, the Note will be issued as soon as practicable after due diligence on the underlying loan has been completed and PeerStreet has received all commitments for the corresponding loan investment. From the time you make your purchase commitment to the time that your funds are invested in the Note, the funds you have committed toward the purchase of your Notes will not be available for investment in other Notes or for withdrawal from your account. Because your funds do not earn interest until the issuance of the Note, the time between your funding of your commitment and the issuance of your Note will have the effect of reducing the effective rate of return on your investment.
- Because certain terms (e.g., issuance date) of a series of Notes may not be known until all funding commitments have been received and the closing for such series of Notes has occurred, the form of Note will simply be posted on the PSI Website along with the Series Note Listing, this PPM and the Investor Agreement, and Investors will need to indicate the amount they would like to commit for a particular Note. Investors will be electronically notified by PeerStreet of the closing date of the applicable series of Notes and of any material changes to Note terms, but clerical alterations to the final form of Notes will be reflected in PeerStreet's internal records without further Investor notification. In the case of material changes to the Note terms, Investors will be notified through the website or by email before closing and will have the opportunity to rescind their purchase commitment if they notify PeerStreet in writing at least two business days before the scheduled closing.
- We have a limited operating history, and, as an online company in the early stages of development, we face increased risks, uncertainties, expenses and difficulties.
- We may need to raise substantial additional capital to fund our operations, and if we fail to obtain additional funding, we may be unable to continue operations.
- The Notes are structured as Mortgage Payment Dependent Notes, meaning that payment on the Notes is entirely dependent on PeerStreet receiving payment from the borrower and/or third party lender associated with a loan investment. Investors should evaluate any investment in this context.
- If we were to become subject to a bankruptcy or similar proceeding, your rights could be uncertain, your recovery of funds due on the note may be substantially delayed, and any funds you do recover may be substantially less than the amounts due or to become due on the Note.
- We have minimal operating capital and no significant assets; if we were to become subject to bankruptcy or similar proceeding, your investment dollars will be at significant risk.

This offering is highly speculative and the Notes involve a high degree of risk. The Notes have not been approved or disapproved by, and they will not be insured by, any governmental agency. Investing in the Notes should be considered only by persons who can afford the loss of their entire investment.

This offering is open solely to accredited Investors domiciled in the U.S. The discussion contained in this PPM is solely directed to Investors domiciled in the U.S., and no offer to sell, or solicitation to buy, is made to any individuals or entities domiciled outside of the U.S.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE NOTES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PPM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THIS OFFERING IS MADE IN RELIANCE ON AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION PROVIDED BY SECTION 4(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT" OR "THE SECURITIES ACT"), AND RULE 506 OF REGULATION D PROMULGATED THEREUNDER, AND ANY OTHER APPLICABLE EXEMPTION FROM THE ACT AS APPLICABLE.

THIS INVESTMENT INVOLVES A HIGH DEGREE OF RISK THAT MAY NOT BE SUITABLE FOR ALL PERSONS. ONLY THOSE INVESTORS WHO CAN BEAR THE LOSS OF THEIR ENTIRE INVESTMENT SHOULD PARTICIPATE IN THE INVESTMENT. (SEE "RISK FACTORS.")

THIS PPM HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF AUTHORIZED PERSONS INTERESTED IN THE OFFERING. IT CONTAINS CONFIDENTIAL INFORMATION AND MAY NOT BE DISCLOSED TO ANYONE OTHER THAN AUTHORIZED PERSONS SUCH AS ACCOUNTANTS, FINANCIAL PLANNERS OR ATTORNEYS RETAINED FOR THE PURPOSE OF RENDERING PROFESSIONAL ADVICE RELATED TO THE PURCHASE OF THE NOTES OFFERED HEREIN. IT MAY NOT BE REPRODUCED, DIVULGED OR USED FOR ANY OTHER PURPOSE UNLESS WRITTEN PERMISSION IS OBTAINED FROM PEERSTREET. THIS PPM DOES NOT CONSTITUTE AN OFFER TO OR SOLICITATION OF ANY PERSON EXCEPT THOSE PARTICULAR PERSONS WHO SATISFY THE INVESTOR QUALIFICATION STANDARDS FOR ACCREDITATION DESCRIBED HEREIN. THE SALE OF THE NOTES COVERED BY THIS PPM HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON THE EXEMPTIONS FROM SUCH REGISTRATION REQUIREMENTS SET FORTH IN SECTION 4(a)(2) OF THE ACT AND RULE 506 OF REGULATION D THEREUNDER. THESE SECURITIES HAVE NOT BEEN QUALIFIED OR REGISTERED IN ANY STATE, IN RELIANCE UPON THE EXEMPTIONS FROM SUCH QUALIFICATION OR REGISTRATION UNDER STATE LAW. THESE SECURITIES ARE "RESTRICTED SECURITIES" AND MAY NOT BE RESOLD OR OTHERWISE DISPOSED OF UNLESS A REGISTRATION STATEMENT UNDER THE ACT COVERING DISPOSITION OF SUCH SHARES IS THEN IN EFFECT, OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

THERE IS NO PUBLIC MARKET FOR THE NOTES AND NONE IS EXPECTED TO DEVELOP IN THE FUTURE. THE NOTES OFFERED HEREBY SHOULD BE PURCHASED ONLY BY INVESTORS WHO HAVE NO NEED FOR LIQUIDITY IN THEIR INVESTMENT.

NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THIS OFFERING TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PPM; ANY SUCH INFORMATION OR REPRESENTATIONS SHOULD NOT BE RELIED UPON. ANY PROSPECTIVE PURCHASER OF THE NOTES WHO RECEIVES ANY SUCH INFORMATION OR REPRESENTATIONS SHOULD CONTACT PEERSTREET IMMEDIATELY TO DETERMINE THE ACCURACY OF SUCH INFORMATION. NEITHER THE DELIVERY OF THIS PPM NOR ANY SALES HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF PEERSTREET OR IN THE INFORMATION SET FORTH HEREIN SINCE THE DATE OF THIS PPM SET FORTH ABOVE.

PROSPECTIVE PURCHASERS SHOULD NOT REGARD THE CONTENTS OF THIS PPM OR ANY OTHER COMMUNICATION FROM PEERSTREET AS A SUBSTITUTE FOR CAREFUL AND INDEPENDENT TAX AND FINANCIAL PLANNING. EACH POTENTIAL INVESTOR IS ENCOURAGED TO CONSULT WITH THEIR OWN INDEPENDENT LEGAL COUNSEL, ACCOUNTANT AND OTHER PROFESSIONALS WITH RESPECT TO THE LEGAL AND TAX ASPECTS OF THIS INVESTMENT AND WITH SPECIFIC REFERENCE TO THEIR OWN TAX SITUATION, PRIOR TO SUBSCRIBING FOR THE NOTES.

THE NOTES ARE OFFERED SUBJECT TO PRIOR SALE, ACCEPTANCE OF AN OFFER TO PURCHASE, AND TO WITHDRAWAL OR CANCELLATION OF THE OFFERING WITHOUT NOTICE. PEERSTREET RESERVES THE RIGHT TO REJECT ANY SUBSCRIPTIONS IN WHOLE OR IN PART.

THE INFORMATION CONTAINED IN THIS PPM HAS BEEN SUPPLIED BY PEERSTREET. THIS PPM CONTAINS SUMMARIES OF DOCUMENTS NOT CONTAINED IN THIS PPM, BUT ALL SUCH SUMMARIES ARE INCORPORATED IN THEIR ENTIRETY BY REFERENCES TO THE ACTUAL DOCUMENTS. COPIES OF DOCUMENTS REFERRED TO IN THIS PPM, BUT NOT INCLUDED AS AN EXHIBIT, WILL BE MADE AVAILABLE TO QUALIFIED PROSPECTIVE INVESTORS UPON REQUEST.

NASAA UNIFORM LEGEND

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 ACT, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE MADE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

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INTRODUCTION

Overview

We are offering the Notes directly to accredited investors only, through the PSI Website for a purchase price of 100% of the principal amount of the Notes. The Notes will be PeerStreet obligations, the proceeds of which will fund a particular real estate loan or loan investment. PeerStreet will issue and sell a series of Notes for each loan investment that is funded. Each series of Notes is wholly dependent for payment on principal and interest, or on payments that PeerStreet receives from the corresponding loan investment. The Notes will be unsecured obligations of PeerStreet. Investing in the Notes should only be considered by persons who can afford the loss of their entire investment. See “Risk Factors.”

We will issue the Notes in series. Each series will correspond to a single investment in a real estate loan:

- (i) that is made by PeerStreet to a borrower;
- (ii) that is made by PSI or another PSI affiliate and purchased by PeerStreet;
- (iii) that is purchased by PeerStreet from a third party lender; or
- (iv) in which PeerStreet participates alongside a third party lender.

These investments in real estate will generally take the form of a senior loan. We expect each senior loan, to be secured by a deed of trust, mortgage, security agreement, or legal title to the underlying real estate.

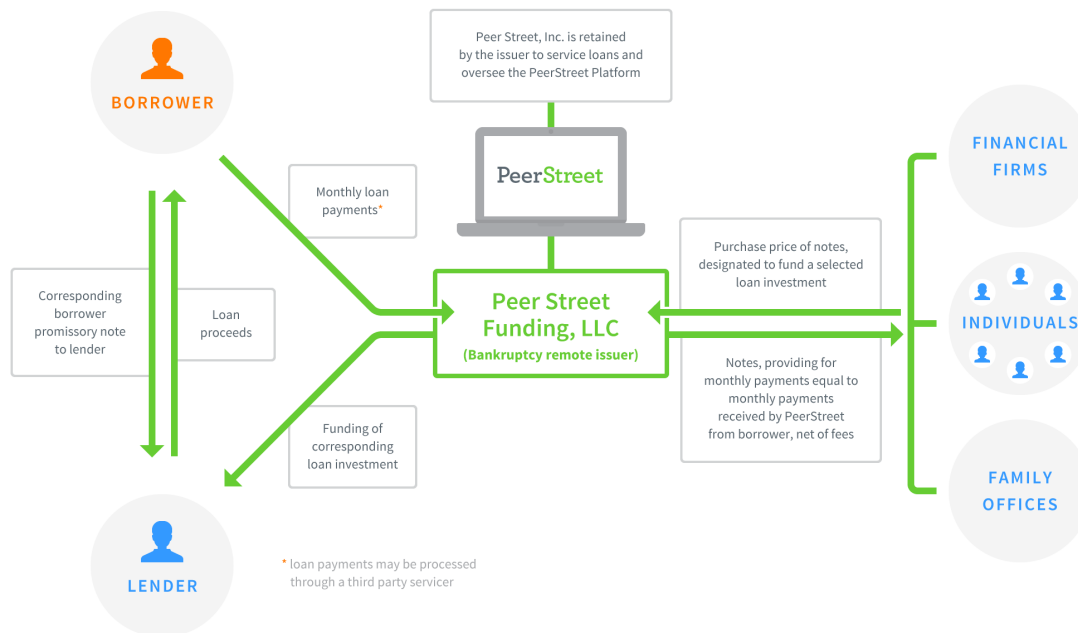
Third party lenders may be banks or similar lending entities or may be private lenders, including private funds. PeerStreet will perform due diligence on any such lenders, however, no third party lenders from which PeerStreet may purchase a loan is an agent of PeerStreet, and PeerStreet takes no responsibility for the actions of any such lenders or their compliance with requirements with state or federal law.

The Notes are sold to Investors who qualify as an Investor, fund their account with PeerStreet, agree to the terms of the Investor Agreement and commit to purchase Notes on the PSI Website. Notes are issued in the principal amount of Investors’ respective investments. After a Series Note Listing is posted, Investors can commit to investments on such listing until the listing has received investments totaling the requested funding amount. Loan investments may range from \$50,000 to \$25,000,000. PeerStreet currently accepts investments in amounts of as little as \$1,000, although in some cases larger or smaller minimum investment amounts may be required. Investor funds committed to a Series Note Listing will not accumulate interest prior to the requested funding amount being realized by the Series Note Listing and the closing of the corresponding loan investment by PeerStreet. If the listing does not receive investments equal to or exceeding the minimum amount required for the listing to fund by the closing date shown on the listing, generally the listing will terminate and the requested loan will not be funded. However, in some instances PeerStreet, or its affiliates, may, through the purchase of Notes or

otherwise, fund the portion of the corresponding loan investment remaining to meet the minimum amount, or, where PeerStreet believes that additional Investors may later elect to participate in the listing, PeerStreet may provide bridge financing in order for the loan to be closed on the corresponding loan investment, and the listing will remain active on the Platform until the listing is fully funded and the bridge loan repaid to PeerStreet. In such cases, Investors who had already committed to purchase Notes at the time of the corresponding loan investment closing will begin to accrue interest as of such date. Any investment made by PeerStreet or its affiliates in the Notes will be on the same terms and conditions as other Investors. There will be no notation in any Series Note Listing signifying that PeerStreet has participated in the funding of any corresponding loan investment.

For some loan investments, PeerStreet will issue the corresponding loan investment directly. In some cases, PeerStreet may enter into a relationship whereby one or more third parties (including a PSI affiliate) issue (and/or service) the corresponding loan investment and PeerStreet then purchases that corresponding loan investment (or a participating interest therein) from the third party. Where PeerStreet merely takes a participating interest in a loan investment, the third party may sometimes remain the lead investor or lender, as the case may be, on that loan investment, and may retain control of the deed of trust, mortgage, or other security documents, if any. In other cases, PeerStreet may purchase all or a portion of a loan investment that had been previously been issued by a third party.

The following diagram shows the relationship between Investors, the Notes, PeerStreet, the corresponding loan investment and security instrument, borrowers and third party lenders:



Investors can review, on the PSI Website, each Series Note Listing describing the offering of that series of Notes and the corresponding loan investment. The Series Note Listing will provide Investors with a description of the Notes, the terms of the corresponding loan investment, and the nature of the security of the corresponding loan investment. Taken together with this PPM and the form of Note, the Series Note Listing will contain the authoritative description of any series of Notes offered by PeerStreet.

PeerStreet will generally pay each Investor principal and interest on such Investor's Note in an amount equal to such Notes' *pro rata* portion of the principal and interest payments, if any, that PeerStreet receives on the corresponding loan investment, net of any PeerStreet fees or other third-party servicing fee, if applicable. Any such fees may vary with each series of Notes, and the applicable information will be provided in the Series Note Listing posted online. PeerStreet may offer different series of Notes for the same mortgage loan, meaning that different investors may have different terms even though the corresponding mortgage loan is the same. For example, in some instances, investors who agree to take a riskier portion of a particular loan investment may receive a higher rate of return. PeerStreet reserves the right to offer incentives to individual or classes of investors that may increase the rate of return for investors who receive said incentives (these incentives could be in the form of online promotions that are open to all investors, but only certain investors participate in, or may be offered to individual investors in PeerStreet's discretion). PeerStreet will disclose any such arrangements. If a loan contains a prepayment charge, Investors may be entitled to keep a portion or all of the charge (as will be described in the Series Note Listing for the applicable loan). The Series Note Listing of each loan will describe all such charges and fees, and whether the Investors will be entitled to keep all or a portion of such fees and charges or the applicable fees and charges that are assigned, retained and to be received by PeerStreet. In addition, the funds available for payment on the Notes will be reduced by the amount of any attorneys' fees or collection fees that PeerStreet, an affiliate or a third-party servicer or a collection agency imposes in connection with collection efforts related to the corresponding loan investment.

PeerStreet reserves the right, in its sole discretion, to not disclose all information available with respect to a particular loan investment, which information may include without limitation the name or identity of a borrower, the address or exact location of a property, or other relevant information relating to a particular loan investment with respect to any series of Notes. PeerStreet's decision to not disclose all relevant information may be an internal business decision, or the result of confidentiality, legal, regulatory or contractual obligations of PeerStreet. In such circumstances, Investors must make their respective investment decisions based solely on information provided on the PSI Website about the corresponding loan investment and other available facts. Neither PeerStreet, PSI nor any PSI affiliate has any liability for any information provided by third parties and passed along to Investors.

PeerStreet earns revenue from the fees we charge borrowers, third party lenders and Investors. These fees may include origination fees, exit fees, prepayment penalties, service charges and other similar fees. PeerStreet also receives a spread of interest or return on each Note, as described below. PeerStreet may also earn interest on loan investments to the extent that we fund those loan investments ourselves. To the extent that PSI or another PSI affiliate is hired to perform activities associated with the Notes, it may receive a portion of these fees.

Investors should review this PPM, together with the Series Note Listing for a particular series of Notes and the corresponding loan investment and the Investor Agreement (all of which are made available to Investors on the PSI Website) prior to making any decision to invest in a Note.

PeerStreet has been organized and is operated in a manner that is intended (i) to minimize the likelihood that it will become subject to bankruptcy proceedings, and (ii) to minimize the likelihood that it would be substantively consolidated with PSI, and thus have its assets subject to claims by PSI's creditors, if PSI files for bankruptcy. This is achieved by placing certain restrictions on PeerStreet's activities, and implementing certain formalities designed to expressly reinforce Peer Street Funding's status as a distinct corporate entity from PSI.

Summary of the Offering

Issuer	Peer Street Funding, LLC, a Delaware limited liability company.
Securities Offered	<p>Notes, to be issued in series, with each series of Notes corresponding to a specific loan investment that is listed on the PSI Website. Each series of Notes is dependent for payment on payments that PeerStreet receives on the corresponding loan investment.</p> <p>This offering is made solely to accredited investors under Regulation D, Rule 506 promulgated under Section 4(a)(2) of the Securities Act of 1933. Investors will be deemed “accredited” based upon application of Rule 501(a) of the Securities Act of 1933 as such may be amended from time to time.</p>
Interest Rate	Interest rates may vary among series of Notes. Within a series of Notes, interest rate schedules will be standardized. Some series of Notes may also provide for additional contingent payments upon the occurrence of certain events (any such contingent payments to be described in detail in the Series Note Listing). The interest rate for each Note will be equal to the interest rate paid to PeerStreet or its affiliates on a loan investment, minus a “spread” of interest or return, if any, that may vary among series of Notes but is generally expected to be 0%-2%. The “spread” will always be identified on the PSI Website and Series Note Listing.
Servicing & Other Fees	Any fees to be charged by PeerStreet to Investors will be specified in the Series Note Listing for the particular loan investment.
Term	The term of each of the Notes will vary by series and the term of the corresponding loan investment. Generally, the terms will be from six (6) months to five (5) years from the date that the corresponding loan investment is made.
Security Interest	The Notes will not be contractually senior to other indebtedness (if any) that PeerStreet incurs. All Notes will be unsecured special, limited obligations of PeerStreet. Holders of Notes will not have a security interest in the assets of PeerStreet or any of its PSI affiliates, the corresponding loan investment, the proceeds of that investment or of any underlying assets of the Borrower.
Maturity	The Notes in each series will mature at the end of the given term (the “ <i>Initial Maturity Date</i> ”), unless any payments of the corresponding loan investment remain due and payable upon such date, in which case the maturity of the Notes will be automatically extended to the time when all payments from the corresponding loan investment are received from the Borrower (the “ <i>Final</i> ”).

