



edly Funding Series LLC

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

Offering of Series Limited Liability Company Membership Interests and Participation Interests in Income Share Agreements and in Notes Collateralized by Income Share Agreements

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (“MEMORANDUM” OR “PRIVATE PLACEMENT MEMORANDUM”) IS SUBMITTED TO YOU ON A CONFIDENTIAL BASIS, SOLELY FOR YOUR CONSIDERATION OF AN INVESTMENT IN SERIES LIMITED LIABILITY COMPANY MEMBERSHIP INTERESTS (“INTERESTS”) AND PARTICIPATION INTERESTS (“ISA PARTICIPATIONS”) IN ONE OR MORE POOLS OF INCOMES SHARE AGREEMENTS (“ISAs”) AND IN NOTES COLLATERALIZED BY INCOME SHARE AGREEMENTS OF EDLY FUNDING SERIES LLC (THE “COMPANY”), A DELAWARE SERIES LIMITED LIABILITY COMPANY. IN CONNECTION WITH THE PRIVATE PLACEMENT OF SUCH SECURITIES, DUE TO THE CONFIDENTIAL NATURE OF THIS MEMORANDUM, THIS MEMORANDUM MAY NOT BE REPRODUCED IN WHOLE OR IN PART, AND MAY NOT BE DELIVERED TO ANY PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY EXCEPT AS EXPRESSLY PERMITTED IN THIS MEMORANDUM.

AN INVESTMENT IN THE COMPANY AND THE SECURITIES OFFERED HEREBY INVOLVES A HIGH DEGREE OF RISK. OFFEREEES ARE URGED TO READ THIS MEMORANDUM IN ITS ENTIRETY, INCLUDING, WITHOUT LIMITATION, THE RISK FACTORS.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE “SECURITIES ACT”), NOR UNDER ANY STATE SECURITIES LAWS. THEY WILL BE OFFERED AND SOLD ONLY TO “ACCREDITED INVESTORS” AS DEFINED IN THE SECURITIES ACT, AND IT IS ANTICIPATED THAT THE OFFERING AND SALE OF SUCH SECURITIES WILL BE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION (“SEC”) PURSUANT TO REGULATION D UNDER THE SECURITIES ACT AND EXEMPTIONS UNDER APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC, NOR HAS THE SEC OR ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY CONFIRMED THE ACCURACY OR ADEQUACY OF THESE OFFERING MATERIALS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR A SUBSTANTIAL PERIOD OF TIME.

The date of this Confidential Private Placement Memorandum is July 21, 2020

IMPORTANT NOTICES TO ALL PROSPECTIVE INVESTORS

INVESTORS AND THEIR REPRESENTATIVES ARE URGED TO READ THIS PRIVATE PLACEMENT MEMORANDUM CAREFULLY. THE INFORMATION SET FORTH IN THIS MEMORANDUM DOES NOT PURPORT TO BE ALL-INCLUSIVE OR TO CONTAIN ALL THE INFORMATION THAT A PROSPECTIVE INVESTOR MAY DESIRE IN MAKING AN INVESTMENT. EACH INVESTOR MUST CONDUCT AND RELY ON THEIR OWN EVALUATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED IN MAKING AN INVESTMENT DECISION WITH RESPECT TO THE SECURITIES OFFERED HEREBY.

THE INFORMATION CONTAINED IN THIS MEMORANDUM IS CONFIDENTIAL AND PROPRIETARY TO THE COMPANY. THE COMPANY IS SUBMITTING THE INFORMATION TO YOU SOLELY FOR YOUR CONFIDENTIAL USE. UNLESS YOU OBTAIN THE EXPRESS PRIOR WRITTEN PERMISSION OF THE COMPANY, YOU MAY NOT RELEASE THIS MEMORANDUM TO, OR DISCUSS THE INFORMATION WITH, ANY PERSON OTHER THAN TO AND WITH YOUR ADVISORS IN CONNECTION WITH YOUR EVALUATION OF AN INVESTMENT IN THE COMPANY. IN ADDITION, YOU MAY NOT COPY THIS MEMORANDUM OR USE IT FOR ANY PURPOSE OTHER THAN EVALUATING A POTENTIAL INVESTMENT IN THE COMPANY.

BY ACCEPTING DELIVERY OF THIS PRIVATE PLACEMENT MEMORANDUM OR ANY OTHER MATERIALS IN CONNECTION WITH THIS OFFERING, YOU AGREE: (1) TO KEEP STRICTLY CONFIDENTIAL THE CONTENTS OF THIS PRIVATE PLACEMENT MEMORANDUM AND OTHER SUCH MATERIALS, AND TO NOT DISCLOSE SUCH CONTENTS TO ANY THIRD PARTY, OR OTHERWISE USE THE CONTENTS FOR ANY PURPOSE OTHER THAN YOUR OWN EVALUATION OF AN INVESTMENT IN THE COMPANY OR YOUR ADVISORS' ASSISTANCE IN CONNECTION WITH SUCH EVALUATION; (2) NOT TO COPY ALL OR ANY PORTION OF THIS PRIVATE PLACEMENT MEMORANDUM OR ANY OTHER SUCH MATERIALS, AND (3) TO RETURN THIS PRIVATE PLACEMENT MEMORANDUM AND ALL OTHER SUCH MATERIALS TO THE COMPANY IF (A) YOU DO NOT SUBSCRIBE TO PURCHASE ANY SECURITIES HEREUNDER, (B) YOUR SUBSCRIPTION IS NOT ACCEPTED OR (C) THIS OFFERING IS TERMINATED OR WITHDRAWN PRIOR TO YOUR INVESTMENT.