Maturity Date”). However, PeerStreet reserves the right, in our sole discretion to amend, modify, sell to a third-party purchaser or charge off the corresponding loan investment at any time after its delinquency, in which event(s), the corresponding loan investment may never reach the Final Maturity Date and Investors may not receive the return of their investment for the corresponding loan investment that was charged off. Notwithstanding the foregoing, PeerStreet will use commercially reasonable efforts to “work out” delinquent or defaulted loan investments and/or pursue collection efforts with respect to said loan investments and will disburse to Investors their *pro rata* share of amounts we receive with respect to the corresponding loan investment for such Note, net of any applicable fees, costs and charges.

Payment Dates

Payments on the Notes will depend on the terms of each series of Notes. Generally, payments are expected to be on a monthly or quarterly basis during the term of the Note. Payments will only be made to the extent that PeerStreet receives payments on the corresponding loan investment.

Prepayment

The underlying Borrowers may or may not have prepayment penalties attached to the corresponding loan investment. On loan investments that do not have a prepayment penalty, the Notes will similarly be pre-payable without penalty. If the Borrower has a prepayment penalty and such penalty is actually paid, the Notes may share in that prepayment penalty. Each Series Note Listing will describe such terms.

Use of Proceeds

The proceeds of each series of Notes will be used to purchase the corresponding loan investment or, in some cases, to repay funds PeerStreet has directly financed through a bridge loan or otherwise borrowed from a third-party or affiliate to originate loan investments directly.

**U.S. Federal Income
Tax Consequences**

Although the matter is not settled, PeerStreet intends to treat the Notes as indebtedness of PeerStreet for U.S. federal income tax purposes, and each Investor, by its acceptance of a Note, will be deemed to have agreed to such treatment except as otherwise required by applicable law. As a result of such treatment, the Notes will have original issue discount, or “*OID*”, for U.S. federal income tax purposes because payments on the Notes are dependent on payments on the corresponding loan investment. Furthermore, a holder of a Note will be required to include the *OID* in income as ordinary interest income for U.S. federal income tax purposes as it accrues (which may be in advance of interest being paid on the Note), regardless of such holder’s regular method of accounting.

Prospective purchasers of the Notes should consult their own tax advisors regarding the U.S. federal, state, local and non-U.S. tax consequences of the purchase and ownership of the Notes, including any possible differing treatments of the Notes. See “Certain U.S. Federal Income Tax Considerations” for more information.

INVESTOR QUALIFICATIONS

With respect to each investment made by an Investor, that Investor will be required to electronically sign or acknowledge the Investor Agreement, and verify through a process outlined on the PSI Website that he, she or it is an accredited investor. The federal securities laws define the term accredited investor in Rule 501(a) of Regulation D as:

1. An employee benefit plan, within the meaning of the Employee Retirement Income Security Act, if a bank, insurance company, or registered investment adviser makes the investment decisions, or if the plan has total assets in excess of \$5 million;
2. A bank, insurance company, registered investment company, business development company, or small business investment company;
3. A charitable organization, corporation, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets exceeding \$5 million;
4. A director, executive officer, or general partner of the company selling the securities, or any director, executive officer, or general partner of a general partner of that issuer;
5. A natural person who has individual net worth, or joint net worth with the person’s spouse, that exceeds \$1 million at the time of the purchase, excluding the value of the primary residence of such person;
6. A natural person with income exceeding \$200,000 in each of the two most recent years or joint income with a spouse exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year;
7. A trust with assets in excess of \$5 million, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person; and
8. A business in which all the equity owners are accredited investors.

In addition, each person acquiring a Note will also be required to represent that he, she, or it is purchasing for his, her, or its own account for investment purposes and not with a view to resale or distribution. Each Investor must be domiciled in the United States and must meet certain income and/or net worth requirements before investing in the Notes. (See “Risk Factors”.)

This offering is open solely to accredited Investors domiciled in the U.S. The discussion contained in this PPM is solely directed to Investors domiciled in the U.S., and no offer to

sell, or solicitation to buy, is made to any individuals or entities domiciled outside of the U.S.

THE NOTES

The Notes are PeerStreet's unsecured special, limited obligations that are tied to the performance of a particular loan investment. The Notes will be U.S. dollar denominated and will be issued in series.

Each series of Notes will correspond to a specific loan investment, and payment to Investors will depend on payments we receive on the corresponding loan investment. We have no obligation to make any payments on the Notes unless, and only to the extent that, we have received payments on the corresponding loan investment.

The exact form of Note for each particular series of Notes offered to Investors through this offering will vary based on the terms and conditions of the specific transaction. Because certain terms (e.g., issuance date) of a series of Notes may not be known until all funding commitments have been received and the closing for such series of Notes has occurred, the form of Note will simply be posted on the PSI Website along with the Series Note Listing, this PPM, the Investor Agreement. Investors will be electronically notified by PeerStreet of the closing date of the applicable series of Notes and of any material changes to Note terms, but clerical alterations to the final form of Notes will be reflected in PeerStreet's internal records without further Investor notification. In the case of material changes to the Note terms, Investors will be notified before closing and will have the opportunity to rescind their purchase commitment if they notify PeerStreet in writing at least two business days before the scheduled closing.

All Notes will be issued and tracked in electronic form only, through the PSI Website and processing and payment systems are automated and electronic. We do not have any physical branches, deposit-taking or interest payment activities. The PSI Website will provide detailed information about the Platform, including the full text of the necessary legal agreements, as well as the Series Note Listing applicable to each series of Notes. The Series Note Listing will provide Investors with a description of the Notes, the terms of the corresponding loan investment, some information about the Borrower (but not necessarily the name or identity of the Borrower), and the nature of the security of the loan investment (if any). In addition to the customer support materials available on the PSI Website, PSI and PeerStreet makes additional customer support available to members by email and phone.

After a Series Note Listing is posted online, Investors can place investments on that listing until the listing has received investments totaling the requested loan amount. Investments will not accumulate interest while the Series Note Listing is pending. PeerStreet currently accepts investments in amounts of as little as \$1,000, although in some cases larger (or lower) minimum investment amounts may be required or allowed. If the Series Note Listing does not receive the minimum aggregate investments prior to the scheduled closing date for the underlying loan investment, either (i) the listing will terminate and the requested loan investment will not be funded, (ii) PeerStreet, or its affiliates, may fund the portion of the corresponding loan investment left unfunded through the purchase of Notes, (iii) where PeerStreet believes that additional Investors may later elect to participate in the listing, PeerStreet may elect (in its sole

discretion) to arrange bridge financing to close the loan investment, and the listing will remain active on the Platform until the listing is fully funded and the bridge loan repaid; or (iv) in certain cases, PeerStreet's participation amount in the underlying loan may be reduced. In the foregoing cases (ii), (iii), and (iv), Investors who had already committed to Notes at the time of the loan investment closing will begin to accrue interest as of such date. Any investment made by PeerStreet or its affiliates in the Notes will be on the same terms and conditions as other Investors.

For some loan investments, PeerStreet will participate in the loan investment directly. PeerStreet may service the loan investment directly or, in certain cases, may put in place a third party servicer. In addition, a servicer may be a PSI affiliate. In some cases, PeerStreet may enter into a relationship whereby one or more third parties (including but not limited to a PSI affiliate) issue (and/or service) the corresponding loan investment and PeerStreet then purchases that corresponding loan investment (or a participating interest therein) from the third party. Where PeerStreet merely takes a participating interest in a loan investment, the third party may sometimes remain the lead lender on that loan investment, and may retain control of the deed of trust, mortgage, or other security documents, as applicable. In other cases, PeerStreet may purchase all or a portion of a loan investment that had been previously issued by a third party. PeerStreet may enter into a relationship with one or more third parties to have the third party undertake and service the loan investment and for PeerStreet to then purchase the corresponding loan investment remittances from the third party. Holders of any Notes will not have a security interest in the assets of PeerStreet or any PSI affiliate, the corresponding loan investment, the proceeds of that investment or of any underlying assets of the Borrower.

Investors can review on the PSI Website each Series Note Listing describing that series of Notes and the corresponding loan investment. The Series Note Listing will provide Investors with a description of the Notes in that series, the terms of the specific loan investment, some information about the Borrower, and the nature of the security of the loan investment if any. The Series Note Listing (posted online) will, together with this PPM and the form of Note, contain the authoritative description of any Notes offered by PeerStreet.

Denominations, Form and Registration

Each note will have the terms described in the Master Mortgage Dependent Note attached hereto as Exhibit A. We will issue the Notes in electronic form only. This means that each Note will be stored on the PSI Website. You can view a record of the Notes you own and the form of your Notes online and print copies for your records by visiting your secure, password-protected webpage in the "Dashboard" section of the PSI Website. We will not issue certificates for the Notes. Investors will be required to hold their Notes through PeerStreet's electronic Note register. The Notes will not be listed on any securities exchange.

We will treat the Investors in whose names the Notes are registered as the owners thereof for the purpose of receiving payments and for all other purposes.

Interest Rates

The interest rate applicable for each series of Notes will be set forth in the Series Note Listing. PeerStreet expects that, in nearly all cases, the interest rate provided to Investors in the Notes will be less than the interest rate payable on the on the corresponding mortgage loan, as PeerStreet, its affiliates and/or a third party lender may receive an economic “spread” of interest that will vary among the series of Notes.

The interest rates payable on each loan investment will vary among the loan investments, depending on various factors applicable to the underlying property, borrower and, as applicable, the third party lender. Consequently, the interest rate will vary for each series of Notes, and the yield an Investor earns on one series of Notes may differ from the yield earned by other Investors in other series of Notes. In addition, PeerStreet may offer different terms on Notes related to the same mortgage loan or mortgage loan investment, meaning that different Investors may have different terms even though the corresponding mortgage loan is the same. PeerStreet also reserves the right to offer incentives to individual or classes of Investors that may increase the rate of return for those Investors who receive said incentives (these incentives could be in the form of online promotions that are open to all Investors, but only certain Investors participate in, or may be offered to individual Investors in PeerStreet’s discretion).

Maturity

Each series of Notes will have varying terms, depending on the term of the corresponding loan investment. Most of the loan investments, and thus the Notes, will have a typical term of between six (6) months and five (5) years. The Notes in each series will mature at the end of the term of the corresponding loan investment. If there are amounts owing to PeerStreet on the corresponding loan investment at the end of the initial maturity date, the term of the Notes will be extended to allow for more time for PeerStreet to receive further payments due under the corresponding loan investment and for Investors to thus receive further payments on the corresponding Notes.

The Notes may never reach maturity, however, because we expect that in most cases loan investments may be prepaid without penalty, and because we may, in our sole discretion and, subject to the applicable servicing standards, amend, modify, or assign or sell our rights under the loan to a third-party, or charge off the loan investment at any time after any delinquency thereon. Our obligation to make payments on a Note will be limited to an amount equal to the Investor’s *pro rata* share of amounts we receive with respect to the corresponding loan investment for such Note, net of any applicable fees.

Ranking; Sinking Fund

The Notes will be unsecured special, limited obligations of PeerStreet. For each series of Notes, PeerStreet will be obligated to make payments on the Notes if and only if, and only to the extent that, PeerStreet receives principal and interest payments from the Borrower on the corresponding loan investment. Payments on the loan investment will be shared ratably among all Investors in the related series of Notes. In the event of a bankruptcy or similar proceeding of PeerStreet, the relative rights of the holder of a Note as compared to the holders of other

unsecured indebtedness of PeerStreet with respect to payment from the proceeds of the loan investments or other assets of PeerStreet is uncertain. See “Risk Factors.” Each series of Notes will correspond to a specific loan investment, and payment will depend on payments we receive on the corresponding loan investment. The Notes will not have the benefit of a sinking fund.

Servicing and Payments

Subject to the limitations described below under “Limitations on Payments,” we will make installment payments on the Notes upon receiving payments in respect of the corresponding loan investment, in accordance with the payment schedule for the Notes. In some cases, PeerStreet will collect payments on the loan investments, while in other cases PeerStreet may enter into a relationship with a third party in order to have that third party issue, or act as the servicer of, the loan investment. In all cases, PeerStreet, an affiliate or a third party will disburse corresponding payments on the applicable series of Notes.

Each series of Notes will have a payment schedule providing for periodic payments over a term equal to the corresponding loan. Such schedule will specify the payment dates and the type of periodic payments (monthly, quarterly, etc.) applicable to that series of Notes. After any loan is paid in full, either as a result of the Borrower paying off the loan investment or as a result of a payoff in a foreclosure proceeding, PeerStreet will pay off the Note and pay Investor with the proceeds (net of any fees, charges and reimbursement of advances payable to PeerStreet) as soon as practicable.

We expect that, for each loan investment, we will receive a payment from Borrowers (through the Automated Clearing House system of the U.S. Federal Reserve Board or a successor system providing electronic funds transfers between banks, which we refer to as the “*ACH*”) on or about the payment due date. A payment by a Borrower will be distributed to the applicable Note holders’ PeerStreet accounts as soon as practicable. Investors can review their account statements online to track when such payments are received. The same process occurs upon maturity of the Note. In the event payment is made after the applicable payment and maturity date of the loan investment, PeerStreet will deem the payment date and maturity date of the Note to be the same as the dates applicable to the corresponding loan investment.

Pursuant to the terms of the applicable loan, the Borrower may have a grace period from the date that payments are due under the loan investment. Within ten (10) days after the expiration of any grace period and/or in accordance with applicable state law, PeerStreet or its retained servicing provider will generally telephone and/or send a notice of delinquency to the Borrower. If the Borrower does not adequately respond to the notice of delinquency within a reasonable time, then (or as may be in accordance with state law) PeerStreet or its retained service provider generally will record a notice of default, if applicable, with respect to the loan investment. PeerStreet may exercise its discretion in the timing of the filing of the notice of default. PeerStreet may also exercise its discretion in the timing of any foreclosure under the power of sale contained in the applicable security instrument (if any), including granting extensions of the foreclosure date.

PeerStreet will communicate with Investors through the PSI Website at www.PeerStreet.com or via electronic mail as to material developments regarding a loan.

PeerStreet or its affiliates will maintain possession of all original loan investment documents and related security instruments, to the extent not held by loan originators.

Limitations on Payments

Any amounts received on loan investments will be forwarded by PeerStreet to the holders of the corresponding series of Notes, net of any fees, charges or other reimbursements payable to PeerStreet or its affiliates. Each Investor's right to receive installment payments and other amounts in respect of that series of Notes is limited in all cases to the Investor's *pro rata* portion of the amounts received by PeerStreet in connection with the corresponding loan investment, including, without limitation, all principal and interest payments, prepayments, partial payments, late payments or settlements, the proceeds from any foreclosure on collateral, the proceeds from an assignment to a collections agent, or redemption and preferred return payments (as applicable), subject to the repayment of any PeerStreet advances made in connection with collection or similar efforts made with respect to the loan. To the extent we do not receive a required payment on a loan, we will not make any payments on the series of Notes related to that payment (or the portion thereof that we do not receive, in the case of a partial payment), and a holder of a Note will not have any rights against PeerStreet or the Borrower in respect of the Note or the corresponding loan.

In the event a loan is serviced by a third party servicer (whether or not affiliated with PeerStreet), that servicer may charge a servicing fee on amounts collected, and this fee will be paid prior to any distribution to Investors.

An "*unsuccessful payment fee*" is a fee charged by PeerStreet to a Borrower or a third-party or affiliated servicer or collection agency when a payment request is denied or a check is returned unpaid for any reason, including but not limited to, insufficient funds in the Borrower's bank account or the closing of that bank account. Payments made to Noteholders will not be affected by the amount of any unsuccessful payment fees, which are paid as supplemental fees to PeerStreet.

PeerStreet retains the authority to grant appropriate payment deferrals based on its overall assessment of a Borrower, the property situation, and market conditions generally. *In such cases, the payment terms of the Notes will be correspondingly adjusted.* In such event, PeerStreet will communicate any adjustments to Investors via electronic mail or on the PeerStreet Website. PeerStreet, or an affiliate, may also, in its sole discretion, advance amounts necessary to protect the security of any loan investment. Such amounts may include the payment of taxes, prior encumbrances or liens, property and casualty insurance, foreclosure expenses, repair, litigation expenses and similar items, and also for accountant fees, consultants, property maintenance and similar items. PeerStreet may make such advances when, in its sole discretion, it determines that the loan investment may be at risk of total or partial loss and believes that the making of such advances will ultimately be economically beneficial. PeerStreet will notify Investors in the applicable series of Notes, through the PSI Website or via electronic mail, if and when such advances are made and that the amount of such advances may be withheld from payments that Investors would otherwise receive on the Notes. PeerStreet is not required to make any such advances and may choose whether or not to make any such advance in its sole discretion. Any advances made by PeerStreet will, at PeerStreet's sole discretion, bear interest at

the interest rate applicable to the corresponding mortgage loan, and will be reimbursable to PeerStreet upon receipt of funds from the Borrower. Furthermore, in the event of foreclosure, PeerStreet is entitled to recover the costs of foreclosure and any amounts advanced by PeerStreet (with applicable interest thereon) in respect of the property being foreclosed upon prior to any payment or other distribution being made to Investors.

Each series of Notes will mature on its initial maturity date, unless any scheduled payments in respect of the corresponding loan remain due and payable upon the initial maturity date, in which case the maturity of the Notes will be automatically extended to the Final Maturity Date and the unpaid portion of the corresponding loan investment will continue to accrue interest at the applicable rate. PeerStreet will use commercially reasonable efforts to “work out” delinquent or defaulted loan investments and/or pursue collection efforts with respect to said loan investments and will disburse to Investors their *pro rata* share of amounts we receive with respect to the corresponding loan investment for such Note, net of any applicable fees, costs and charges. Notwithstanding the foregoing, PeerStreet reserves the right, in our sole discretion to amend, modify, sell to a third-party purchaser or charge off the corresponding loan investment at any time after its delinquency, in which event(s), the corresponding loan investment may never reach the Final Maturity Date and Investors may not receive the return of their investment for the corresponding loan investment that was charged off.

Prepayments

To the extent that a Borrower prepays a corresponding loan investment, holders of the series of Notes related to that corresponding loan investment will typically be entitled to receive their *pro rata* share of the prepayment, net of any accrued or owing fees, advances, charges or other reimbursements otherwise due and payable to PeerStreet or its affiliates, unless otherwise stated in a Series Note Listing. Prepayment may decrease the total amount of payments received by Investors in the corresponding Notes.

Certain Aspects of Loan Investments

As discussed above, if the Borrower remains in default on a loan after any accommodation granted by PeerStreet to the Borrower to cure such default, PeerStreet (or a servicer or other third party) may, in the case of a senior loan, and, if secured, a mezzanine loan, foreclose on the property underlying the corresponding loan investment. The terms of corresponding loans with respect to default and foreclosure will vary. PeerStreet may also determine that an advance is necessary and prudent to protect Investors’ interests. Such instances might include the cancelation or expiration of casualty insurance or the delinquency of property taxes. Any such advances would be added to the corresponding loan amount, bear interest at the interest rate applicable to the corresponding mortgage loan, and, in the case of forced insurance, may be significantly more expensive than conventional casualty insurance. Any such advances would have a repayment priority over the existing underlying loan balance and so may delay payments on the existing underlying loan that would otherwise be provided to Investors in the corresponding Notes.

Some series of Notes and their corresponding loans may provide for monthly payments of interest, as applicable, and will require the Borrower to make a “balloon” payment of the

unpaid principal and interest at the end of the loan term. Some series of Notes and the corresponding loans may be partially amortized, and will require the Borrower to make a “balloon” payment of the unpaid principal and interest at the end of the loan term. PeerStreet does not currently expect to make or arrange loans that contain provisions for negative amortization.

From time to time PeerStreet may rewrite loan terms for certain loans. With respect to such rewritten terms, PeerStreet may elect not to obtain a new appraisal or other evaluation of the property.

Construction, Rehabilitation, Home Improvement and Entitlement Loans

PeerStreet may offer some series of Notes relating to construction loans for various types of properties, including single family residential, condominiums, multi-family residential, industrial, office, retail, foreclosed (REO), unimproved land with entitlements and other types of real estate. The loan underwriting for construction, rehabilitation and unimproved land with entitlement loans is typically based upon a determined “as completed” value, *i.e.*, the projected value of the property *after* the completion of the construction or rehabilitation of a property. PeerStreet may require special builder’s risk insurance, or “course of construction” insurance, in these cases.

Although construction loans may be fully funded at the closing of the series of Notes, the proceeds of a construction loan will typically be disbursed by PeerStreet or its service provider to a construction or builder’s fund control company (which may be affiliated with PeerStreet). The Borrower will typically be required to enter into a construction loan agreement that governs the release of the loan proceeds. Disbursements would be made by PeerStreet, its authorized agent, or the construction or builder’s fund control company only as portions of the construction work are completed, and only upon instructions from PeerStreet or its agent after monitoring such progress, with the amount of disbursement based upon a percentage of work completed. Disbursements may include interest on the construction loan and advance payments to the Investors. The amount of the disbursement to pay the contractor and the subcontractors generally would be based upon a percentage of completion of construction. In its discretion, PeerStreet may require the retention of a percentage of the amounts paid to the contractor or subcontractors. Disbursements may be made directly to the Borrower or contractors or subcontractors or jointly to the Borrower and to the contractors or the subcontractors or jointly to the contractors and subcontractors.

For rehabilitation loans, a portion of the loan proceeds will typically be disbursed directly to the Borrower or to a construction or builder’s fund control company, and the Borrower would enter into a loan disbursement agreement that will govern the release of the portion of the loan proceeds that are intended to be used for repairs and rehabilitation. In most cases, PeerStreet will require the Borrower to have already completed certain line items within the scope of work before they will be entitled to receive any loan proceeds. Construction or rehabilitation disbursements will be made by PeerStreet, its servicing agent, or the construction or builder’s fund control company based on the disbursement schedule and fund control authorization. If the improvements have not been completed within the time period set forth in the construction or rehabilitation agreement, or if PeerStreet were to determine that the balance of the loan proceeds

was not sufficient to complete the construction, then PeerStreet or its servicer may use any remaining retained funds to complete the construction or may require the Borrower to deposit additional funds with PeerStreet or the construction or builder's fund control company.

Interest on this type of loan will accrue and be payable as set forth in the applicable Note and Series Note Listing. Upon any default pursuant to the corresponding loan, PeerStreet or its servicer may apply all or any portion of the amount in PeerStreet's trust account or held by the construction or builder's fund control company to amounts due under the corresponding loan.

To the extent available, PeerStreet will require the Borrower to obtain builder's risk insurance, which is also known as course of construction insurance. This specialized insurance is intended to insure structures, while they are under construction. Materials, fixtures and appliances that are intended to become an integral part of the structure being built are also insured. The insurance is provided for loss resulting from accidental direct physical damage to the structure under construction. The policies generally include broad coverage, but exclude earthquake, flood and damage caused by earth movement. Some builder's risk policies limit coverage to physical damage caused by specifically named perils, such as fire and theft. The coverage provided for specific perils would be specifically listed in the insurance policy or policies.

Government Regulation There are many levels of local, state and federal laws and regulations that may potentially affect PeerStreet's business. In addition, the current state of the regulation of online investment platforms is unsettled and subject to change.

As a threshold matter, if PeerStreet is required to register under the Investment Company Act or become subject to the U.S. Securities and Exchange Commission's regulations governing broker-dealers, it may be required to institute substantial compliance requirements and controls.

Additionally, some states will require PeerStreet to qualify to "do business" and file registrations with the requisite offices of secretary of state or related governmental bodies. Further, some states require companies such as PeerStreet, to obtain real estate and/or consumer credit licenses, including such licenses for the authority to engage in the business of mortgage lending, brokering, servicing, or collecting commercial mortgage loans. PeerStreet does not intend to finance loan investments or engage in licensable activity in states where such licenses are required until it obtains the required license(s) in each jurisdiction, as required by applicable law. PeerStreet may, in the future, do business with or affiliate itself with third parties (including banks or other depository institutions) in order to be able to offer loans in jurisdictions where PeerStreet might otherwise be restricted from doing so without a license. It is possible that some of these states may still impose mortgage lender, broker, or licensing requirements on PeerStreet regardless of such affiliations and structures, and if such requirements are imposed, PeerStreet will obtain such required licenses in accordance with applicable law.

In addition, substantive requirements are imposed upon lenders in connection with the origination, assignment and servicing of mortgage loans by numerous federal and some state consumer protection laws. These laws include the federal Truth in Lending Act, Real Estate Settlement Procedures Act, Fair Credit Reporting Act, Home Ownership Equity Protection Act, and similar statutes. Some of the corresponding loans may be subject to certain provisions of

these and other applicable laws and regulations concerning loans. These laws generally impose additional disclosure and other substantive requirements on creditors with respect to mortgage loans where the loan funds are primarily used for personal, household or consumer purposes. (See “Risk Factors.”)

In many states, the loans will be subject to state restrictions on interest rates and fees that may be imposed on PeerStreet loans. We do not intend to make loans that violate these state laws.

As discussed above, PeerStreet may in certain cases purchase loans originated by private lenders. Such lenders may be subject to licensing requirements in one or more states. PeerStreet will engage in entity due diligence with respect to compliance with such licensing requirements, as well as operational due diligence on the private lenders' origination and production channels, but cannot guarantee compliance by such lenders with any applicable laws or regulations and will rely on representations of such lenders with respect to their compliance with such licensing requirements. If a lender does not comply with state or federal requirements, the lack of compliance may affect the enforceability of loans purchased from that lender.

RISK FACTORS

Investing in the Notes involves a high degree of risk. In deciding whether to purchase Notes, you should carefully consider the following risk factors. Any of the following risks could have a material adverse effect on the value of the Notes you purchase and could cause you to lose all or part of your initial purchase price or could adversely affect future payments you expect to receive on the Notes. Only Investors who can bear the loss of their entire purchase price should purchase Notes.

Risks Related to the Notes, and the Corresponding Loan Investments on Which the Notes are Dependent

You may lose some or all of your initial purchase price for the Notes because the Notes are highly risky and speculative. Only investors who can bear the loss of their entire purchase price should purchase.

The Notes are highly risky and speculative because payments on the Notes are special, limited obligations of PeerStreet that depend entirely on payments on the corresponding loans. Notes are suitable purchases only for Investors of adequate financial means. If you cannot afford to lose all of the money you plan to invest in Notes, you should not purchase Notes.

Payments on the Notes depend entirely on payments PeerStreet receives on corresponding loan investments. If a Borrower fails to make any payments on the corresponding loan investment related to your Note, payments on your Note will be correspondingly reduced.

PeerStreet will only make payments *pro rata* on a series of Notes, net of our service charge, after it receives a Borrower's payment on the corresponding loan investment. PeerStreet also will retain (and not pay to Investors) from the funds received from the relevant Borrower

and otherwise available for payment on the Notes any non-sufficient funds fees and the amounts of any attorneys' fees or collection fees it, a third-party servicer or collection agency imposes in connection with collection efforts. If such fees are collected or imposed, it may reduce your return. Under the terms of the Notes, if PeerStreet does not receive any or all payments on the corresponding loan investment, payments on your Note will be correspondingly reduced in whole or in part. If the relevant Borrower does not make a payment on a specific loan payment date, no payment will be made on your Note on the corresponding succeeding Note payment date.

The Notes are special, limited obligations of PeerStreet only and are not secured by any collateral or guaranteed or insured by any third party.

While a corresponding loan may be secured by a mortgage, deed of trust, security agreement, or legal title, the Notes themselves are special, limited obligations of PeerStreet and will not represent an obligation of the Borrower or any other party except PeerStreet. The Notes will not be secured by any collateral and are not guaranteed or insured by any governmental agency or instrumentality or any third party. Investors in the Notes may look only to PeerStreet for payment of the Notes. Furthermore, if a Borrower fails to make any payments on the corresponding loan investment, Investors in the related Notes will not receive the corresponding payments on their respective Notes. Investors will not be able to pursue collection against the Borrower and are prohibited from contacting the Borrower about a loan investment.

PeerStreet does not have significant historical performance data about performance on the corresponding loan investments. Loss rates on the corresponding loan investments may increase and prior to investing you should consider the risk of non-payment and default.

PeerStreet is in the early stages of its development and has a limited operating history. Only a limited number of loan investments have been offered through the PSI Website prior to this offering. PSI and PeerStreet's management has experience in real estate loans but PeerStreet cannot predict what its long-term loan loss experience will be.

If payments on the corresponding loan investments relating to your Notes are not paid, it is likely you will not receive the full principal and interest payments that you expect to receive on your Notes, and you may not recover your original purchase price.

Senior loans and certain mezzanine loans will be secured by property. If a corresponding loan becomes past due or is otherwise in default, PeerStreet may need to foreclose on the property underlying the corresponding loan at a foreclosure sale unless the property is purchased by a third party bidder at the foreclosure sale. PeerStreet or one of its affiliates may act as manager for the foreclosed real estate, and the costs of foreclosure may be advanced by PeerStreet, but if PeerStreet cannot quickly sell such property and the property does not produce any significant income, the cost of owning, maintaining, and selling the property would reduce any proceeds gained through the sale. PeerStreet may offer its Investors the opportunity to advance such costs as a priority loan at a market interest rate, and Investors not willing to advance their pro-rata share of such costs will be subordinate to such loan. If the foreclosed real estate cannot be sold for net proceeds that can fully return the outstanding amount of the related Notes, Investors will lose part or all of their investment.

In certain cases, even when a loan is secured, PeerStreet may not be able to recover any of the unpaid loan balance. As a result, an Investor who has purchased a corresponding Note may receive little, if any, of the unpaid principal and interest payable under the Note. You must rely on the collection efforts of PeerStreet or a third party to which such corresponding loans are referred. You are not permitted to attempt to collect payments on the corresponding loan investments in any manner.

Loss rates on loan investments corresponding to the Notes may increase as a result of economic conditions beyond PeerStreet's control and beyond the control of the Borrower.

Loan investment loss rates may be significantly affected by economic downturns or general economic conditions beyond PeerStreet's control and beyond the control of individual Borrowers. In particular, loss rates on corresponding loan investments may increase due to factors such as (among other things) local real estate market conditions, prevailing interest rates, the rate of unemployment, the level of consumer confidence, 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.

The success of each loan investment is dependent on the performance of the Borrower and other third parties over which we have no control.

With respect to a particular loan, the Borrower is responsible for various management functions that are essential to the success of the Project, including property marketing and leasing rates, payment of bills, maintenance of insurance, and property management generally. Poor management on the part of the Borrower could adversely affect the financial performance of the corresponding loan or expose it to unanticipated operating risks, which could reduce the property's cash flow and adversely affect the Borrower's ability to repay the corresponding loan investment. Neither PeerStreet nor any PSI affiliate has any control over a Borrower's management of a Project.

Information supplied by Borrowers may be inaccurate or intentionally false.

Borrowers supply a variety of information regarding the current rental income, property valuations, market data, and other information, some of which is included in the Series Note Listings. PeerStreet makes an attempt to verify some of this information, but as a practical matter, cannot verify all of it, which may be incomplete, inaccurate or intentionally false. Borrowers may also misrepresent their intentions for the use of loan investment proceeds. PeerStreet cannot verify all statements by applicants as to how loan proceeds are to be used. If a Borrower supplies false, misleading or inaccurate information, you may lose all or a portion of your investment in the Note.

With the exception of loans which have a draw feature coupled with them, when PeerStreet finances a corresponding loan investment, its primary assurances that the financing proceeds will be properly spent by the Borrower are the contractual covenants agreed to by the Borrower, along with the Borrower's business history and reputation. Should the proceeds of a financing be diverted improperly, the Borrower might become insolvent, which could cause the purchasers of the corresponding Notes to lose their entire investment.

The Borrower may have no operating history, and the manager of the Borrower may lack experience in developing projects similar to a property underlying a loan investment.

Real estate companies are often organized solely for the purpose of developing a particular property. In that case, the Borrower may have no history of operations. It therefore should be considered a development stage company, and its operations will be subject to all of the risks inherent in the establishment of a new business enterprise, including, but not limited to, hurdles or barriers to the implementation of its business plans. Further, because there is no history of operations there is also no operating history from which to evaluate the Borrower manager's ability to manage the Borrower's operations and achieve its goals or the likely performance of the company. No assurances can be given that a Borrower can operate profitably.

Projected revenues from a property could fall short of the amounts projected.

The payment schedules with respect to many corresponding loan investments are based on projected revenues generated by the property over the term of the corresponding loan investment. These projections are based on factors such as expected vacancy rates, expense rates, and other projected income and expense figures relating to the property. The actual revenues generated by a property could fall short of projections due to factors such as lower-than-expected rental revenues, or greater-than-expected vacancy rates or property management expenses. In such event, the Borrower's cash flow could be inadequate to repay the corresponding loan investment in full.

Insurance against risks faced by a property could become more costly or could become unavailable altogether. There is no requirement for a Borrower to self-insure.

Real estate properties are typically insured against risk of fire damage and certain other property casualties, but are sometimes not covered by severe weather or natural disaster events such as landslides, earthquakes, or floods. Changes in the conditions affecting the economic environment in which insurance companies do business could affect the Borrower's ability to continue insuring the property at a reasonable cost or could result in insurance being unavailable altogether. Moreover, any hazard losses not then covered by the Borrower's insurance policy would result in the corresponding loan investment becoming significantly under secured, and an Investor in a Note could sustain a significant reduction, or complete elimination of, the return and repayment of principal from that Note.

Environmental issues may affect the operation of a Borrower property.

If toxic environmental contamination is discovered to exist on a property underlying a corresponding loan investment, it might affect the Borrower's ability to repay the corresponding loan investment and PeerStreet could suffer from a devaluation of loan security. To the extent that PeerStreet is forced to foreclose and/or operate such a property, potential additional liabilities include reporting requirements, remediation costs, fines, penalties and damages, all of which would adversely affect the likelihood that Investors would be repaid on the Notes.

Of particular concern may be those properties that are, or have been, the site of manufacturing, industrial or disposal activity. These environmental risks may give rise to a diminution in value of the security property or liability for cleanup costs or other remedial actions. This liability could exceed the value of the real property or the principal balance of the related mortgage loan. For this reason, PeerStreet may choose not to foreclose on contaminated property rather than risk incurring liability for remedial actions.

Under the laws of certain states, an owner's failure to perform remedial actions required under environmental laws may give rise to a lien on mortgaged property to ensure the reimbursement of remedial costs. In some states this lien has priority over the lien of an existing mortgage against the real property. Because the costs of remedial action could be substantial, the value of a mortgaged property as collateral for a loan could be adversely affected by the existence of an environmental condition giving rise to a lien.

The state of law is currently unclear as to whether and under what circumstances clean-up costs, or the obligation to take remedial actions, can be imposed on a secured lender. If a lender does become liable for cleanup costs, it may bring an action for contribution against the current owners or operators, the owners or operators at the time of on-site disposal activity or any other party who contributed to the environmental hazard, but these persons or entities may be bankrupt or otherwise judgment-proof. Furthermore, an action against the Borrower may be adversely affected by the limitations on recourse in the loan documents.