THE COMPANY HAS AGREED TO MAKE AVAILABLE TO EACH PROSPECTIVE INVESTOR, PRIOR TO THE SALE OF THE SECURITIES OFFERED HEREBY, THE OPPORTUNITY TO ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM, THE COMPANY'S MANAGEMENT CONCERNING THE COMPANY AND THE TERMS AND CONDITIONS OF THIS OFFERING, AND TO OBTAIN ANY ADDITIONAL INFORMATION TO THE EXTENT THE COMPANY POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE, WHICH MAY BE NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION SET FORTH HEREIN. PROSPECTIVE INVESTORS MAY BE REQUIRED, HOWEVER, TO SIGN A CONFIDENTIALITY AGREEMENT IF THEY WISH TO RECEIVE ADDITIONAL INFORMATION THAT THE COMPANY DEEMS TO BE PROPRIETARY.

INVESTORS WHO PURCHASE SECURITIES PURSUANT TO THIS OFFERING WILL BE ASKED TO ACKNOWLEDGE THAT THEY WERE GIVEN THE OPPORTUNITY TO OBTAIN SUCH ADDITIONAL INFORMATION AND THAT THEY DID SO, OR ELECTED TO WAIVE SUCH OPPORTUNITY. NO REPRESENTATIONS OR WARRANTIES OF ANY KIND ARE INTENDED NOR SHOULD ANY BE INFERRED WITH RESPECT TO THE ECONOMIC VIABILITY OF THIS INVESTMENT OR WITH RESPECT TO ANY BENEFITS THAT MAY ACCRUE TO AN INVESTMENT IN THE COMPANY.

ANY FORWARD-LOOKING STATEMENTS OR OPINIONS CONTAINED HEREIN, WHETHER OR NOT IDENTIFIED AS SUCH, CONSTITUTE ESTIMATES BY THE COMPANY BASED UPON SOURCES OF INFORMATION DEEMED TO BE RELIABLE, BUT THE ACCURACY OF SUCH INFORMATION IS NOT GUARANTEED, NOR SHOULD THE INFORMATION BE CONSIDERED ALL-INCLUSIVE. PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS PRIVATE PLACEMENT MEMORANDUM AS LEGAL, BUSINESS OR TAX ADVICE.

PRIOR TO MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS SHOULD CAREFULLY REVIEW AND CONSIDER THIS PRIVATE PLACEMENT MEMORANDUM AND SHOULD CONSULT THEIR OWN ATTORNEYS, BUSINESS ADVISORS, AND TAX ADVISORS AS TO LEGAL, BUSINESS AND TAX RELATED MATTERS CONCERNING THIS OFFERING.

THE INFORMATION CONTAINED IN THIS PRIVATE PLACEMENT MEMORANDUM SUPERSEDES ANY OTHER INFORMATION PROVIDED TO PROSPECTIVE INVESTORS. NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PRIVATE PLACEMENT MEMORANDUM. IF ANY SUCH REPRESENTATIONS ARE GIVEN OR MADE, SUCH INFORMATION AND REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY.

THIS PRIVATE PLACEMENT MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL TO, OR A SOLICITATION OF AN OFFER TO BUY FROM, ANYONE, AND MORE SPECIFICALLY, THIS PRIVATE PLACEMENT MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL TO, OR A SOLICITATION OF AN OFFER TO BUY FROM, ANYONE IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE AN OFFER OR SOLICITATION.

THE COMPANY RESERVES THE RIGHT, IN ITS SOLE DISCRETION AND FOR ANY REASON WHATSOEVER, TO MODIFY, AMEND AND/OR WITHDRAW ALL, OR ANY PORTION OF, THE OFFERING AND/OR ACCEPT OR REJECT IN WHOLE OR IN PART ANY PROSPECTIVE INVESTMENT IN THE SECURITIES. THE COMPANY SHALL HAVE NO LIABILITY WHATSOEVER TO ANY OFFEREE AND/OR INVESTOR IN THE EVENT THAT ANY OF THE FOREGOING SHALL OCCUR, AND SHALL BE LIMITED IN OBLIGATION TO THE PROPER ACCOUNTING AND RETURN OF ANY FUNDS RECEIVED WHICH ARE SO REJECTED.