PeerStreet has an incentive to fund as many corresponding loan investments as possible, which could impair its ability to devote adequate attention and resources to collection of corresponding loan investments.

Substantially all of PeerStreet's revenues are derived from, listing, origination, and servicing fees, or "spreads" generated through making and arranging loans and offering related series of Notes. As a result, it has an incentive to finance as many projects as possible to maximize the amount of fees it is able to generate. Increased project volume increases the demands on its management resources and its ability to devote adequate attention and resources to the collection of corresponding loan investments. In the event that PeerStreet takes on loan volumes that exceed its ability to manage outstanding corresponding loan investments, our ability to make timely payments on the Notes will suffer.

The property valuation models used by PeerStreet in determining whether to make a corresponding loan investment may be deficient and may increase the risk of default.

Real estate valuation is an inherently inexact process and depends on numerous factors, all of which are subject to change. Appraisals or opinions of value may prove to be insufficiently supported, and PeerStreet's review of the value of the underlying property in determining whether to make a corresponding loan and the value of the underlying security may be based on information that is incorrect or opinions that are overly optimistic. The risk of default in such situations is increased, and the risk of loss to Investors will be commensurately greater.

The real property security for the corresponding loan investments may decline in value.

The value of the real property security for a loan will be subject to the risks generally incident to the ownership of improved and unimproved real estate, including changes in general or local economic conditions, increases in interest rates for real estate financing, physical damage that is not covered by insurance, zoning, entitlements, and other risks. Many real estate companies expect to use resale proceeds to repay their loan. A decline in property values could result in a loan amount being greater than the property value, which could increase the likelihood of the Borrower failing to make payments on the loan.

Although real estate assets are generally cyclical in nature, PeerStreet's operating history since its inception does not yet span any prolonged down cycles in the real estate market.

Loans ending with large "balloon" payments carry particular risks.

Some of the corresponding loans may be interest-only loans providing for relatively small monthly payments with a large "balloon" payment of principal due at the end of the term. Real estate companies may be unable to make principal payments out of their own funds and will be compelled to refinance or sell their property. Fluctuations in real estate values, interest rates and the unavailability of mortgage funds could adversely affect the ability of real estate companies to refinance their loans at maturity or successfully sell the property for enough money to pay off the corresponding loans.

Construction and rehabilitation investments carry particular risks.

Construction and rehabilitation loans involve a number of particular risks, involving, among other things, the timeliness of the project's completion, the integrity of appraisal values, whether or not the completed property can be sold for the amount anticipated, and the length of ultimate sale process.

If construction work is not completed (due to contractor abandonment, unsatisfactory work performance, or various other factors) and all the loan investment funds have already been expended, then in the event of a default PeerStreet may have to invest significant additional funds to complete the construction work. Any such investment would be recuperated by PeerStreet prior to the Investor being paid back on the Note. If the value of an uncompleted property is materially less than the amount of the loan, even if the work were completed, then upon a default PeerStreet might need to invest additional funds in order to recoup all or a portion of the investment. Default risks also exist where it takes a Borrower longer than anticipated either to construct or then sell the property, or if the Borrower does not receive sufficient proceeds from the sale to repay the corresponding loan investment in full.

Security of certain corresponding loans does not remove the risks associated with foreclosure.

Senior loans and certain mezzanine loans will be secured by a first lien security interest such as a mortgage, deed of trust or security deed on the underlying real estate. Different property types involve different types of risk in terms of realizing on the collateral in the event

that the Borrower defaults. These risks include completion costs in the case of an incomplete project, partial resale for condominiums and tracts and lease-up (finding tenants) for multi-family residential, office, retail, commercial and industrial properties. PeerStreet may not be able to sell a foreclosed commercial property, for example, before expending efforts to find tenants to make the property more fully leased and more attractive to potential buyers.

Moreover, foreclosure statutes vary widely from state to state. Properties underlying defaulted loans will need to be foreclosed upon in compliance with the laws of the state where such property is located. Many states require lengthy processing periods or the obtaining of a court decree before a mortgaged property may be sold or otherwise foreclosed upon. Further, statutory rights to redemption and the effects of anti-deficiency and other laws may limit the ability for PeerStreet to timely recover the value of its loan in the event that a Borrower defaults on a loan.

A bankruptcy of the Borrower will prevent PeerStreet from exercising its foreclosure remedy promptly.

Where a mortgage loan is secured, if the Borrower enters bankruptcy, an automatic stay (the equivalent of an injunction) of all proceedings against the Borrower's property will be granted. This stay will prevent PeerStreet from foreclosing on the property or otherwise enforcing any remedies under the Borrower's loan documents or at law unless relief from the stay can be obtained from the bankruptcy court. There are a number of factors that a bankruptcy court will consider in deciding whether to grant a lender relief from the automatic stay, including the property's loan-to-value ratio and the Borrower's need to retain the property to effectively reorganize. There is no guarantee as to whether or when any such relief may be obtained. Significant legal fees and costs may be incurred in attempting to obtain relief from a bankruptcy stay from the bankruptcy court and, even if such relief is ultimately granted, that process may take several months or more. In such event, PeerStreet will be unable to promptly exercise its foreclosure or other remedies and realize any proceeds from a property foreclosure sale.

In addition, bankruptcy courts have broad powers to allow the Borrower to use the rents generated by the operation of the property, if any, to pay its expenses (including perhaps its attorneys and professionals) while making zero or reduced payments to PeerStreet, permit a sale of the real property free of PeerStreet's lien, to compel PeerStreet to accept an amount less than the balance due under the loan, and to modify the terms of the Borrower's loan such as by extending its term to something substantially longer than the original term of the loan, or reducing the interest rate or payment terms of the loan.

The loans on which the Notes are dependent may not restrict Borrowers from incurring additional unsecured or secured debt. Further, the loans might not impose any financial restrictions on Borrowers during the term of the loan, which may increase the likelihood that a Borrower may not make payments on the loan investments in accordance with their terms.

If a Borrower incurs additional debt after the funding of a loan investment, that additional debt may adversely affect the Borrower's creditworthiness generally, and could result in the financial distress, insolvency, or bankruptcy of the Borrower. This circumstance could ultimately impair the ability of that Borrower to make payments on the loan and your ability to

receive the principal and interest payments that you expect to receive on Notes dependent on those loans. To the extent that the Borrower has or incurs other indebtedness and cannot pay all of its indebtedness, the Borrower may choose to make payments to other creditors, rather than to us.

The Notes are restricted securities, will not be listed on any securities exchange, and no liquid market for the Notes is expected to develop.

The Notes are being offered in reliance on Rule 506 of Regulation D of the Securities Act of 1933 (“Securities Act”) under the “non-public” offering exemption of Section 4(a)(2) of the Securities Act. The Notes will not be listed on any securities exchange or interdealer quotation system. There is no trading market for the Notes, and we do not expect that such a trading market will develop in the foreseeable future, nor do we intend in the near future to offer any features on our Platform to facilitate or accommodate such trading. Although the Notes by their terms are prepayable at any time without penalty, there is no obligation on our part to repurchase or otherwise prepay any Notes at the election of an investor. Therefore, any investment in the Notes will be highly illiquid, and Investors in the Notes may not be able to sell or otherwise dispose of their Notes in the open market. Accordingly, you should be prepared to hold the Notes you purchase until they mature.

The U.S. federal income tax consequences of an investment in the Notes are uncertain.

No statutory provisions, Treasury regulations, published rulings or judicial decisions directly address the characterization of the Notes or instruments similar to the Notes for U.S. federal income tax purposes. Although the matter is not free from doubt, we intend to treat the Notes as our debt instruments that have “original issue discount” for U.S. federal income tax purposes unless and until there is a change or clarification in the law, by Treasury regulation or otherwise, that would require a different characterization of the Notes.

You should be aware that the characterization of the Notes for U.S. federal income tax purposes is subject to substantial uncertainty, the IRS is not bound by our characterization and the IRS or a court may take a different position with respect to the Notes’ proper characterization. For example, the IRS could determine that, in substance, each Investor owns a proportionate interest in the corresponding loan investment for U.S. federal income tax purposes. Alternatively, the IRS could seek to treat the Notes as a different financial instrument (including an equity interest in us or a derivative financial instrument).

Any different characterization of the Notes could significantly affect the amount, timing and character of income, gain or loss recognized by an Investor in respect of a Note. Moreover, any such different characterization may significantly reduce the amounts available to pay interest and principal on the Notes. For example, if each Investor was treated as owning a proportionate interest in the corresponding loan investment, the U.S. federal income tax consequences of owning the Notes would depend on the characteristics of the loan investment, which characteristics could differ significantly from the intended characteristics of the Notes for U.S. federal income tax purposes. If the Notes were treated as our equity (i) we would be subject to U.S. federal income tax on any income, including interest, accrued on the corresponding loan investment but would not be entitled to deduct interest or OID on the Notes, which, among other

things, would reduce the amount of cash available to make payments on the Notes, and (ii) payments on the Notes would be treated by the Investor for U.S. federal income tax purposes as dividends (that may be ineligible for reduced rates of U.S. federal income taxation or the dividends-received deduction) to the extent of our earnings and profits as computed for U.S. federal income tax purposes. You are strongly advised to consult your own tax advisor regarding the U.S. federal, state, local and non-U.S. tax consequences of the purchase, ownership and disposition of the Notes (including any possible differing treatment of the Notes). For a discussion of the U.S. federal income tax consequences of an investment in the Notes, see “Certain U.S. Federal Income Tax Considerations.”

Risks Related to PeerStreet and the Investment Platform

PeerStreet and PSI have a limited operating history. As companies in the early stages of development, PeerStreet and PSI face increased risks, uncertainties, expenses and difficulties.

PeerStreet and its parent, PSI, have limited operating histories. PeerStreet began offering online real estate investments in 2014, and has not issued Notes prior to this offering, nor has it to date directly held or serviced any loans that are tied to securities such as the Notes.

For PeerStreet to be successful, the volume of financings originated through the online Platform will need to increase, which will require PSI to increase its facilities, personnel and infrastructure to accommodate the greater obligations and demands on the Platform. PeerStreet is dependent upon the PSI Website to maintain current listings and transactions in Notes. PeerStreet is also dependent on PSI to constantly update its software and website, expand its customer support services and retain an appropriate number of employees to maintain the operations of its Platform. If PSI is unable to increase the capacity of its Platform and maintain the necessary infrastructure, you may experience delays in receipt of payments on the Notes and periodic downtime of the PSI systems through which PeerStreet operates.

PSI will need to raise substantial additional capital to fund its operations, and if it fails to obtain additional funding, it may be unable to continue operations.

At this early stage in its development, PSI has funded substantially all of its operations with proceeds from private financings from individual Investors. To continue the development of its Platform, PSI will require substantial additional funds. To meet its financing requirements in the future, it may raise funds through equity offerings, debt financings or strategic alliances. Raising additional funds may involve agreements or covenants that restrict PSI’s business activities and options. Additional funding may not be available to it on favorable terms, or at all. If PSI is unable to obtain additional funds, it may be forced to reduce or terminate its operations. Any inability of PSI to fund operations could have a substantial and deleterious effect on the viability and operations of PeerStreet.

PeerStreet and PSI have incurred net losses in the past and expect to incur net losses in the near term.

PSI has incurred net losses in the past, and both PeerStreet and PSI expect to incur net losses in the near future. The failure of PSI to become profitable could impair the operations of its the Platform by limiting its access to working capital to operate the Platform. PSI has not

been profitable since its inception, and it may not become profitable. In addition, both PSI and PeerStreet expect operating expenses to increase in the future as they expand their operations. If PeerStreet's or PSI's operating expenses exceed its expectations, its financial performance could be adversely affected. If its revenue does not grow to offset these increased expenses, it may never become profitable. In future periods, PeerStreet may not have any revenue growth, or its revenue could decline.

PeerStreet does not intend to provide Investors with audited financial statements.

PeerStreet does not intend to make the large expenditures necessary to provide audited financial statements to Investors. There will be no independent certified public accountant reviewing PeerStreet's finances and Investors will thus not be in a position to independently evaluate PeerStreet's financial health in determining whether to purchase the Notes.

If PeerStreet were to become subject to a bankruptcy or similar proceeding, the rights of the holders of the Notes could be uncertain, and the recovery, if any, of a holder on a Note may be substantially delayed and substantially less than the amounts due and to become due on the Note.

In the event of PeerStreet's bankruptcy or a similar proceeding, the rights of Investors to continue receiving payments on the Notes could be subject to substantial risks and uncertainties, including the following:

- Interest on the Notes may not accrue during a bankruptcy proceeding. Accordingly, if Investors received any recovery on their Notes, any such recovery might be based on the Investors' claims for principal and interest accrued only up to the date the proceeding commenced.
- Our obligation to continue making payments on the Notes would likely be suspended until the conclusion of the proceedings, even if the funds to make such payments were available. Because a bankruptcy or similar proceeding may take months or years to complete, even if the suspended payments were eventually resumed, the suspension might effectively reduce the value of any recovery that a owner of a Note might receive by the time such recovery occurs.
- The Notes are unsecured, and Investors do not have a security or ownership interest in the corresponding loan investments. Accordingly, the holders of Notes may be treated as general creditors and the proceeds of all loan investments could therefore be pooled to pay administrative and priority expenses of the proceeding and make a pro rata distribution to all investors and other general creditors, with regard to the fact that each investor purchased their Notes with respect to specific corresponding loans and loan documents.
- Because the terms of the Notes provide that they will be repaid only out of the proceeds of the corresponding loans, Investors might not be entitled to share in

the other assets of PeerStreet (or any of the PSI affiliates) available for distribution to general creditors, if any, even though other general creditors might be entitled to a share of the proceeds of such corresponding loans.

- If a Borrower has paid PeerStreet on any corresponding loans before the bankruptcy proceedings are commenced and those funds are held in the clearing account and have not been used by PeerStreet to make payments on the Notes, there can be no assurance that PeerStreet will be able to use such funds to make payments on the Notes and such funds could be pooled with some or all of the other funds held by Peer Street to pay administrative and priority expenses of the proceeding and make a pro rata distribution to all investors and other creditors.
- If a bankruptcy proceeding commences after the purchase price of Notes has been paid, holders of the Notes may not be able to obtain a return of the purchase price even if the offering proceeds have not yet been used to fund a loan investment, and such funds could be pooled with some or all of the other funds held by PeerStreet to pay administrative and priority expenses of the proceeding and make a pro rata distribution to all investors and other creditors.
- To the extent that any claim by an investor is deemed by the bankruptcy court to be a claim arising from the rescission of a purchase or sale of a security of PeerStreet, for damages arising from the purchase or sale of such a security, or for reimbursement or contribution on account of such claim, the investor's claim would be subordinated by the bankruptcy court to all claims or interests that are senior to or equal to the claim or interest represented by such security. In that circumstance, payments to owners of Notes could be impaired and could reduce any recovery that an owner of a Note might receive.
- Our ability to transfer our obligations to a back-up entity may be limited and subject to the approval of the bankruptcy court or other presiding authority. The bankruptcy process may delay or prevent the implementation of back-up services, which may impair the collection of corresponding loan investments to the detriment of the Notes.

If PeerStreet were to enter bankruptcy proceedings, the activities with respect to the corresponding loans and the Notes could be interrupted.

If PeerStreet were to enter bankruptcy proceedings or were to cease operations, we could be required to find other ways to meet obligations regarding (a) servicing the corresponding loan investments, (b) making payments on and the Notes, (c) maintaining records sufficient to determine which Notes are entitled to be paid on account of any payments received from Borrowers on any loan investments, and (d) maintaining the Platform and keeping it operational. Such alternatives could result in the cessation of operations of the Platform (in which case, investors would have limited or no access to information on the Platform, including regarding their accounts or Notes) or delays in the disbursement of payments on your Notes or could require us to pay significant fees to another company that we engage to perform services for the corresponding loan investments and the Notes.

In a bankruptcy or similar proceeding of PeerStreet or a PSI affiliate, there may be uncertainty regarding the rights of a holder of a Note, if any, to access funds sent to PeerStreet.

Investors may not have access to or the ability to draw funds out of their accounts maintained with PSI until the conclusion of the proceedings, if ever. Under those circumstances, investors would be unable to use those funds to make other investments or pay household or other expenses.

Moreover, U.S. bankruptcy courts have broad powers and a bankruptcy court could determine that some or all of such funds were beneficially owned by PeerStreet or the applicable PSI affiliate, including but not limited to PSI, and therefore that they became available to the creditors of PeerStreet or the PSI affiliate generally. In such a case, Noteholders may experience the same types of risk and uncertainties described above with respect to PeerStreet's bankruptcy. PeerStreet has imposed restrictions upon itself and adopted formalities under its organizational documents to minimize the likelihood of its becoming subject to a bankruptcy or similar proceeding.

In a bankruptcy or similar proceeding of PeerStreet, a trustee could be appointed to administer PeerStreet and all of its assets and business affairs.

If PeerStreet became a debtor in a bankruptcy proceeding, the legal right to administer PeerStreet's assets and business affairs could be vested in a third-party trustee appointed by the Bankruptcy Court. A trustee would not be as familiar with the business operations and assets of PeerStreet, such as the loan investments, as current management of PeerStreet. Also, a trustee may not have the staff or resources available to service the loan investments, make or account for payments due under the Notes, or maintain the Platform. Under such circumstances, the trustee may need to engage one or more other companies or consultants to perform those services. Since the trustee and his third-party vendors and consultants will be less familiar with our operations and the loan investments, they may not achieve collections or operating results on a par with our management and the trustee and his vendors and consultants could incur significant fees that could reduce the value of any recovery that a holder of a Note might receive. Additionally, the trustee may elect to sell off some or all of the loan investments to third-party investors, subject to bankruptcy court approval. Distressed asset sales or liquidation sales sometimes result in a recovery of less than fair market value, which could also reduce any recovery that a holder of a Note might receive.

PeerStreet and PSI have minimal operating capital, no significant assets and will incur operating losses for the foreseeable future.

PeerStreet and PSI have minimal operating capital and for the foreseeable future will be dependent upon its ability to finance its operations from the sale of equity or other financing alternatives. There can be no assurance that PeerStreet or PSI will be able to successfully raise operating capital. The failure to successfully raise operating capital, and the failure to attract qualified real estate companies and sufficient investor purchase commitments, could result in the bankruptcy of PeerStreet or PSI or other event, which would have a material adverse effect on

PeerStreet or PSI. PeerStreet has no significant assets or financial resources, so such adverse event could put your investment dollars at significant risk.

When you commit to purchase a Note, you must commit funds toward your purchase, but the funds may not be deployed for a period of time from when the funding request for the applicable Note is made.

Each funding request for an opportunity to invest in a loan investment remains open until PeerStreet has received all funding commitments for the corresponding loan investment and due diligence on the underlying loan has been completed, after which PeerStreet will issue a note as soon as practicable. Because Investors' commitments to purchase Notes are irrevocable, during the period between the time of your purchase commitment and the time when your Note is issued, you will not have access to your funds. Because your funds do not earn interest prior to the time when the Note is issued, the delay in issuance of your Note will have the effect of reducing the effective rate of return on your investment.

Borrower prepayments will extinguish or limit your ability to earn additional returns on a Note.

Prepayment of a loan investment will occur if a Borrower decides to pay some or all of the principal amount on the corresponding loan earlier than originally scheduled. With most of the investment opportunities financed on the Platform, the Borrower may prepay all or a portion of the remaining principal amount or redemption amount at any time without penalty. Upon a prepayment of the entire remaining unpaid principal amount of the corresponding loan, you will receive your share of such prepayment, but further interest will not accrue after the date on which the payment is made. If prevailing commercial loan rates decline in relation to the Note's effective interest rate, the Borrower may choose to prepay the corresponding loan with lower-cost funds. If the Borrower prepays a portion of the remaining unpaid principal balance on the corresponding loan, the term for repayment of the corresponding loan will not change, but you will not earn a return on the prepaid portion, and your anticipated total investment return may thus decrease. In addition, you may not be able to find a similar rate of return on another investment at the time at which the corresponding loan is prepaid. See "The Notes."

The market in which we participate is competitive and, if we do not compete effectively, our operating results could be harmed.

The real estate lending market is competitive and rapidly changing. We expect competition to persist and intensify in the future, which could harm our ability to increase lending volume.

Our principal competitors include major banking institutions, private equity funds, real estate investment trusts, as well as other online lending platforms. Competition could result in reduced volumes, reduced fees or the failure of Platform to achieve or maintain more widespread market acceptance, any of which could harm our business. In addition, in the future we may experience new competition from more established Internet companies possessing large, existing customer bases, substantial financial resources and established distribution channels. If any of these companies or any major financial institution decided to enter the online lending business,

acquire one of our existing competitors or form a strategic alliance with one of our competitors, our ability to compete effectively could be significantly compromised and our operating results could be harmed.

Most of our current or potential competitors have significantly more financial, technical, marketing and other resources than we do and may be able to devote greater resources to the development, promotion, sale and support of their platforms and distribution channels. Our potential competitors may also have longer operating histories, more extensive customer bases, greater brand recognition and broader customer relationships than we have. These competitors may be better able to develop new products, to respond quickly to new technologies and to undertake more extensive marketing campaigns. Our industry is driven by constant innovation. If we are unable to compete with such companies and meet the need for innovation, the demand for our loans and corresponding Notes could stagnate or substantially decline.

We rely on third-party banks and on third-party computer hardware and software. If we are unable to continue utilizing these services, our business and ability to service the corresponding loan investments may be adversely affected.

We rely on third party and FDIC-insured depository institutions to process our transactions, including payments of corresponding loan investments and remittances to holders of the Notes. Under the ACH rules, if we experience a high rate of reversed transactions (known as “chargebacks”), we may be subject to sanctions and potentially disqualified from using the system to process payments. In addition, PSI relies on computer hardware purchased and software licensed from third parties to operate the Platform. This purchased or licensed hardware and software may be physically located off-site, as is often the case with “cloud services.” This purchased or licensed hardware and software may not continue to be available on commercially reasonable terms, or at all. If PSI or PeerStreet cannot continue to obtain such services elsewhere, or if it cannot transition to another processor quickly, our ability to process payments will suffer and your ability to receive payments on the Notes will be delayed or impaired.

If the security of our Investors’ confidential information stored in PeerStreet’s and PSI’s systems is breached or otherwise subjected to unauthorized access, your secure information may be stolen.

The Platform, PeerStreet, PSI and PSI affiliates may store Investors’ bank information and other personally identifiable sensitive data. Any accidental or willful security breach or other unauthorized access could cause your secure information to be stolen and used for criminal purposes, and you would be subject to increased risk of fraud or identity theft. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until they are launched against a target, PeerStreet, PSI and/or PSI’s third-party hosting facilities may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, many states have enacted laws requiring companies to notify individuals of data security breaches involving their personal data. These mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity, which may cause our Investors, affiliates and partners to lose confidence in the effectiveness of our data security measures. Any security breach, whether actual or

perceived, would harm our reputation, we could lose Investors, and the value of your investment in the Notes could be adversely affected.

Any significant disruption in service on the PSI Website or in its computer systems could reduce the attractiveness of the Platform and result in a loss of users.

If a catastrophic event resulted in a Platform outage and physical data loss, PeerStreet's ability to perform its obligations would be materially and adversely affected. The satisfactory performance, reliability, and availability of PeerStreet's technology and its underlying hosting services infrastructure are critical to PeerStreet's operations, level of customer service, reputation and ability to attract new users and retain existing users. PSI's hosting services infrastructure is provided by a third party hosting provider (the "**Hosting Provider**"). The Hosting Provider does not guarantee that users' access to the PSI Website will be uninterrupted, error-free or secure. PeerStreet's operations depend on the Hosting Provider's ability to protect its and PSI's systems in its facilities against damage or interruption from natural disasters, power or telecommunications failures, air quality, temperature, humidity and other environmental concerns, computer viruses or other attempts to harm our systems, criminal acts and similar events. If PSI's arrangement with the Hosting Provider is terminated, or there is a lapse of service or damage to its facilities, PeerStreet could experience interruptions in its service as well as delays and additional expense in arranging new facilities. Any interruptions or delays in PeerStreet's service, whether as a result of an error by the Hosting Provider or other third-party error, PeerStreet's own error, natural disasters or security breaches, whether accidental or willful, could harm our ability to perform any services for corresponding loan investments or maintain accurate accounts, and could harm PeerStreet's and/or PSI's relationships with its users and customers and PeerStreet's and/or PSI's reputation. Additionally, in the event of damage or interruption, PeerStreet's insurance policies may not adequately compensate PeerStreet for any losses that we may incur. Neither PeerStreet nor PSI has tested a disaster recovery plan under actual disaster conditions, and any disaster recover plans may not have sufficient capacity to recover all data and services in the event of an outage at a facility operated by the Hosting Provider. These factors could prevent us from processing or posting payments on the corresponding loan investment or the Notes, damage PSI's and/or PeerStreet's brand and reputation, divert its employees' attention, and cause users to abandon the Platform.

The Notes limit your rights in some important respects.

To protect PeerStreet from having to respond to multiple claims by Investors in the event of an alleged breach or default with respect to a series of Notes, the Investor Agreement restricts Investors' rights to pursue remedies individually in connection with such breach or default.

In addition, PeerStreet may require that any claims against it be resolved through binding arbitration rather than in the courts. The arbitration process may be less favorable to Investors than court proceedings and may limit your right to engage in discovery proceedings or to appeal an adverse decision.

PeerStreet's ability to pay principal and interest on the Notes may be affected by its ability to match the timing of its income and deductions for U.S. federal income tax purposes.

PeerStreet's ability to pay principal and/or interest on a Note may be affected by its ability, for U.S. federal income tax purposes, to match the timing of income it receives from a corresponding loan investment that it holds and the timing of deductions that it may be entitled to in respect of payments made on the Notes that it issues. For example, if the Notes are treated as equity of PeerStreet, or if the Notes are treated as contingent payment debt instruments for U.S. federal income tax purposes but the corresponding loan investments are not, there could be a potential mismatch in the timing of PeerStreet's income and deductions for U.S. federal income tax purposes, and PeerStreet's resulting tax liabilities could affect its ability to make payments on the Notes.

If we fail to retain our key personnel, we may not be able to achieve our anticipated level of growth and our business could suffer.

Our future depends, in part, on our ability to attract and retain key personnel. Our future also depends on the continued contributions of our executive officers and other key personnel, each of whom would be difficult to replace. In particular, the Founder/Chief Executive Officer of PSI is critical to the management of our business and operations and the development of our strategic direction. The loss of the services of Brewster Johnson or other executive officers or key personnel and the process to replace any of our key personnel would involve significant time and expense and may significantly delay or prevent the achievement of our business objectives.

Risks Related to Compliance and Regulation

Non-compliance with laws and regulations may impair our ability to arrange or service loan investments.

Failure to comply with the laws and regulatory requirements applicable to our business may, among other things, limit our ability or a third party's ability to collect all or part of the payments on the loan investments on which the Notes are dependent for payment. In addition, our non-compliance could subject us to damages, revocation of required licenses or other authorities, class action lawsuits, administrative enforcement actions, and civil and criminal liability, which may harm our business and ability to maintain our Platform and may result in third party lenders, borrowers and real estate companies not doing business with us.

If PeerStreet is required to register under the Investment Company Act or became subject to the SEC's regulations governing broker-dealers, its ability to conduct its business could be materially and adversely affected.

The SEC heavily regulates the manner in which "investment companies" and "broker – dealers" are permitted to conduct their business activities. PeerStreet believe it has conducted its business in a manner that does not result in it being characterized as an investment company or broker-dealer, as it does not believe that it engages in any of the activities described under Section 3(a)(1) of the Investment Company Act of 1940 or any similar provisions under state law, or in the business of (i) effecting transactions in securities for the account of others as described under Section 3(a)(4)(A) of the Securities Exchange Act of 1934 (the "**Exchange Act**") or any similar provisions under state law or (ii) buying and selling securities for our own account, through a broker or otherwise as described under Section 3(a)(5)(A) of the Exchange

Act or any similar provisions under state law. PeerStreet intends to continue to conduct its business in such manner. If, however, it is deemed to be an investment company or a broker-dealer, it may be required to institute burdensome compliance requirements and its activities may be restricted, which would affect its business to a material degree.

Purchasers of Notes will not have the protection of the Investment Advisers Act of 1940.

PeerStreet will not provide any advice with respect to the Notes or the loans, and as a result does not believe it is conducting its business in a manner that requires registration as an investment adviser under the Investment Advisers Act of 1940 (“Advisers Act”) or similar state laws. As a result, purchasers of the Notes will not have the protections provided by the Advisers Act or any similar state laws.

Purchasers of Notes will not have the protection of a trustee, an indenture or the provisions of the Trust Indenture Act of 1939.

Because this offering is being made in reliance on an exemption from registration under the non-public offering exemption of Section 4(a)(2) of the Securities Act, it is not subject to the Trust Indenture Act of 1939. Consequently, purchasers of Notes will not have the protection of an indenture setting forth obligations of PeerStreet for the protection of Note holders or a trustee appointed to represent their interests.

We are not subject to the banking regulations of the Office of Comptroller of the Currency, Federal Deposit Insurance Corporation, the National Credit Union Administration, or the Board of Governors of the Federal Reserve.

We are not subject to the periodic examinations to which depository institutions are subject, such as national banks and federal thrifts. Consequently, our financing decisions and our decisions regarding establishing loan loss reserves are not subject to periodic review by a governmental agency. Moreover, we are not subject to regulatory oversight relating to our capital, asset quality, or management. We are subject to state licensing regimes and regulatory oversight by state banking departments and other state agencies, and the federal Consumer Financial Protection Bureau.

Recent legislative and regulatory initiatives have imposed restrictions and requirements on financial institutions that could have an adverse effect on our business.

The financial industry is becoming more highly regulated. There has been, and may continue to be, a related increase in regulatory investigations of the trading and other investment activities of alternative investment funds. Such investigations may impose additional expenses on us, may require the attention of senior management and may result in fines if we are deemed to have violated any regulations.

Corresponding borrower loans may be subject to a variety of onerous regulations, including the Truth-In-Lending Act.

Some of the corresponding mortgage loans may also be subject to certain provisions of the Truth-In-Lending Act, Real Estate Settlement Procedures Act, Fair Credit Reporting Act, Home Ownership Equity Protection Act, and similar statutes, and other applicable state laws and rules concerning loans. These provisions generally impose additional disclosure and other substantive requirements on creditors with respect to mortgage loans where funds are primarily used for personal, household or consumer purposes. These provisions can impose specific statutory liabilities upon creditors who fail to comply with their provisions and may affect the enforceability of the related loans. In addition, any assignee of the creditor may generally be subject to all claims and defenses that the consumer could assert against the creditor, including, without limitation, the right to rescind the loan. Furthermore, most states have enacted laws that contain substantive requirements on loans. These statutes and ordinances can place a significant burden of proof on the lender to justify its loan terms and lending practices, with some risk of rendering the loan unenforceable.

Third-party lenders from which PeerStreet purchases loans are responsible for their compliance with applicable state and federal lending laws, and PeerStreet has no control over such compliance.

The lending industry is a highly regulated industry. Although PeerStreet may purchase loans from, and participate in loans with, third party lenders, including banks and/or private lenders, those lenders are not agents of PeerStreet, and PeerStreet has no control over the compliance of such lenders with applicable state or federal laws. Although PeerStreet will conduct due diligence on such lenders, there is no guarantee of their compliance with applicable laws. In the event that a lender has not complied with such laws, it is possible that the loans originated by the lender would be deemed void in full or in part or would be otherwise unenforceable. As a result, payments on such loans would be reduced or never paid to PeerStreet and Investors in the associated Notes.

As Internet commerce develops, federal and state governments may adopt new laws to regulate Internet commerce, which may negatively affect our business.

As Internet commerce continues to evolve, increasing regulation by federal and state governments becomes more likely. Our business could be negatively affected by the application of existing laws and regulations or the enactment of new laws applicable to lending. The cost to comply with such laws or regulations could be significant and would increase our operating expenses, and we may be required to pass along those costs to our Investors in the form of increased fees. In addition, federal and state governmental or regulatory agencies may decide to impose taxes on services provided over the Internet. These taxes could discourage the use of the Internet as a means of commercial financing, which would adversely affect the viability of our Platform.

Laws intended to prohibit money laundering may require PeerStreet to disclose investor information to regulatory authorities.

The Uniting and Strengthening America By Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the “PATRIOT Act”) requires that financial institutions establish and maintain compliance programs to guard against money laundering

activities, and requires the Secretary of the U.S. Treasury (“Treasury”) to prescribe regulations in connection with antimoney laundering policies of financial institutions. The Financial Crimes Enforcement Network (“FinCEN”), an agency of the Treasury, has announced that it is likely that such regulations would subject certain pooled investment vehicles to enact anti-money laundering policies. It is possible that there could be promulgated legislation or regulations that would require PeerStreet or its service providers to share information with governmental authorities with respect to prospective Investors in connection with the establishment of anti-money laundering procedures. Such legislation and/or regulations could require PeerStreet to implement additional restrictions on the transfer of the Notes. PeerStreet reserves the right to request such information as is necessary to verify the identity of prospective Investors and the source of the payment of subscription monies, or as is necessary to comply with any customer identification programs required by FinCEN and/or the U.S. Securities and Exchange Commission. In the event of delay or failure by a prospective investor to produce any information required for verification purposes, or our failure to adequately verify such information, an application for or transfer of the Notes may be refused.

Risk of Including Foreign Investors

PeerStreet may accept Investors who are “Non-U.S. Persons,” in which case interest payments made to such an investor by PeerStreet could be subject to withholding taxes. In the event that PeerStreet fails to properly withhold on such payments, PeerStreet could remain liable for withholding taxes with respect to a Non-U.S. Person’s individual tax liabilities. There is a further risk that a Non-U.S. Person Investor could be named on the Treasury’s list of “Specially Designated Nationals,” “Blocked Persons,” or “Sanctioned Countries or Individuals,” which, if undiscovered, could result in an enforcement action against PeerStreet by the Treasury and/or other federal agencies. In order to mitigate these possibilities, PeerStreet will conduct due diligence on each Non-U.S. Person it admits as an Investor in the Notes, and will attempt to determine whether there are any security restrictions on its admissions, or applicable withholding taxes, at the time of its subscription.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This PPM contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, included in this PPM regarding real estate investments, real estate companies, our strategy, future operations, future financial position, series note listings, loan investments, future revenue, projected costs, prospects, plans, objectives of management and expected market growth are forward-looking statements. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “will,” “would” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements include, among other things, statements about:

- expected rates of return and interest rates;
- the attractiveness of our Platform;

- our financial performance;
- regulatory developments; and
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing.

We may not actually achieve the plans, intentions or expectations disclosed in forward-looking statements, and you should not place undue reliance on forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in forward-looking statements. We have included important factors in the cautionary statements included in this PPM, particularly in the “Risk Factors” section, that could cause actual results or events to differ materially from forward-looking statements contained in this prospectus. Forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

You should read this PPM, the Investor Agreement and any Series Note Listings completely and with the understanding that actual future results may be materially different from what we expect. We do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

USE OF PROCEEDS

PeerStreet will use the proceeds of each series of Notes, net of any applicable fees, to facilitate the funding of the corresponding loan investments.

PLAN OF DISTRIBUTION

The Notes will be offered by PeerStreet through the PSI Website at www.PeerStreet.com or through the efforts of brokers or dealers with whom PeerStreet may enter into agreements from time to time, and with whom PeerStreet may be affiliated. PeerStreet will pay all commissions to brokers or dealers.

ABOUT PEERSTREET AND PSI

Overview

PeerStreet and PSI, which wholly owns PeerStreet, provide a marketplace that allows accredited Investors to invest in loan investment opportunities that may have been historically difficult to access for some such Investors. Through the use of the PSI Website, Investors can browse and screen real estate loans, view details of an investment and sign legal documents online.

The Platform was designed to, among other things, benefit Investors because of the relatively low minimum investments needed when pools of such Investors are aggregated together in this way, and because such smaller individual investment amounts allow Investors to diversify their investment portfolio across a greater number of investment opportunities. The Platform was also designed to help real estate companies accelerate their access to desired funds.