THE COMPANY MAY NOT SELL ANY SECURITIES TO AN INVESTOR AND SHALL NOT BE DEEMED TO HAVE SOLD ANY SECURITIES TO AN INVESTOR, OR ACCEPTED ANY OFFER TO PURCHASE SECURITIES FROM AN INVESTOR, UNTIL THE COMPANY'S SUBSCRIPTION AGREEMENT (THE "SUBSCRIPTION AGREEMENT"), SIGNED AND DATED BY THE COMPANY AND THE INVESTOR, REFLECTING THE DEFINITIVE TERMS AND CONDITIONS OF THE OFFERING, HAS BEEN DELIVERED BY THE INVESTOR TO THE COMPANY AND ACCEPTED BY THE COMPANY. INVESTORS SHOULD REVIEW CAREFULLY THE FULL TEXT OF THE SUBSCRIPTION AGREEMENT, COPIES OF WHICH ARE INCLUDED IN THIS MEMORANDUM, AND ALL OTHER DOCUMENTS AND AGREEMENTS PROVIDED TO PROSPECTIVE INVESTORS IN CONNECTION WITH THE OFFERING PRIOR TO PURCHASING SECURITIES. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

FOR ALL NON-U.S. PROSPECTIVE INVESTORS

THIS PRIVATE PLACEMENT MEMORANDUM DOES NOT CONSTITUTE A PUBLIC OFFERING IN ANY JURISDICTION OR AN OFFER OR SOLICITATION BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. PURCHASERS MUST SEEK ADEQUATE ADVICE AS TO THE LEGAL REQUIREMENTS WITHIN THEIR OWN COUNTRIES FOR THE PURCHASE OF SHARES AND TO ANY TAXATION OR EXCHANGE CONTROL LEGISLATION APPLICABLE TO THEM. THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN QUALIFIED FOR OFFER OR SALE TO THE PUBLIC UNDER THE SECURITIES LAWS OF ANY COUNTRY OR JURISDICTION.

Communications, inquiries and requests for information relating to these materials should be addressed to the Company at:

Edly Inc.
555 Pleasantville Road Suite N-202
Briarcliff Manor, NY 10510
edly.co
Attention: Investor Relations
Harry@edly.info

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SUMMARY

The following summary is intended to highlight certain information contained elsewhere in this Memorandum. This summary is not intended to be a complete statement of all material information set forth in this Memorandum and is qualified in its entirety by the more detailed information appearing elsewhere in this Memorandum. You should read carefully the entire Memorandum including the “Risk Factors” included in this Memorandum before making an investment decision.

Executive Summary

Edly Funding Series LLC (the “Company”) is a Delaware series limited liability company formed to acquire and actively manage a portfolio of income share agreements (“ISAs”). Edly Inc. (“Edly” or the “Manager”), a Delaware corporation, manages the Company. The Manager formed the Company and is also the sponsor (the “Sponsor”) of the offering of series limited liability company membership interests (“Series Interests”) and participation interests issued by the Company in one or more pools of ISAs or in notes collateralized by ISAs (“ISA Participations”). The Company may acquire notes or other debt instruments from originators of ISAs and may offer investors ISA Participations in such debt instruments that will be collateralized by ISAs. Additional information regarding each offering of ISA Participations will be available at the time of such offering in the form of a supplement to this Memorandum (a “Supplement”).

The Series Interests are equity interests in discrete series formed by the Company. Each investor will acquire 100% ownership of the Series Interests issued by a series. These Series Interests evidence all of the economic benefits and rights in a discrete set of fractional ISA Participations. Investors will be entitled to receive distributions, from time to time, from (i) cash flow from the ISAs, (ii) reserves held by the Company established from investment proceeds received from investors and (iii) proceeds from the disposition of the ISAs.

Each ISA funds a student’s tuition, and is repaid by the student once the student secures employment. Edly has developed relationships with a variety of educational institutions that offer ISAs to their students as an alternative to private student loans. The Sponsor has selected institutions that provide focused training tailored to provide successful graduates with specific opportunities for certain well-paying jobs. Information regarding the ISAs and the related educational institutions is included in the section “The ISAs” below.

Each investor who acquires a Series Interest in the Company will have the opportunity to cause the series owned by the investor to purchase ISA Participations. Each offering of ISA Participations will be described in a Supplement, and prior to acquiring any ISA Participation an investor should carefully review this Memorandum and the applicable Supplement. From time to time, the Company may offer “bundled” ISA Participations, giving investors the opportunity to diversify investments in ISAs originated by different educational institutions that are in different regions of the United States or that offer different training or educational programs. In addition, the Company may offer investors the opportunity to grant the Manager the discretionary authority to make investment decisions on behalf of the investor.

The rights of an investor as the sole member of a series established by the Company will be set forth in the Series Limited Liability Company Agreement and in a Series Designation substantially in the form of Exhibit A attached hereto.

The Sponsor will manage the ISAs and the pools of ISAs and will also employ third party servicers and other collection agents to assist the Company in collecting payments from obligors under the ISAs. Each

pool of ISAs acquired by the company will be managed by a specific servicer. Information about each servicer, including its management and experience in servicing ISAs, will be included in an annex to this Memorandum, and will be referenced by (and linked to) each Supplement made available to the investors related to specific ISA Participations. More information about ISA servicing is included under “Servicing the ISAs” below.

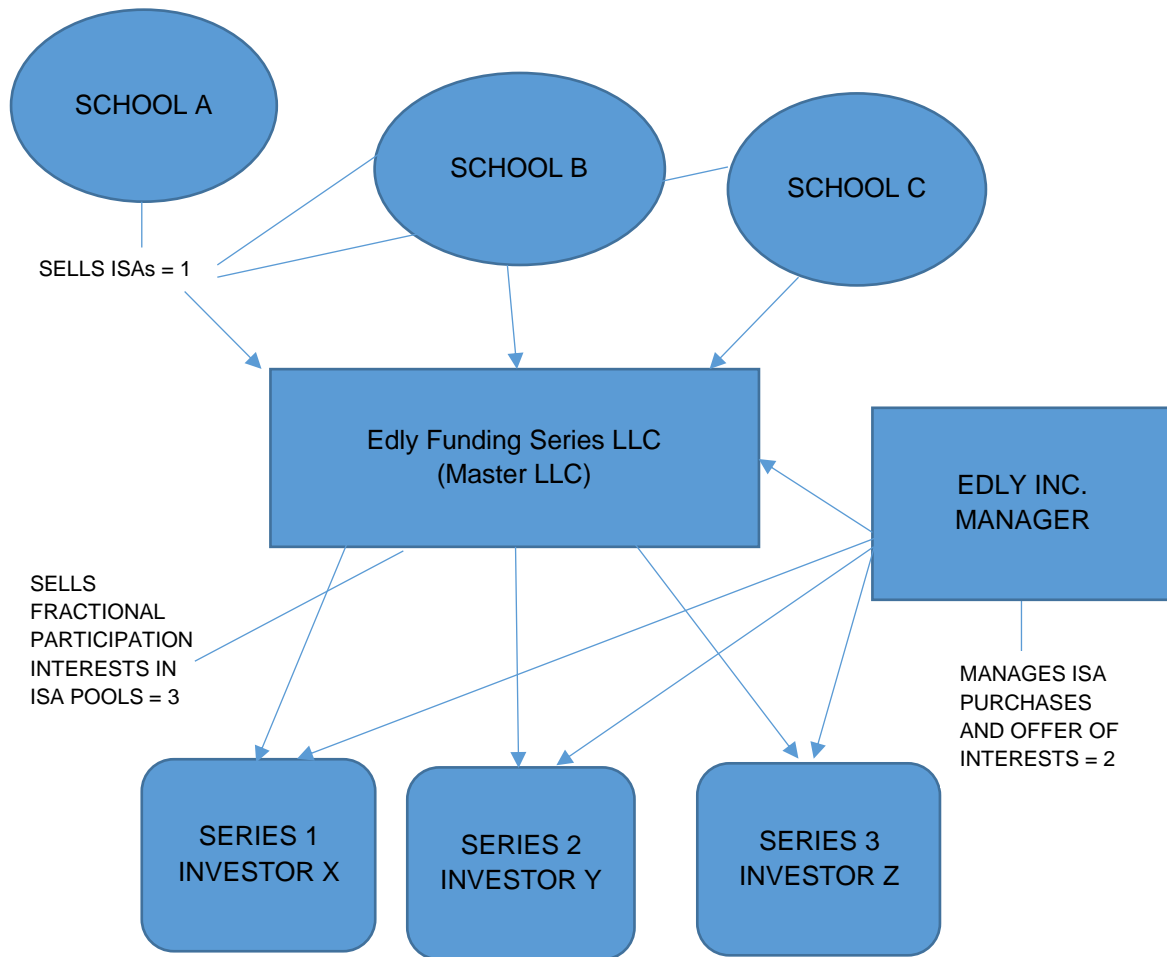
Income Share Agreement Ownership and Management

The Company will use the funds that it raises from the sale of ISA Participations for the acquisition and management of additional ISAs.

As of March 31, 2020, the Sponsor managed approximately 2,000 ISAs representing payment obligations in the aggregate of approximately \$45 million (valued at maximum payment amount).

The Sponsor’s management team consists of professionals with experience in asset management, education finance, structured finance, and starting and managing newly formed specialty finance companies. See “Management” for a full description of Edly’s management team.

Investors should review all of the information in this Memorandum regarding the Company, the Manager, the Sponsor, the description of ISAs and information regarding the servicers. Please see the diagram below that depicts the investment structure offered hereby for investments in Participation Interests in ISAs. The structure for investment in Participation Interests in notes collateralized by ISAs is substantially similar. The Company acquires notes or other debt instruments from originators of ISAs and offers investors ISA Participations in such debt instruments that are collateralized by the ISAs. The Manager believes that because of the level of collateralization required by the Manager from education institutions that issue the notes to the Company, the investment return in ISA Participations evidencing interests directly in pools of ISAs will be substantially similar to the investment return in ISA Participations in notes collateralized by those same pools of ISAs.



1. SCHOOLS A, B AND C SELL POOLS OF INCOME SHARE AGREEMENTS IN DISCRETE PORTFOLIOS TO EDLY FUNDING SERIES LLC. EDLY INC. AS MANAGER OF THE MASTER LLC NEGOTIATES AND ARRANGES THOSE PURCHASES.
2. THE MANAGER CREATES FRACTIONAL PARTICIPATION INTERESTS IN EACH DISCRETE POOL OF ISAs AND OFFERS THOSE INTERESTS TO INDIVIDUAL INVESTORS.
3. THE MANAGER ESTABLISHES A DISCRETE SERIES OF THE MASTER LLC FOR EACH INVESTOR. EACH SERIES CAN PURCHASE FRACTIONAL PARTICIPATION INTERESTS IN ONE OR MORE POOLS OF ISAs. THE MANAGER ADVISES EACH SERIES INVESTOR AND ASSISTS THE MASTER LLC WITH DISCLOSURE AND LEGAL DOCUMENTS TO EFFECTUATE THE SALE AND PURCHASE OF PARTICIPATION INTERESTS.