PSI (Peer Street, Inc.) was formed as a Delaware corporation in December 2013. PeerStreet (Peer Street Funding, LLC) was formed as a Delaware limited liability corporation on July 25, 2014. For persons who have confirmed their status as accredited Investors, the PSI Website contains updated information on the total amounts of monies raised through the PSI Website and other updated information about PSI, PeerStreet and their business activities. From time to time, PeerStreet and PSI may also post (but have no obligation to post) on www.PeerStreet.com pertinent information about their financial condition, business activities and investment results. Investors can review such information as is posted from time to time by PeerStreet on www.PeerStreet.com.

Properties

PeerStreet's and PSI's headquarters are located in Manhattan Beach, CA, at the following mailing address: P.O Box 3207, Manhattan Beach, CA 90266.

PeerStreet Financial Information

PSI was formed in December 2013 and has had minimal operations since that time. PeerStreet was formed in July 2014. To date, PSI has incurred business losses and anticipates such losses will continue for the foreseeable future. PSI, and its affiliated entities, are currently financed by proceeds from the issuance of convertible debt. Prospective Investors can review information posted from time to time on the PSI Website for updated information about PSI and its financial background.

In the event that PSI is unable to generate profits and cannot obtain adequate financing, PeerStreet's operations and activities may be adversely affected. Any deterioration of the financial condition of PSI may present significant challenges to the Investors in terms of recouping their respective investments and returns in the Notes.

PeerStreet Management

The following section sets forth information regarding the management of PSI and PeerStreet as its wholly owned subsidiary.

Brewster Johnson is Founder and CEO of PSI. Prior to PSI, he worked as general counsel at VirtualTourist where he oversaw the company's sale to TripAdvisor (then wholly owned by Expedia). Prior to VirtualTourist, he was a real estate attorney at Allen Matkins Leck Gamble & Mallory and a technology attorney at Brobeck Phleger & Harrison. For over a decade, Brewster has been pursuing his two passions, real estate and technology; he advises and invests in tech startups and is an active real estate developer, investor and private lender. Brewster graduated from USC with degrees in international relations and history and earned a JD degree from UCLA School of Law.

Brett Crosby is Co-Founder and COO of PSI. Brett is responsible for product, marketing, PR, sales and business development. Previously he was Director of Marketing at Google where his 10 year tenure spanned many of Google's most prominent products. Most notably he co-founded

Google Analytics, helped start Google's mobile advertising business, ran the founding marketing team that launched Google+ and most recently ran the marketing teams responsible for the dramatic growth of Chrome, Gmail, Docs, and Drive. Before Google he co-founded Urchin Software Corporation, a web analytics service acquired by Google in 2005. He graduated USC with degrees in international relations and political science and furthered his education with programs at Georgetown, Michigan State and Semester at Sea.

Scott Gottlieb is Chief Compliance Officer of PSI. Scott is responsible for managing and overseeing regulatory compliance. Scott brings more than eighteen years of experience in developing, implementing and monitoring compliance programs for investment advisers, hedge funds, private equity firms and broker-dealers. Scott also serves as President of U.S. Compliance Consultants, a national-recognized provider of compliance solutions to the investment management industry. Prior to founding U.S. Compliance Consultants, Mr. Gottlieb practiced corporate and securities law with Kelley, Drye & Warren LLP, an international law firm. During the course of his legal career he advised clients on securities regulation, investment adviser compliance, broker-dealer regulatory issues, initial public offerings, private placements, venture capital financings and international joint ventures. Scott is an honors graduate of Tufts University and the University of Connecticut School of Law.

Alex Perelman is Head of Technology of PSI. Alex's broad experience in technology includes roles at Electronic Arts and Activision, where he developed some of the world's most successful video game franchises, Call of Duty and Spiderman. After leaving the video game world, Alex has focused on startups, where he has co-founded two companies and gone through the prestigious Y Combinator program. Alex graduated from UC Berkeley with a degree in computer science and earned an MBA from UCLA.

Jay Hartman is Head of Finance and Investments of PSI. Prior to PSI, he was a Managing Director of Paladin Realty Partners, where he worked from 1998 to 2014, and served on the firm's investment committee. Founded in 1995 by the ex-U.S. Treasury Secretary William E. Simon, Paladin is an institutional real estate investment fund manager that has acquired or developed assets in the United States and Latin America with a total capitalization in excess of \$5 billion. Jay's responsibilities at Paladin included a lead role in selling the firm's REIT, in a \$210 million transaction. Prior to Paladin, Jay worked from 1992 to 1996 for Sanwa Bank, where he managed a portfolio of troubled commercial real estate loans. Jay graduated from UC Davis with a degree in managerial economics and earned an MBA from UCLA.

Dan Graham is the Head of Partner Relations and Underwriting of PSI. Prior to PSI, Dan started a real estate consulting business and has amassed a broad range of experience. Dan's projects included sourcing equity and debt, underwriting acquisitions, and asset management for private investment funds. He was also involved with underwriting and management of pools of distressed debt, and operations and technology-related projects for the single family residential space. Dan began his career working in fixed income sales for Prudential, Deutsche Bank and Morgan Stanley, offering a full range of fixed income securities including treasuries, agencies, corporates, municipal bonds, ABS, MBS, CMBS and CDO's. Dan graduated from Vanderbilt

University with a degree in economics and earned an MBA with a focus on real estate and finance from USC.

Technology

The PSI Website and supporting services run on a cloud-based platform. PSI owns, operates and maintains elements of this system, but significant elements of the system are operated by third parties that PSI does not control. In particular, a significant portion of the system is hosted by the Hosting Provider which uses multiple locations. The Hosting Provider provides PSI with computing, storage capacity, and other services pursuant to an agreement that continues until terminated by either party. The agreement requires the Hosting Provider to provide PSI with the Hosting Provider's standard computing and storage capacity and related support in exchange for timely payment by PSI. PSI also maintains backups at a separate region within its cloud infrastructure. It backs up all customer data daily and replicates this data to a separate region within its cloud infrastructure via an encrypted connection.

PSI continuously monitors the performance and availability of its Platform. It has a scalable infrastructure that utilizes standard techniques such as load-balancing and redundancies. It has developed its architecture to work effectively in a flexible cloud environment that has a high degree of elasticity to enable it to quickly respond to significant changes in demand.

PSI expects to process electronic deposits and payments by originating ACH transactions. The Platform is designed and built as a highly scalable, multi-tier, redundant system. The Platform incorporates technologies designed to prevent any single point of failure within the infrastructure from taking the entire system offline. PSI expects to maintain a complete backup of the PSI Website and supporting services within a separate region of its cloud infrastructure in order to minimize service disruptions in the event of significant regional outages.

Data Integrity and Scalability

All sensitive data that is transmitted to and from our customers and service providers is transacted using a secure transport protocol. Communication of sensitive data via the web site to its customers is secured utilizing SSL 2048-bit enabled encryption certificates provided by GeoTrust. Communication of sensitive data with PeerStreet's service providers is secured utilizing authenticated SSL 2048-bit encryption and SSH protocols depending on the requirements. Access to the data and services by PeerStreet's and PSI's employees is expected to be restricted based upon a least-privilege principle such that employees have access only to the information and systems needed to perform their function. Logging and monitoring of host systems is done in real-time to a centralized database with web based reporting and additional notification to the appropriate staff for any remediation.

PeerStreet collects nonpublic personal information from several sources, including Investor applications, authorized verifications, credit reporting agencies, and title insurance companies. PeerStreet's privacy policies with respect to such information are set forth on the PSI Website at www.PeerStreet.com.

Competition

PeerStreet's business is highly competitive. PeerStreet faces competition from traditional sources such as real estate companies, mortgage loan brokers, and from other lenders, including commercial banks, savings and loan associations, credit unions, and other online lending and investment platforms, as well as individuals. PeerStreet also competes against other finance companies and other lenders whose loan structures and fee schedules might vary from those of traditional banking institutions.

We may also face future competition from new companies entering our market, which may include large, established companies. These companies may have significantly greater financial, technical, marketing and other resources than we do and may be able to devote greater resources to the development, promotion, sale and support of their consumer lending platforms. These potential competitors may be in a stronger position to respond quickly to new technologies and may be able to undertake more extensive marketing campaigns. These potential competitors may have more extensive potential customer bases than us. In addition, these potential competitors may have longer operating histories and greater name recognition than us. Moreover, if one or more of our competitors were to merge or partner with another of our competitors or a new market entrant, the change in competitive landscape could adversely affect our ability to compete effectively.

Conflicts of Interest.

PeerStreet will provide notice or disclose all conflicts of interest if such conflict is likely to materially impact Investors.

PeerStreet and its affiliated entities reserve the right to acquire properties in foreclosure, including properties that were subject to loans originated or funded by PeerStreet relating to the Notes described in this PPM. PeerStreet may serve as the original or substituted trustee of a deed of trust and may be entitled to all or some portion of the statutory trustee fees upon foreclosure (*i.e.*, the fees that would otherwise be payable or paid to a third party serving as the trustee).

PeerStreet may arrange and service other loans for other Investors at the same time that Notes are being offered to Investors (such loans may not be part of this offering), and these loans may be more secure or more profitable than the loans funded pursuant to this offering. In addition, PeerStreet may also arrange multiple loans for a single Borrower. Where a Borrower with multiple loans arranged by PeerStreet defaults, PeerStreet may choose or be required to enforce or forbear from enforcing this loan to the detriment of the Investors while not enforcing or forbearing on another loan with the same Borrower arranged by PeerStreet and managed or administered by PeerStreet.

PeerStreet may provide some loans for short-term purposes. This type of lending will typically occur through a bridge financing facility between PeerStreet and affiliates of PeerStreet. In some instances, PeerStreet may fund portions of the corresponding loans through the purchase of Notes, or PeerStreet may provide bridge financing in order a loan to be closed while the listing can remain active on the Platform until the listing is fully funded.

PeerStreet or an affiliate may itself purchase or fund Notes. PeerStreet or its affiliate will hold all such Notes in parity with the other Investors and will have the same rights as any other Investor. As such, PeerStreet may have interests in the loan as both the investor in the corresponding loan as well as an Investor in the Notes. Any investment made by PeerStreet in the Notes will be on the same terms and conditions as other Investors. There will be no notation in any Series Note Listing signifying that PeerStreet has participated in the funding of any corresponding loan investment.

Some corresponding loan investments originated by PeerStreet may provide for prepayment charges to be imposed on the Borrower in the event of certain early payments on the corresponding loan investments. Such charges are typically allowed by applicable law. If a corresponding loan investment does contain a prepayment charge, the Investors and/or PeerStreet would be entitled to keep the charge as is described in the Series Note Listing for the applicable corresponding loan investment.

Some of the Investors and principals in PeerStreet may be affiliated with or part of entities or organizations with which PeerStreet may hold a past, present or future business or commercial relationship. PeerStreet may, in its sole discretion, conduct business with such affiliated parties, and without any notice or disclosure thereof to Investors. These arrangements may create a potential conflict of interest for Investors. PeerStreet will provide notice or disclose such conflicts of interest if: (i) it involves a current relationship, and (ii) the relationship is likely to materially impact Investors.

INVESTMENT STANDARDS AND POLICIES

Evaluation and Pricing of Financing Opportunities

The financing of each corresponding loan investment generally commences with an individual, lender or third part real estate company requesting a loan investment from PeerStreet. The amount financed generally ranges from \$50,000 to \$25,000,000, and the term of the indebtedness generally ranges from six (6) months to five (5) years.

Loan Underwriting and Procedures

Subject to any exceptions set forth herein, PeerStreet intends to offer Loan Investments with the following characteristics:

Loan Size	\$50,000 to \$25,000,0000
Loan Type	First mortgage
Product Types	SFR, office, industrial, multi-family, retail, land, hospitality, and special purpose
Loan Purpose	Acquisition, rehabilitation, bridge, new construction
Location	United States
Term	One month to five years
LTV / LTC	Up to 75%, see below chart for detail
Debt Service Coverage Ratio	Flexible; in-place DSCR can be below 1.0X in some situations

Interest Rate	5.0% - 15.0%, generally fixed
Loan Fees	0% - 5.0%
Prepayment	Flexible
Amortization	Both interest only and amortizing
Recourse	Both recourse and non-recourse

PeerStreet reviews proposed loan investment opportunities and pursues opportunities where the total amount of the loan will generally not exceed a certain percentage of the value of the property securing the loan (the “loan -to-value ratio”), as indicated in the chart below:

Property Type	Maximum Loan-to-Value Ratio
Existing - Commercial or Residential	75%
Rehabilitation - Commercial or Residential	65% (on as-completed value)
New Construction	60% (on as-completed value)
Land	50%
Special Purpose (e.g., marina, cold storage)	50%

Notwithstanding the foregoing, the Company may offer Loan Investments with higher loan to value levels in certain instances.

Opportunistic Lending

For opportunistic lending opportunities, PeerStreet reviews the proposed investment opportunity and pursues investment opportunities where the risk-adjusted return is generally at or above general market based returns.

PeerStreet may sometimes retain a licensed independent appraiser to assist with its confirmation of a property’s fair market value. In other cases, PeerStreet may rely on opinions of value from other sources, such as the price of a recent sale of that particular property or comparable properties and an opinion of value from PeerStreet itself, the opinion of value provided by a lender PeerStreet purchased the loan investment from, or a real estate broker knowledgeable in the area where the property is located. In some cases, however, PeerStreet will determine that the cost or time to obtain an independent certified appraisal is not warranted.

The appraisal or evaluation for construction loans, rehabilitation loans and entitlement loans will be prepared on either an “after-completed” basis, *i.e.*, assuming that the entitlements or the improvements for which the loan is obtained will be completed or on an “as-is” basis if PeerStreet is not holding back any monies for rehabilitation or construction. The appraiser may also assume that all public improvements to be funded by special assessment district bonds will be completed as proposed and that the property will be marketed and sold in the manner planned by the Borrower. In the case of a construction loan, rehabilitation loan or entitlement loan, the loan-to-value ratio as estimated in the appraisal or evaluation and the budget for the project may exceed the loan-to-value ratios listed above at times during the term of the loan. This may occur because the appraisal or evaluation may be based upon the value of the property when the construction or improvements are completed or the entitlements obtained; however, before the construction, improvements or entitlements are completed, the value of the property will generally be less than the “as completed” appraised or evaluated value.

The interest rate that PeerStreet requires from a Borrower and other loan terms are based on negotiations conducted by PeerStreet and/or its origination partner with the Borrower. PeerStreet performs its own underwriting analysis, in its sole discretion, with respect to all corresponding loans. However, Investors should perform their own respective due diligence and should not rely on any evaluation or analysis performed by PeerStreet. Investors should independently assess the prospects of risks associated with any investment, including, without limitation, repayment risk associated with the Borrower, market risk associated with the property, value of the property as collateral, and regulatory, casualty and environmental risks.

If PeerStreet makes a potential corresponding loan the subject of an offering of a series of Notes, the Borrower may be required to maintain appropriate liability and property casualty insurance, and PeerStreet may (but will not always) be named as loss payee on any such. Any payment made on such policies may be used to repair the property or to reduce the outstanding balance on the corresponding loan investment and thus result in PeerStreet paying down the balance of the applicable series of Notes. PeerStreet does not generally require that the Borrower maintain property damage coverage for landslides, earthquakes, floods, or similar natural disaster events. Any hazard losses not then covered by the Borrower's insurance policy would result in the corresponding loan investment becoming significantly under-secured, and an Investor in a Note could sustain a significant reduction, or complete elimination of, the return and repayment of principal from that Note.

A Borrower whose loan investment request is allocated to the Platform will have their loan investment and property information posted on the Platform as part of the Series Note Listing for the corresponding offering of Notes. Investors can review all the various investment listings on the Platform and make a commitment towards any listing they wish to participate in funding, including a Series Note Listing. If a Series Note Listing receives enough lender member commitments to be funded, PeerStreet (or, in some instances, an affiliated financial institution) will make the loan investment requested and, at the same time, PeerStreet will sell the series of Notes relating to the corresponding loan investment to the Investors that made a commitment therefor pursuant to the Series Note Listing.

For some loan investments, PeerStreet will enter into the corresponding loan directly. In other cases, PeerStreet may enter into a relationship with one or more third parties to enter into the corresponding loan, with PeerStreet then purchasing the corresponding loan investment (or a participating interest therein) from the third party. In other cases, PeerStreet may purchase all or a portion of a loan that had been previously been issued by a third party.

Financing Terms

Loans are obligations of the Borrower to PeerStreet (or, in a participation arrangement, to the lead investor). Senior loans are generally secured by a first lien security interest such as a mortgage, deed of trust or security deed on the underlying real estate. If a Borrower defaults on a senior loan before the maturity date, PeerStreet (or lead lender) will, in its or their discretion, seek to foreclose on the property or take other actions to recover payment on the corresponding loan investment. Any funds PeerStreet recovers as a result of such actions prior to maturity of the related series of Notes will be paid to the holders of such Notes *pro rata*, net of any applicable collection fees or investor incentives.

Our payment obligations under the Notes are unsecured, and Investors do not have a security interest in the corresponding loans.

Purchase of Notes

Any series of Notes offered by us will be available for sale to accredited Investors who provide sufficient funds to make the desired investment and, if any state residence limitations are applicable for such offering, who reside in the permitted states for such offering. The Notes will be issued as soon as practicable after the corresponding loan investment closes and all due diligence on a corresponding loan investment is complete.

An Investor may purchase a Note by opening the Series Note Listing on the PSI Website and indicating the amount they wish to invest, subject to the minimum or maximum investment amount, if any. The investor will then be prompted to confirm the “order.” After such confirmation, the order will represent the investor’s binding commitment to purchase the Note. In the event we are required to amend this PPM or the applicable Series Note Listing -- for example, as a result of material changes to the information contained herein -- we will post a notice on the web page where the series of Notes are listed, in each case advising Investors that a material amendment to the PPM or Series Note Listing is pending, and applicable instructions and requirements related thereto. In such case, Investors will be able to cancel their order as long as a written cancellation notice is received by PeerStreet prior to close.