Investment Highlights

The Sponsor believes the Series Interests and the ISA Participations represent an attractive investment opportunity for the following reasons:

Monthly Cash Flow. The ISA Participations are designed to provide investors with regular monthly cash flows commencing with the first calendar month after the month in which an investor acquires an ISA Participation. As payments from ISA obligors are collected, these payments are remitted to investors in the following calendar month. In addition, the Manager establishes cash reserves from proceeds received from the purchase by investors of ISA Participations. These cash reserves are used to pay servicer fees if necessary, and to supplement cash flow from ISAs to support a target rate of return to be distributed to investors in the ISA Participations.

Diversification. By owning ISA Participations evidencing ISAs originated by a variety of different schools and educational and training programs, investors can create a diversified investment in ISAs, even with a relatively small investment. The Company is able to facilitate this diversification by acquiring ISAs from a variety of schools and is constantly seeking to partner with new schools.

Alignment of Interest. The Edly ISA program is designed to provide schools with liquidity for their ISA programs. At the same time, Edly has purposely designed the program to align the interest of each student with the school, the Sponsor and the investors. The Edly ISA program has performance hurdles for each school based on a number of different factors such as payment performance of the school's ISAs. Schools that meet or exceed these performance thresholds can benefit from improved economic terms when selling ISAs to the Company. If the payment performance on a school's ISAs exceeds certain targeted standards, the school may share in "residual" income from the ISAs acquired by the Sponsor.

Defined Maturity. Each ISA Participation has a defined final maturity date, which allows investors to plan their investment duration. While there is no guarantee that investors will receive all of their initial investment in an ISA Participation by the related maturity date, the Sponsor intends to liquidate each ISA Participation by the maturity date and distribute to investors at that time any remaining value of the ISA Participation.

Customization. The Sponsor allows investors to either purchase ISA Participations in recommended "bundles" or to customize an investment based on selection of one or more ISA Participations by the investor based on their review of the related Supplements. An investor can specify the type of school, type of program, expected yield minimum, maximum maturity, and name of school that will make up the "bundle" of ISA Participations to be acquired by the investor. Edly makes ISA Participations available to investors in fractional ownership interests so that an investor can choose relatively small investments. In addition, the Company may offer investors the opportunity to grant the Manager the discretionary authority to make investment decisions on behalf of the investor.

Strong Industry Relationships. The Company acquires the ISAs in transactions arranged by the Sponsor. The Sponsor has developed relationships with numerous educational institutions that originate ISAs. These institutions are willing to sell ISAs to the Company because the Sponsor offers relative certainty of funding on the related closing due to its financial resources. This allows an institution to monetize its ISAs soon after origination, but while still retaining a contingent economic interest that maintains the proper alignment of interest between the school, the students and the investors.

Superior Underwriting and Servicing Skills. The Sponsor performs due diligence on each educational institution from whom it acquires ISAs. To the extent required by the Edly ISA program, the payment

obligors on the ISAs must meet certain credit and other suitability requirements. Many schools make use of an origination processor, in connection with the origination of the ISAs for that school. In some cases, that processor is retained by the Company as servicer of the ISAs. The Sponsor has developed close working with several servicers of ISAs, and will monitor the performance of each servicer of each pool of ISAs acquired by the Company. The Sponsor can manage, administer, workout and dispose of ISAs on a nationwide basis through the efforts of these servicers.

Economic Success of the ISAs. For the last two years, the Sponsor has conducted due diligence and has analyzed returns on ISAs related to the expected financial performance of the ISAs. Although there can be no assurance that the ISAs will perform consistent with its financial projections, the Sponsor anticipates that the ISAs will generate cash flow to result in positive investment returns to the investors.

Investment Objectives and Strategies

Edly seeks to allow “Accredited Investors” (as defined in Regulation D promulgated under the Securities Act) to invest in ISAs in a customizable and diversified investment. Edly conducts an analysis of the investment returns available to investors using its proprietary analytics systems. This analysis considers the cost of an educational program, the historical financial outcomes of the schools and their students, and the impact of structured investment enhancements Edly adds to the program. The result is a consistent method for analyzing unique programs on a common system. These tools are made available to investors to allow them to analyze potential investment and create customized investment options of their own design.

Edly works with servicers and schools to collect payments from students who successfully find a job after graduation. The ISA purchase agreements that Edly enters into with schools are designed to align the interests of schools and students. Schools receive financial incentives if their students are successful and are specifically rewarded for good student outcomes including graduation, employment in high paying jobs, and continued employment. If a school’s students routinely fail to meet these objectives and results, the school will receive a significantly lower return on its ISA program. In some cases, Edly may terminate an ISA purchase program with a school if the school’s ISAs perform unsatisfactorily on a consistent basis. Edly believes this incentive structure is important in maintaining positive investment outcomes for investors in the ISA Participations.