Upon the closing of the corresponding loan investment, the principal amount previously committed by the investor under the applicable Series Note Listing is deemed invested in a Note of that series. Notes are issued electronically, in “book entry” form, by means of registration of each investor’s ownership in our records.

PeerStreet Fees

PeerStreet or its affiliates will earn and be paid certain origination fees, generally ranging from 0% to 5.0% of the principal amount of each corresponding loan, from the Borrower. Such fees may be funded from the loan proceeds. The amount of the loan origination fee depends upon market conditions and is payable at the time the loan closes.

PeerStreet or its affiliates may also be paid an economic “spread”, which will be the difference between the Note interest rate paid to Investors and the interest rate or preferred return that real estate companies pay to PeerStreet under the corresponding real estate investment. Each Series Note Listing will describe the terms of the corresponding real estate investment as well as the terms of the Note. This fee shall only be earned and paid *pari passu* to PeerStreet as and when interest is paid by the underlying Borrower. PeerStreet or its affiliates may also be paid a servicing fee, as described in the Series Note Listing, for the ongoing administration of loan or preferred return payments, investor distributions, tax filings, reporting, and property oversight. In the cases of defaults, PeerStreet may also collect prevailing market rate special servicing fees to work out delinquent or non-performing real estate investments. PeerStreet may also choose to outsource servicing and special servicing to a third party servicing firm. Each Series Note Listing will describe the terms of the corresponding loan investment as well as the

terms of the Note. The servicing fee will reduce the effective yield on your Notes below their stated interest rate.

To the extent that PeerStreet (or an affiliate or a third party) charges the Borrower certain loan origination fees (“points”), the principal amount of the loan may be increased, which may adversely affect the ability of the Borrower to repay the loan. In addition, loan fees or points, (when added to the amount of the loan) will increase the gross amount of the loan thereby decreasing the Borrower’s equity in his or her property and correspondingly decreasing the Investor’s security.

If the loan is a construction or rehabilitation loan, PeerStreet (or an affiliate or a third party) may be reimbursed for its expenses and receive builder control fees for inspecting construction progress and monitoring disbursements from a loan disbursement account (if any). These fees and expenses generally will not exceed three percent (3%) of the principal amount of the loan and will be payable by the Borrower and may be payable out of loan or sales proceeds.

Certain provisions of applicable law may limit PeerStreet’s compensation with respect to loans secured by single dwelling units in a condominium or a cooperative or a residential building containing four units or less.

Certain series of Notes may also entitle PeerStreet to other fees. Any such fees will be disclosed in the Series Note Listing.

If collection action must be taken with respect to a loan investment, PeerStreet or a collection agency may charge a prevailing, market-rate special servicing fee, at a rate similar to what would be expected if negotiated in an arms-length transaction. These fees will correspondingly reduce the amounts of any payments Investors may receive on the Notes.

PeerStreet’s above-described compensation is not determined by arm’s-length negotiations with any Investor.

DOCUMENTATION AND INFORMATION AVAILABLE TO THE INVESTOR

In addition to this PPM, the following documentation will be available to each Investor on the PSI Website at www.PeerStreet.com:

1. The Note and/or any related certificate, or a copy of the same,
2. Investor Agreement, and
3. Series Note Listing.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion sets forth certain material U.S. federal income tax considerations generally applicable to the acquisition, ownership and disposition of the Notes by Investors that are U. S. Holders (as defined below). This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the “*Code*”), Treasury regulations promulgated thereunder

(the “*Treasury Regulations*”), administrative pronouncements of the U.S. Internal Revenue Service (the “*IRS*”) and judicial decisions, all as currently in effect and all of which are subject to change and to different interpretations. Changes to any of the foregoing authorities could apply on a retroactive basis, and could affect the U.S. federal income tax consequences described below.

This discussion does not address all of the U.S. federal income tax considerations that may be relevant to a particular Investor’s circumstances, and does not discuss any aspect of U.S. federal tax law other than income taxation, or any state, local or non-U.S. tax consequences of the acquisition, ownership and disposition of the Notes. This discussion applies only to Investors who purchase the Notes for cash at original issue and who hold the Notes as “capital assets” within the meaning of the Code (generally, assets held for investment). This discussion does not address U.S. federal income tax considerations applicable to Investors that may be subject to special tax rules, such as (without limitation):

- securities dealers or brokers, or traders in securities electing mark-to-market treatment;
- banks, thrifts or other financial institutions;
- insurance companies;
- regulated investment companies or real estate investment trusts;
- tax-exempt organizations;
- persons holding Notes as part of a “straddle,” “hedge,” “synthetic security” or “conversion transaction” for U.S. federal income tax purposes, or as part of some other integrated investment;
- partnerships or other pass-through entities;
- persons subject to the alternative minimum tax;
- certain former citizens or residents of the United States;
- Non-U.S. Holders (as defined below); and
- U.S. Holders (as defined below) whose functional currency is not the U.S. dollar.

In addition, this discussion does not address withholding taxes which may be imposed pursuant to Sections 1471 through 1474 of the Code and the Treasury Regulations thereunder.

As used herein, a “*U.S. Holder*” is a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate whose income is subject to U.S. federal income tax regardless of its source, or

(iv) a trust if (A) a U.S. court has the authority to exercise primary supervision over the administration of the trust and one or more “United States persons” (as defined under the Code) are authorized to control all substantial decisions of the trust or (B) it has a valid election in place to be treated as a “United States person.” A “*Non-U.S. Holder*” is any beneficial owner of a Note that is not a U.S. Holder or an entity treated as a partnership for U.S. federal income tax purposes.

If an entity treated as a partnership for U.S. federal income tax purposes holds Notes, the U.S. federal income tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. A partnership holding Notes, and partners in such a partnership, should consult their own tax advisors with regard to the U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes by the partnership.

THIS DISCUSSION OF U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE INVESTORS SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Tax Characterization of the Notes

No statutory provisions, Treasury Regulations, published rulings or judicial decisions directly address the characterization of the Notes or instruments similar to the Notes for U.S. federal income tax purposes. Although the matter is not free from doubt, we intend to treat the Notes as our debt instruments that have original issue discount (“*OID*”) for U.S. federal income tax purposes unless and until there is a change or clarification in the law, by Treasury Regulation or otherwise, that would require a different characterization of the Notes. Where required, we intend to file information returns with the IRS in accordance with such treatment. Each Investor, by its acceptance of a Note, will be deemed to have agreed to such treatment except as otherwise required by applicable law.

You should be aware that the characterization of the Notes for U.S. federal income tax purposes is subject to substantial uncertainty, the IRS is not bound by our characterization and the IRS or a court may take a different position with respect to the Notes’ proper characterization. For example, the IRS could determine that, in substance, each Investor owns a proportionate interest in the corresponding loan investment for U.S. federal income tax purposes. Alternatively, the IRS could seek to treat the Notes as a different financial instrument (including an equity interest in us or a derivative financial instrument).

Any different characterization of the Notes could significantly affect the amount, timing and character of income, gain or loss recognized by an Investor in respect of a Note. Moreover, any such different characterization may significantly reduce the amounts available to pay interest and principal on the Notes. For example, if each Investor was treated as owning a proportionate interest in the corresponding loan investment, the U.S. federal income tax consequences of owning the Notes would depend on the characteristics of the loan investment, which characteristics could differ significantly from the intended characteristics of the Notes for

U.S. federal income tax purposes. If the Notes were treated as our equity (i) we would be subject to U.S. federal income tax on any income, including interest, accrued on the corresponding loan investment but would not be entitled to deduct interest or OID on the Notes, which, among other things, would reduce the amount of cash available to make payments on the Notes, and (ii) payments on the Notes would be treated by the Investor for U.S. federal income tax purposes as dividends (which may be ineligible for reduced rates of U.S. federal income taxation or the dividends-received deduction) to the extent of our earnings and profits as computed for U.S. federal income tax purposes.

The following discussion assumes the Notes will be treated as our debt instruments that have OID for U.S. federal income tax purposes.

Taxation of Payments on the Notes

Subject to the discussion below regarding Short-Term Notes (*i.e.*, Notes that have a maturity of one year or less), generally, you will be required to accrue OID income as ordinary interest income for U.S. federal income tax purposes, regardless of your regular method of tax accounting, under a “constant yield method,” as described below. Under this treatment, if a payment on a Note is not made in accordance with the payment schedule in respect of the corresponding loan investment (for example, because of a late payment on the corresponding loan investment), you will be required to include an amount of OID in taxable income as interest even though you have not received the actual payment from the corresponding loan investment.

The Treasury Regulations governing OID provide special rules for determining the amount and accrual of OID for debt instruments that provide for one or more alternative payment schedules applicable upon the occurrence of contingencies. If the timing and amounts of the payments that comprise each payment schedule are known as of the issue date, and based on all the facts and circumstances as of the issue date, a single payment schedule for a debt instrument, including the stated payment schedule, is significantly more likely than not to occur, the amount and accrual of OID is determined based on that payment schedule. In addition, under the applicable Treasury Regulations, remote and/or incidental contingencies generally may be ignored. A contingency relating to the amount of a payment is incidental if, under all reasonably expected market conditions, the potential amount of the payment is insignificant relative to the total expected amount of the remaining payments on the debt instrument. A contingency relating to the timing of a payment is incidental if, under all reasonably expected market conditions, the potential difference in the timing of the payment is insignificant.

The regular payment schedule for each Note provides for payments of principal and interest on the Note in accordance with the payment schedule for the corresponding loan investment. However, the Notes provide for one or more alternative payment schedules because we are obligated to make payments on a Note only to the extent that we receive payments on the corresponding loan investment. In addition, we will prepay a Note to the extent that a Borrower prepays the loan investment corresponding to the Note, and we may pay late fees collected on a corresponding loan investment to the holders of the corresponding Note. Moreover, certain series of Notes may feature additional contingent payment provisions reflecting a similar feature in a corresponding loan investment, whereby Investors may be able to realize additional payments upon the occurrence of certain events during the life of the corresponding investment.

Notwithstanding such contingencies, we intend to use the regular payment schedule of a Note (disregarding such contingencies) to determine the amount and accrual of OID on the Note because we believe a Note is significantly more likely than not to be paid in accordance with such payment schedule and/or the likelihood of nonpayment, prepayment, late payment or additional contingent payments on the loan corresponding to such Note will be remote or incidental. If, in the future, we determine that the treatment described in the previous sentence does not apply to a Note, we anticipate that we will be required to determine the amount and accrual of OID for such Note pursuant to the rules applicable to “contingent payment debt instruments,” which are described below, and we shall so notify you.

Assuming a Note does not constitute a “contingent payment debt instrument” (discussed in greater detail below), the aggregate amount of OID for the Note will equal the excess of the Note’s “stated redemption price at maturity” over its “issue price.” The stated redemption price at maturity of a Note includes all payments on the Note under the payment schedule of the Note. The issue price of a Note generally will equal the principal amount of a Note.

Under the constant yield method, the amount of OID includible in income for a taxable year is the sum of the “daily portions” of OID with respect to the Note for each day during the taxable year in which the Investor held the Note. The daily portion of OID is determined by allocating to each day of any accrual period within a taxable year a *pro rata* portion of an amount equal to the product of such Note’s adjusted issue price at the beginning of the accrual period and its yield to maturity (properly adjusted for the length of the period). The adjusted issue price of a Note at the beginning of any accrual period should be its issue price, increased by the aggregate amount of OID previously accrued with respect to the Note, and decreased by any payments previously made on the Note. A Note’s yield to maturity should be the discount rate that, when used to compute the present value of all payments to be made on the Note under the payment schedule of the Note, produces an amount equal to the issue price of such Note.

If a Note is paid in accordance with its regular payment schedule, the amount of OID includible in income is anticipated to be based on the yield of the Note under such schedule. For a series of Notes with respect to which the stated interest rate reflects any applicable fees or other charges borne by the Investors under the regular payment schedule, the amount of OID includible in income is anticipated to be based on the stated interest rate of the Notes, and as a result, an Investor generally will be required to include an amount of OID in income that is equal to the amount of stated interest paid on the Notes. On the other hand, for a series of Notes with respect to which the stated interest rate does not reflect all applicable fees or other charges borne by the Investor under the regular payment schedule, the yield will be lower than the stated interest rate on the Note. As a result, you generally would be required to include an amount of OID in income with respect to such a Note that is less than the amount of stated interest paid on the Note.

Cash payments under the payment schedule for the Notes will not be separately included in income, but rather will be treated first as payments of previously accrued but unpaid OID and then as payments of principal.

Sale, Retirement or Other Taxable Dispositions of Notes

Upon the sale, retirement or other taxable disposition of a Note, generally you will recognize gain or loss equal to the difference, if any, between the amount realized upon the sale, retirement or other taxable disposition and your adjusted tax basis in the Note. In general, your adjusted tax basis in the Note will equal your cost for the Note, increased by any OID previously included in gross income by you, and reduced by any payments previously received by you in respect of the Note.

Except as discussed below with respect to a Note subject to the rules governing contingent payment debt instruments or short-term debt instruments, your gain or loss on the taxable disposition of a Note generally will be long-term capital gain or loss if the Note has been held for more than one year and short-term otherwise. The deductibility of capital losses is subject to limitations.

Prepayments

If we prepay a Note in full, the Note will be treated as retired and, as described above, you generally will recognize gain or loss equal to the difference, if any, between the amount realized upon the retirement and your adjusted tax basis in the Note. If we prepay a Note in part, a portion of the Note will be treated as retired. Generally, for purposes of determining (i) your gain or loss attributable to the portion of the Note retired and (ii) your OID accruals on the portion of the Note remaining outstanding, the adjusted issue price, your adjusted tax basis, and the accrued but unpaid OID of the Note, determined immediately before the prepayment, will be allocated between the two portions of the Note based on the portion of the Note that is treated as retired.

The yield to maturity of a Note is not affected by a partial prepayment.

Late Payments

As discussed above, late fees collected on a loan investment may be paid to you as described in the Series Note Listing. We anticipate any late fees paid will be insignificant relative to the total expected amount of the remaining payments on the Note. In such case, any late fees paid to you should be taxable as ordinary income at the time such fees are paid or accrued in accordance with your regular method of accounting for U.S. federal income tax purposes.

Nonpayment of Loan Investment Corresponding to Note

In the event that we do not make scheduled payments on a Note as a result of nonpayment by the Borrower on the corresponding loan investment, generally you must continue to accrue and include OID on a Note in taxable income until the maturity date except as described below. Solely for purposes of the OID rules, the Note may be treated as retired and reissued on the scheduled payment date for an amount equal to the Note's adjusted issue price on that date. As a result of such reissuance, the amount and accrual of OID on the Note may change. At the time of the deemed reissuance, due to nonpayment by the Borrower, we may not be able to conclude that it is significantly more likely than not that the Note will be paid in

accordance with one payment schedule and/or that the likelihood of future nonpayment, prepayment, or late payment by the Borrower on the loan corresponding to such Note will be remote or incidental. Accordingly, the Note may become subject to the contingent payment debt instrument rules (which are discussed in more detail below). In addition, in the event that a Note's maturity date is extended because amounts remain due and payable on the initial maturity date by the Borrower on the loan investment corresponding to the Note, the Note likely will be treated as reissued and become subject to the contingent payment debt instrument rules. If we determine that a Note is subject to the contingent payment debt instrument rules as a result of such a reissuance, we will notify you and provide the projected payment schedule and comparable yield.

If collection on a Note becomes doubtful, you may be able to cease accruing OID on the Note. Under current IRS guidance, it is not clear whether you may cease accruing OID if scheduled payments on a Note are not made.

You should consult your own tax advisor regarding the accrual and inclusion of OID in income when collection on a Note becomes doubtful.

Losses as a Result of Worthlessness

The tax consequences of a Note becoming wholly or partly worthless are not entirely clear. In the event a Note is considered a "security" within the meaning of Section 165(g)(2) of the Code and such Note becomes wholly worthless, you generally should be entitled to deduct your loss on the Note as a capital loss in the taxable year the Note becomes wholly worthless. The portion of your loss attributable to accrued but unpaid OID may be deductible as an ordinary loss, although such treatment is not entirely free from doubt. You should consult your own tax advisor regarding the consequences of a Note becoming worthless, including whether or not a Note is a "security" for these purposes.

Potential Characterization as Contingent Payment Debt Instruments

Although we believe our intended treatment of a Note as our debt instrument that is not subject to the "contingent payment debt instrument" rules is reasonable, our position is not binding on the IRS or the courts and we cannot predict what the IRS or a court would ultimately decide with respect to the proper U.S. federal income tax treatment of the Notes. Accordingly, among other risks, the IRS or a court could determine the Notes are "contingent payment debt instruments" because payments on the Notes are linked to performance on the corresponding loan investment. If a Note is characterized as a contingent payment debt instrument or, in the future, if we conclude a Note is subject to the contingent payment debt instrument rules, such Note would be subject to special rules. Under such rules, you generally would be required to accrue interest income under the "non-contingent bond method." Under this method, interest would be taken into account, whether or not the amount of any payment was fixed or determinable in the taxable year, based on a hypothetical non-contingent bond, which is based on a "comparable yield" (generally, a hypothetical yield to be applied to determine interest accruals with respect to the Note, and which can be no less than the applicable federal rate) and a "projected payment schedule" (generally, a series of projected payments, the amount and timing of which would produce a yield to maturity on the Note equal to the comparable yield). Based

on the comparable yield and the projected payment schedule, generally you would be required to accrue as OID the sum of the daily portions of interest for each day in the taxable year that you held the Note, adjusted to reflect the difference, if any, between the actual and projected amount of any contingent payments on the Note. The daily portions of interest are determined by allocating to each day in an accrual period the ratable portion of interest that accrues in such accrual period. The amount of interest you may accrue under this method could be higher or lower than the stated interest rate on the Notes. In addition, any gain recognized on the sale, exchange or retirement of your Note generally would be treated as ordinary interest income, and any loss would be treated as ordinary loss to the extent of prior OID inclusions, and then as capital loss thereafter.

Short-Term Notes

The following discussion applies to Notes that have a maturity of one year or less from the date of issue (“*Short-Term Notes*”). Special rules address the U.S. federal income taxation of Short-Term Notes, which rules are not entirely clear in all situations. In general, applicable Treasury Regulations provide that, in the case of a debt instrument with a maturity date of one year or less, no payments of interest are considered qualified stated interest. This means that a Short-Term Note is treated as having OID equal to the excess of the total payments on the obligation over its issue price.

In general, if you are a cash method taxpayer, you should not be required to recognize interest income until actual or constructive receipt of payment, unless you elect to accrue OID in income on a current basis under either a straight-line or a constant yield method. If you do not elect to currently include accrued OID in income, you will not be allowed to deduct any of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry the Note (in an amount not exceeding the deferred income), and instead you will be required to defer deductions for such interest until the deferred income is realized upon the maturity of the Note or its earlier disposition in a taxable transaction. If you elect to include accrued OID in income on a current basis, the limitation on the deductibility of interest will not apply. Upon disposition of a Short-Term Note, you will be required to characterize some or all of the gain realized on a sale, exchange or retirement of the Note as ordinary income. The amount characterized as ordinary income upon such disposition generally will equal an amount of OID that would have accrued under a straight -line basis or, if you so elect, an amount of OID that would have accrued under a constant yield method.

If you are an accrual method taxpayer, you generally will be required to accrue OID in income on a current basis on either a straight-line basis or, at your election, under the constant yield method based on daily compounding.

In addition, while there are special “contingent payment debt instrument” rules that address the U.S. federal income taxation of debt instruments that have a maturity date of more than one year and that provide for one or more contingent payments (as discussed above), those rules generally do not apply to short-term obligations. Accordingly, the U.S. federal income taxation of short-term obligations that provide for contingent payments is not entirely clear.

You are strongly advised to consult your own tax advisor with regard to the U.S. federal income tax consequences of the acquisition, ownership and disposition of Short-Term Notes.

Additional Tax on Net Investment Income

Certain non-corporate Investors are subject to a 3.8% tax, in addition to the regular tax on income and gains, on some or all of their “net investment income,” which generally will include interest recognized on a Note and any net gain recognized upon a sale or other taxable disposition of a Note. Investors should consult their tax advisors regarding the applicability of this tax in respect of the Notes.

Backup Withholding and Reporting

We will be required to report information to the IRS on certain payments on a Note (including interest) and on proceeds of the sale of a Note if you are not an exempt recipient (such as a corporation). In addition, backup withholding (currently at a 28% rate) may apply to payments made to you if (a) you do not furnish or you have failed to provide your correct taxpayer identification number, (b) we have been instructed by the IRS to backup withhold because of underreporting (generally meaning that the IRS has determined and notified you that you have failed to report any reportable dividend and interest payments required to be shown on a tax return for a taxable year), or (c) in certain circumstances, you have failed to comply with applicable certification requirements or otherwise establish an exemption from backup withholding.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your U.S. federal income tax liability provided the required information is furnished to the IRS on a timely basis. You should consult your tax advisor regarding the application of information reporting and backup withholding rules in your particular situation, the availability of an exemption, and the procedure for obtaining such an exemption, if applicable.

ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended (“*ERISA*”), and corresponding provisions of the Code, impose certain requirements on pension, profit sharing, and other employee benefit plans to which they apply, including individual retirement accounts and annuities, Keogh plans, and other tax-exempt plans (“*Plans*”), and on those persons who are fiduciaries or parties in “interest” with respect to such Plans. PeerStreet has the right, in its sole discretion, to permit or restrict investments in the Notes by “benefit plan investors” as that term is defined by ERISA. PeerStreet presently intends to restrict investments in the Notes by benefit plan investors. As a result, it is not expected that the assets of the Notes will be treated as “plan assets” of such benefit plan investors for purposes of the fiduciary responsibility standards and prohibited transaction restrictions of ERISA and the parallel prohibited transaction excise tax provisions of the Code.

RESTRICTIONS ON TRANSFERS

The Notes are not being registered under the Securities Act of 1933. The Notes may not be sold or transferred unless they are registered under the Securities Act and the applicable securities laws of any appropriate jurisdiction, or unless exemptions from such registration requirements are available. Accordingly, the Notes will not be listed on any securities exchange, nor does PeerStreet have plans to establish any kind of trading platform to assist Investors who wish to sell their Notes. There is no public market for the Notes, and none is expected to develop. Accordingly, Investors may be required to hold Notes to maturity.

As a condition to this offering, various restrictions have been placed upon the ability of Investors to resell or otherwise dispose of any Notes purchased hereunder, including without limitation the following:

1. No Investor may resell or otherwise transfer any Notes except to a person or entity that meets the eligibility standards described herein. (See “Investor Qualifications”)

2. Prior to reselling or transferring any Notes to any person or entity in a manner that otherwise complies with the restrictions noted herein, the Investor must offer the Notes to PeerStreet (in writing) for purchase (“**Right of First Refusal**”). If PeerStreet does not purchase the securities within thirty (30) calendar days from the date upon which it receives written notice of the Investor’s offer, then the Investor may resell or transfer the securities to another person or entity, provided that the transfer or resale otherwise complies with the requirements and restrictions on transfer noted herein.

3. The Notes have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the “**Act**” or the “**Securities Act**”), in reliance upon the exemptions provided for under Section 4(a)(2) and Rule 506 of Regulation D promulgated thereunder. Notes may not be sold or otherwise transferred without registration under the Securities Act or pursuant to an exemption therefrom. In addition, no sales or transfers may be made for at least one (1) year after the last sale by PeerStreet of a particular series of Notes. In the case of construction or rehabilitation loans, that one-year period will not begin to run until the last loan disbursement under the loan disbursement agreement has been funded. Any such sale or transfer shall be subject to PeerStreet’s right of first refusal described in the preceding paragraph.

4. A transfer fee equal to five hundred dollars (\$500) (the “**Transfer Fee**”) shall be charged for every transfer request made by Investor to PeerStreet for administrative and legal costs.

5. No sale or transfer shall be effective unless the buyer or transferee has executed and delivered to PeerStreet all documents required by PeerStreet for investing in the Notes and paid the Transfer Fee to PeerStreet.

The Notes will be registered electronically with PeerStreet and PeerStreet does not anticipate issuing physical Notes or related instruments. The form of Note that will be available online will contain one or more legends stating that the Notes have not been registered under the Securities Act and describing the applicable limitations on resale.

ADDITIONAL INFORMATION AND UNDERTAKINGS

PeerStreet undertakes to make available to each potential investor every opportunity to obtain any additional information from PeerStreet necessary to verify the accuracy of the information contained in this PPM. PeerStreet will provide such information to the extent that it possesses such information or can acquire it without unreasonable effort or expense. This additional information includes documents or instruments relating to the operation and business of PeerStreet that are material to this offering and the transactions contemplated and described in this PPM. Should you have any questions, please do not hesitate to contact PeerStreet as follows:

Peer Street Funding, LLC.

P.O. Box 3207

Manhattan Beach, CA 90266

info@PeerStreet.com

EXHIBIT A

MASTER MORTGAGE DEPENDENT PROMISSORY NOTE

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER ANY STATE SECURITIES LAWS. THIS NOTE IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED, SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THIS NOTE UNDER THE ACT OR APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS. SEE THE PRIVATE PLACEMENT MEMORANDUM (THE "MEMORANDUM") ISSUED BY COMPANY, DATED AS OF OCTOBER 26, 2014, AND THE INVESTOR AGREEMENT BETWEEN THE COMPANY AND THE HOLDER WITH RESPECT TO THIS NOTE FOR MORE DETAILS.

FOR PURPOSES OF SECTIONS 1272, 1273 AND 1275 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, THIS NOTE IS BEING ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") BECAUSE PAYMENTS ON THIS NOTE ARE DEPENDENT ON PAYMENTS ON THE CORRESPONDING MORTGAGE LOAN (AS DEFINED IN THE MEMORANDUM). THIS NOTE'S ISSUE PRICE IS THIS NOTE'S STATED PRINCIPAL AMOUNT, AND THE ISSUE DATE IS THE ORIGINAL ISSUE DATE. FOR FURTHER INFORMATION REGARDING THE AMOUNT OF OID AND THE YIELD TO MATURITY OF THIS NOTE, THE HOLDER OF THIS NOTE SHOULD CONTACT THE COMPANY AT P.O. BOX 3207, MANHATTAN BEACH, CA 90266. ,

This Master Mortgage Dependent Promissory Note ("Master Note") contains the terms that shall apply to each investment (a "Loan Investment") made by _____ ("Holder") via the platform located at www.peerstreet.com (the "PeerStreet Website") in accordance with the Investor Agreement and Memorandum. References herein to a "Note" shall apply to each Loan Investment made by Holder on the PeerStreet Website. Capitalized terms that are not defined herein shall have the meaning prescribed to them in the Memorandum or Investor Agreement. Maker will issue Notes in electronic form only. This means that each Note will be stored on the PeerStreet Website. Holder can view a record of the Notes owned by Holder online and print copies of this Master Note and the online record of your Notes for your records by visiting your secure, password-protected webpage in the "Dashboard" section of the PeerStreet Website. Maker will not issue certificates for the Notes.

FOR VALUE RECEIVED, the undersigned, Peer Street Funding, LLC, a Delaware limited liability company (the "Company"), hereby promises to pay Holder the principal sum(s) of each Loan Investment, together with interest on the unpaid principal balance thereon in accordance with the terms contained herein:

1. Special Limited Obligation. This Note represents a special limited obligation of the Company, and (1) no payments of principal and interest on this Note shall be payable unless the Company has received payments relating to the corresponding mortgage loan, and then only to the extent of the amount of such payments received by the Company (less any fees and costs allowed to be charged under the Memorandum), and (2) no Holder of this Note shall have any recourse against the Company unless, and then only to the extent that, the Company has received payment relating to the corresponding mortgage loan and has failed to pay such Holder their pro rata share of the payments that the Company actually received under the corresponding mortgage loan (less any fees and costs allowed to be charged under the Memorandum). The principal and interest payable on any payment date will be paid to the party in whose name this Note is registered.

2. Interest. Interest on the unpaid principal balance will accrue at an annual rate equal to the Interest Rate identified in a particular Series Note Listing.

3. Payment of Principal and Interest.

3.1 Payments. Payments shall be due and payable in arrears in consecutive periodic installments in accordance with this Note's payment schedule identified on the PeerStreet Website. All payments of principal and interest on this Note due to the Holder shall be made in U.S. dollars, in immediately available funds, by intra-institution book entry transfer to the Holder's designated account indicated through the Company's online platform. Such payments shall continue until the entire indebtedness evidenced by this Note and all accrued and unpaid interest and fees are fully paid, with any unpaid principal and interest due and payable on the Initial Maturity Date, unless the Company has extended the maturity date to the Final Maturity Date. Notwithstanding any payment schedule, the Company shall only be obligated to make any payment on this Note if and only if, and only to the extent that, Company receives payment relating to the corresponding mortgage loan (less any fees and costs allowed to be charged under the Memorandum). Should the Company not receive any payments relating to the corresponding mortgage loan, Company will not owe anything to Holder. The Note will mature on the Initial Maturity Date; *provided, however,* that if on the Initial Maturity Date any principal or interest payments in respect of the corresponding mortgage loan remain due and payable to the Company, the maturity date of this Note will be extended to the Final Maturity Date.

3.2 Amounts Advanced by Company. As set forth in the Memorandum, the Company will, at its sole discretion, advance any and all amounts necessary to protect its interest in the corresponding mortgage loan, including (without limitation) foreclosure fees and related costs as well as payments necessary to pay property taxes, senior liens, junior liens, and other fees and costs Company deems necessary to protect its position in the corresponding mortgage loan (the "Company's Advances"). Any fees advanced by the Company will earn interest at the interest rate applicable to the corresponding mortgage loan. Any amounts paid to the Company under the corresponding mortgage loan shall be payable as follows: (1) to the Company, to recoup the Company's Advances, (2) to the Company or third parties for any fees and costs allowed to be charged under the Memorandum and (3) the balance, if any, pro rata to the Holders of the Notes.

3.3 Withholding. If any withholding tax is imposed on any payment made by the Company to a Holder pursuant to this Note, such tax shall reduce the amount otherwise payable with respect to such payment. Upon request of the Company, a Holder shall provide the Company with an Internal Revenue Service Form W-9, W-BEN, W-8ECI, W-8IMY or other similar withholding certificate of a state, local or foreign governmental authority such that the Company may make payments under the Note without deduction for, or at a reduced rate of deduction for, any tax.

4. Events of Default. On (a) the Company's failure to pay any installment or other sum due under this Note when due and payable when the Company has received the same from the corresponding mortgage loan (whether by extension, acceleration, or otherwise), (b) the Company has become subject to a voluntary or involuntary proceeding of bankruptcy, insolvency, or otherwise subject to receivership and remains so for a period of 60 days, or (c) any breach of any other promise or obligation in this Note or in any other instrument now or hereafter securing the indebtedness evidenced by this Note (collectively, "Default"), then after upon sixty (60) days from the date of receiving written notice of such default from the Holder, and if the Company fails thereafter to cure said default, the Holder may, at its option, declare this Note (including, without limitation, all accrued interest) due and payable immediately regardless of the applicable maturity date. The Company must receive notice of the exercise of this option. For the purposes of this paragraph, shall be deemed to receive Holder's notice if Holder follows the notice provisions in paragraph 7 of this Note.

5. Prepayment. Company may prepay this Note in whole or in part at any time without any penalty. All prepayments of principal on this Note shall be applied to the most remote principal installment or installments then unpaid.

6. Sale Clause. Subject to compliance with the Act and applicable securities laws and regulations, Company may sell, convey, assign or otherwise transfer (a) all or any part of the corresponding mortgage loan or (b) any interest in the corresponding mortgage loan, whether any such sale, conveyance, assignment or other transfer occurs directly or indirectly, voluntarily or involuntarily or by operation of law, without the prior written consent of the Holder.

7. Waiver. The Company, endorsers, and all other persons liable or to become liable on this Note waive diligence, presentment, protest and demand, and also notice of protest, demand, nonpayment, dishonor and maturity and consents to any extension of the time or terms of payment hereof, any and all renewals or extensions of the terms hereof, any release of all or any part of the security given for this Note, any acceptance of additional security of any kind and any release of any party liable under this Note.

8. Notice. Any notice required to be provided in this Note shall be given and received via electronic mail, unless applicable law requires that such notice be given in writing. All notices shall be addressed to the party to whom such notice is to be given at (i) info@peerstreet.com or such other email address the Company may notify Holder via the PeerStreet Website, if the recipient is the Company or (ii) the electronic mail address used by Holder when registering online at the Company's investment platform if the recipient is the Holder; subject to the parties updating such addresses by providing notice pursuant to this Section 8.

9. Forbearance Not a Waiver. If the Holder delays in exercising or fails to exercise any of its rights under this Note, that delay or failure shall not constitute a waiver of any the Holder rights or of any breach, default, or failure of condition under this Note. No waiver by the Holder of any of its rights or of any such breach, default, or failure of condition shall be effective, unless the waiver is expressly stated in a writing signed by Holder.

10. Assignment. This Note inures to and binds the heirs, legal representatives, successors, and assigns of the parties; *provided* that the Holder may only assign or transfer this Note in connection with the terms outlined in the Memorandum, and under no circumstances may Holder assign or transfer this Note in violation of the Act.

11. Governing Law. This Note shall be construed and enforce able according to the laws of the State of Delaware (without giving effect to its conflicts of laws principles) for all purposes.

12. Time Is of the Essence. Time is of the essence with respect to all obligations of the Company under this Note.

13. No Modifications or Amendments; No Waiver. Except as specified herein or the Memorandum, this Promissory Note may not be amended, modified or changed, nor shall any waiver of the provisions hereof be effective, except only by an instrument in writing signed by the party against whom enforcement of any waiver, amendment, change, modification or discharge is sought. Additionally, a waiver of any provision in one event shall not be construed as a waiver of any other provision at any time, as a continuing waiver, or as a waiver of such provision on a subsequent event.

14. Severability. Any provision of this Promissory Note which shall be held by a court of competent jurisdiction to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision or term hereof, and all other provisions or terms hereof shall remain in full force and effect.

15. Nonrecourse Generally. (i) The Company shall not be personally liable, and Holder shall not commence or prosecute any action against the Company, for the nonpayment or non-performance of any obligation on this Note (the "Loan Obligations") due to failure or default of the corresponding mortgage loan; (ii) Holder shall not seek, obtain, or enforce a deficiency judgment against the Company; (iii) Holder's recourse for the Company's payment obligations shall be limited to the payments and amounts, if any, received by Company relating to the corresponding mortgage loan; (iii) the Holder shall not be entitled to obtain specific performance or any other similar order, remedy, or relief against the Company relating to any claim arising from the Note; and (iv) the Holder waives any right to exercise any lenders' right of set-off arising from the Note, against any funds of the Company in the Holder's custody, control, or possession. No recourse under or upon any obligation, covenant or agreement contained in this Note, or because of any indebtedness evidenced thereby, shall be had against any past, present or future shareholder, officer, director or agent, as such, of the Company, either directly or through the Company, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or penalty or otherwise, all such personal liability of every such incorporator, shareholder, officer, director or agent, as such, being expressly waived and released by the

acceptance hereof and as a condition of and as part of the consideration for the issuance of this Note.

16. Note Series Limitation. Holder understands and agrees that each Note is part of a series of Notes, which series of Notes is held in the aggregate by multiple holders. The Holder shall not assert any right of action, including (without limitation) any arbitration, lawsuit or otherwise, except in conjunction or aggregation with other holders of the Notes as set forth in the Investor Agreement.

17. Tax Matters. Each Holder, by acceptance of a Note, shall be deemed to have agreed to treat, and shall treat, such Note as debt of the Company for United States federal income tax purposes and shall refrain from taking any action inconsistent with such treatment.

18. Incorporation by Reference. The terms contained in the Memorandum and Investor Agreement are hereby incorporated herein by this reference for all purposes. In the event any provisions of this Master Note conflict with provisions of the Memorandum, the provisions of the Memorandum shall control.

IN WITNESS WHEREOF, PeerStreet Funding, LLC has caused this instrument to be signed by its duly authorized officer.

Dated:

Peer Street Funding, LLC
By: Brewster Johnson, Chief Executive Officer