Series LLC Agreement

The Company is a Delaware series limited liability company. The Manager is the sole member of the series limited liability company. The Limited Liability Company Agreement sets forth the purpose and governance of the Company and provides for the establishment of series. Each series created will be subscribed to by a single investor who will acquire 100% ownership of the series limited liability company interests issued by that series. The Manager of the Company will also be the Manager of each series established for the investors. ISA Participations are acquired by a series, and all rights of ownership including all financial results and related tax consequences of the ISA Participations will be for the benefit and account of the investor owning that series. See Exhibit A for the form of the Company Limited Liability Company Agreement and the form of Series Designation to the Limited Liability Company Agreement

Summary of Principal Terms of the Offering

The following summary is incomplete and subject to the detailed terms and conditions contained in this Memorandum, the rights of investors as members of the Company as set forth in a Series Limited Liability Company Agreement and the Series Designation, substantially in the form attached hereto as Exhibit A,

and the Subscription Agreement of the Company, a copy of which is attached hereto as Exhibit B (the “Subscription Agreement”). This summary and this Memorandum are intended to present a general outline of the Interests and the ISA Participations.

The Series Limited Liability Company Agreement and the Series Designation and the Subscription Agreement, which together specify the rights and obligations of the investors, should be reviewed thoroughly by each prospective investor. The Master Participation Agreement and the form of Participation Agreement Supplement, substantially in the form attached hereto as Exhibit D are the legal documents that create the ISA Participations. In the event that the description of terms in this summary or elsewhere in this Memorandum is inconsistent with or contrary to the terms contained in the Form of Series Limited Liability Company Agreement and the Series Designation, the Subscription Agreement, the Master Participation Agreement and the form of Participation Agreement Supplement, the terms of such documents will control.

The Company	edly Funding Series LLC, a Delaware series limited liability company, that will acquire a portfolio of ISAs.
The Sponsor	Edly Inc., a Delaware corporation.
Minimum Membership Interest Purchase Commitment	The minimum commitment to the Company is \$10,000; <i>provided, however,</i> that the Company reserves the right to increase or decrease this minimum.
Series Interests and ISA Participations Offered	The Company is offering Interests. The form of the Series Designation and the Limited Liability Company Agreement are attached hereto as <u>Exhibit A</u> . From time to time, the Company will offer to investors ISA Participations that will evidence fractional interests in pools of ISAs or in notes or other debt instruments collateralized by pools of ISAs. Investors in ISA Participations will be entitled to receive distributions of cash flow from time to time from available cash from the underlying ISAs evidenced by the ISA Participations acquired by the investor through its ownership of a series and from any proceeds available from disposition of the ISAs.
Limited Liability Company Operating Agreement and Master Participation Agreement	The Company has entered into a Series Limited Liability Company Agreement and, from time to time, the Company shall designate Series pursuant to a Series Designation with each investor as holder of the Series Interests and the Manager, substantially in the form of <u>Exhibit A</u> attached to this Memorandum. The Manager will be responsible for managing the Company’s business, including monitoring the activities of the servicers of the ISAs, on behalf of and for each of the investors as holders of the ISA Participations evidencing interests in the ISAs. The Series Limited Liability Company Agreement and the Series Designation specify the rights and obligations of the investors. The Master Participation Agreement and the form of Master Participation Agreement Supplement specify the rights of an investor with respect to each of the ISA Participations that the investor acquires.
Management Fees and Other Compensation to the	Pursuant to the Series Limited Liability Company Agreement and the Series Designation, the Manager will receive a management fee (the

<p>Manager and the Servicer</p>	<p>“<u>Management Fee</u>”) equal to between 2% to 5% of the aggregate cash flows that the Company receives with respect to the ISAs it acquires. The Management Fee payable with respect to each pool of ISAs will be specified in the related Supplement. The Management Fee is payable on a monthly basis.</p> <p>Servicers are paid a combination of fixed and variable fees. Fixed fees can range from \$0 to \$100 per month per student and variable fees can be as much as 5% of cash flows. Fees are negotiated by each school as originator with its servicer, and the Company assumes the obligation to pay the servicer fees once the Company acquires the ISAs. The servicer fees payable with respect to each pool of ISAs will be specified in the related Supplement.</p>
<p>No Early Redemption or Transfer</p>	<p>Investors will not have the right to redeem the Interests and may not transfer or assign any of their interest, rights or obligations under the Interests except with the prior consent of the Manager. Some ISA Participations will be subject to redemption at the option of the Company in its sole discretion. The optional redemption rights and other features of each ISA Participation Interest will be specified in the related Supplement.</p>
<p>Benefit Plan Investors</p>	<p>Investors who choose to invest through entities subject to the Employee Retirement Income Security Act of 1974, as amended (“<u>ERISA</u>”) or Section 4975 of the Internal Revenue Code of 1986, as amended (the “<u>Code</u>”), may purchase Interests in the Company, subject to certain limitations and restrictions. Beneficiaries, trustees or administrators of such entities, as applicable, are urged to review the matters discussed in this Memorandum carefully. The Company does not intend to permit investments by “benefit plan investors” (as defined in U.S. Department of Labor (“<u>DOL</u>”) Plan Asset Regulation, 29 CFR 2510.3-101, as modified by section 3(42) of ERISA) to equal or exceed 25% of the outstanding Interests disregarding Interests held by any person (other than a benefit plan investor) who has discretionary authority or control with respect to the assets of the Company or any person who provides investment advice for a fee with respect to the assets of the Company, or any affiliate or any such person). See “Risk Factors” and “Certain ERISA Considerations” below.</p>
<p>Taxation</p>	<p>Company intends that the offered ISA Participations will be treated as participations in the underlying ISAs or notes, as applicable, for federal income tax purposes. Accordingly, each investor will be required to report on its own annual tax return its receipt of interest income with respect to such ISAs or notes. Non-U.S. investors would be subject to significant adverse tax consequences if they were to invest in this investment including but not limited to the imposition of significant U.S. withholding taxes on certain payments received under ISA participation interests and the potential imposition of U.S. withholding taxes on certain payments received under the notes collateralized by ISAs. As such, Series Interests are not suitable</p>

	investments for non-U.S. investors, and investments in the Series Interests are limited to U.S. persons only that provide a valid W-9 withholding form. See “Risk Factors” and “Certain Tax Considerations” below.
Reports	Each investor will be provided with a monthly remittance report accompanying all distributions of payments made on the Interests.

THE ISAs

The Company was formed to acquire ISAs and notes collateralized by ISAs. Certain general information regarding ISAs is set forth below. Additional information regarding each offering of ISA Participations will be available at the time of such offering in the form of a Supplement is made available to investors.

Edly uses its relationships with schools to purchase ISAs. The Company enters into purchase agreements with each school that contains the terms of purchase, including price and representations regarding the ISAs that the school originates.

The Company offers ISA Participations to investors and the related participation agreements assign to the investors the rights the Company has under the ISA purchase agreements. From the proceeds of sale of the ISA Participations Edly funds and maintains certain cash reserves in the event that there is an ISA that does not perform because of the failure of the student obligor to graduate or to obtain a job that pays the obligor sufficient compensation so that the obligor makes payments on the ISA, including possibly a “graduation reserve” that the Company retains if an ISA obligor fails to graduate, a “servicing fee reserve” which is used to pay the servicer of the ISA if there are not sufficient collections from the ISA obligors to pay the servicer, and an “interest reserve” which the Company uses to earn a targeted return (to be distributed to the investors in the related ISA Participations) if there are not sufficient collections from the ISA obligors.

ISAs are a fast growing alternative to private student loans. A properly structured ISA aligns the interests of the student, the school and potential investors. We believe that ISAs provide a more affordable and flexible way to finance education when compared to private student loans. Instead of taking out a loan, a student agrees to pay a fixed percentage of their earnings for a fixed number of months. In a typical ISA, students would agree to pay a fixed percentage of their income once they are employed and are earning in excess of a specified threshold salary.

For example, a student may have to pay 10% of their earnings each month for 48 months, but only if they earn over \$45,000 per year. Payments are subject to a total cap on payments— for example, the student will not pay more than 1.5 times the tuition (caps may be higher or lower than this multiplier). There is also a payment obligation window after which the student no longer has any obligation to make further payments, regardless of the number or amount of payments made.

Example of Sample ISA Terms:

Tuition: \$10,000

Income Share: 10%

Payments Required: 48 months

Payment Obligation Window: 60 months (student payment obligations terminate after 60 months regardless of how many payments made)

Minimum Earnings Threshold: \$45,000

Maximum Cap on Payment: \$15,000 (1.5 times tuition)

As payments are only owed when students are making the threshold income; there is no accrued interest owed as is typical in student loans. This flexibility is one feature which is considered to be attractive to students relative to student loans.

There are significant variations in the terms of ISAs. Sometimes a school refers to an ISA originated by it as a “Deferred Tuition Agreement” or some variation thereof. Additional information regarding the ISAs that are underlying each offering of ISA Participations will be available at the time of such offering in the form of a Supplement.

Investors will be able to buy diversified and customized shares of ISAs using the proprietary Edly order management system.

Types of Investments in ISA Participations

The Company anticipates offering three types of investments:

Bundled ISA Participations will have a particular investment theme. For example, a suggested investment opportunity might consist of ISA Participations with the underlying ISAs originated by schools which offer computer coding skills. These bundles will include multiple ISA Participations, thereby giving investors a diversified investment by school and, possibly, geographic location. Other bundles may be diversified to include schools which offer a variety of academic and training programs, so that investment will be less reliant on employment prospects in a single industry or technology.

Custom investments may be selected by investors from the inventory of ISA Participations on the Edly platform. Investors can choose from any of the available filters including minimum expected yield, maximum maturity, type of school, type of program or school name.

Automated investing which allows investors to place orders for ISA Participations based on desired investment characteristics. When ISA Participations which match the order become available, the orders are filled and the related participation certificate is issued and delivered to the investor.

Managed investing which allows investors to enter into a “managed account agreement” with the Manager who will create diversified portfolios of ISA investments and manage them on behalf of investors. Managed investing will allow investors to elect an investment strategy (if desired) in “Principal Protected investments” in which the Manager will bundle certain types of U.S. Government securities with ISA investments to allow investors, with a high degree of probability, to receive a return of their investment principal without dependence upon the performance of any ISA investments. Investors interested in managed investing should review additional information and the managed account agreement by clicking on this link: <https://www.edly.co/invest/>

Edly makes available analytical tools to investors to evaluate the impact of certain changing variables that investors may consider in making their investment decisions. The tools enable investors to change certain variables – such as student starting salary – to see the impact on the investment on expected yield and cash flows on selected ISA Participations.

Investors can monitor their portfolio of ISA Participations in their account and track cash flow received as well as the characteristics of their portfolios.

Priority of Payments

With respect to each ISA Participation, Collections (as defined below) received by the Company in the prior calendar month from the pool of ISAs evidenced by that ISA Participation will be distributed on each monthly payment date in the order of priority set forth below:

- to the payment of accrued and unpaid servicing fee to the Servicer;
- to the payment of accrued and unpaid Management Fee to the Manager;
- to the investor until the investor achieves a cumulative internal rate of return (a “target return”) set by the Manager for each ISA pool depending upon its financial characteristics;
- to the payment to the school that originated the ISA a contingent additional purchase price, but only up to an agreed percentage of the undistributed remaining proceeds (which may be 100% after the ISA pool achieves the target return for the investors); and
- the remainder, if any, to the investors.

Some ISA Participations will be subject to redemption at the option of the Company in its sole discretion. Each ISA Participation, to the extent there are terms that vary from the priority of payments described above or if there are additional material terms related to an investment in such ISA Participation (such as a right of the Company to call and repurchase an ISA Participation), will be described in a Supplement that will be available to the investors to aid in making an investment decision to purchase the ISA Participation.

SERVICING THE ISAs

General

Third parties -- either the schools that originated the ISA or an unaffiliated servicer that specializes in servicing ISAs -- will service each of the ISAs that the Company acquires. Typically, servicing agreements, including compensation to be paid to the servicer, are negotiated by the schools with the servicers. The Company then enters into an agreements with the servicer and the school to transfer the servicing to the Company for the remaining term of the ISAs.

The Company has entered into “master” servicing agreements with certain servicers which standardize some of the terms of the servicing agreements with a particular servicer. Thus, if the Company acquires a pool of ISAs from a school originator that has a contract with a servicer that has entered into a master servicing agreement with the Company, instead of the Company assuming the existing servicing agreement between the school and the servicer, the servicer executes a confirmation that the acquired ISAs will be serviced pursuant to the terms of the existing “master” servicing agreement.

The servicer selected by the school generally assists the school in onboarding students in the ISA programs, verifies student income and then collects the payments from students on a monthly basis. Following acquisition of a pool of ISAs from a school by the Company, these payments collected by the servicer are made directly to Company. The Manager then allocates net collections to the investors who acquired an ISA Participation in the ISAs from which collections were received. See “The ISAs - Priority of Payments” above.

In general, each servicing agreement or “master” servicing agreement that the Company enters into with a servicer will require that the servicer will perform customary collection and enforcement duties as directed by the Company. Servicing ISAs involves significant communication with the ISA obligors to determine

current employment status and compensation, and performance of calculations to determine required payment amounts. Each servicing agreement will require the servicer to make certain representations regarding its legal status and compliance with laws and will include termination and indemnification provisions. Additional information regarding specific servicers and the related servicing agreements is available in Exhibit C attached hereto. Additional information regarding the servicing of the underlying ISAs for each offering of ISA Participations will be available at the time of such offering in the form of a Supplement made available to investors.

THE ADMINISTRATOR

The Manager has entered into an Administration Agreement (the "Administration Agreement") with Opus Fund Services (Bermuda) Ltd. (the "Administrator"). The fee payable to the Administrator will be based on its standard schedule of fees charged by the Administrator for similar services. Pursuant to the Agreement, the Administrator is responsible, subject to the overall supervision of the Manager, for the day-to-day administration of Edly Funding Series LLC, including:

- (i) calculating the net asset value of each ISA investment in accordance with the Manager's valuation policies and procedures;
- (ii) providing registrar and transfer agency services in connection with the issuance and transfer of ISA Participations;
- (iii) performing the required acts relating to the redemption and/or subscription for the ISA Participations ;
- (iv) processing investments in ISA Participations;
- (v) furnishing periodic investor statements to the investors;
- (vi) performing due diligence on prospective investors as required and ensuring compliance with applicable anti-money laundering laws; and
- (vii) performing certain other administrative and clerical services in connection with the administration of ISA Participations as agreed by the Manager and the Administrator.

The Manager is responsible for establishing valuation processes and procedures to ensure that the valuation techniques for investments are categorized within the fair value hierarchy in a fair, consistent, and verifiable manner. The Manager is also responsible for developing written valuation processes and procedures applicable to ISA Participations, conducting periodic reviews of the valuation policies, and evaluating the overall fairness and consistent application of the valuation policies.

The Administrator is responsible for calculating the net asset value in accordance with the Manager's valuation policy. The Administrator has not considered the effectiveness of the Manager's valuation governance framework, including its Valuation Policy Document. Further, the Administrator has not considered if effective valuation policies and procedures have been implemented, nor if appropriate personnel and infrastructure are in place.

ISA Participations are assets whose fair value cannot be determined by using observable measures, such as exchange traded sources such as Bloomberg or IDC. ISA Participations are typically highly illiquid, and fair values can only be calculated using models, estimates or risk-adjusted value ranges.

Where a Fund invests ISA Participations, the Administrator will obtain pricing in accordance with instructions contained in the Valuation Policy Document, and typically this requires the Administrator to take pricing as determined by the Manager.

The Administrator is not an independent valuation expert and has not been engaged to provide an independent and objective opinion as to the reasonableness of the conclusions of fair value with respect to the individual positions held in ISA Participations.

A copy of the Managers' Valuation Policy Document, [and the Administrator's Transparency Report] are available upon request.

The Administrator has delegated certain duties under the Agreement to other Opus Fund Services entities including its affiliate, Opus Fund Services (USA) LLC (the "Sub-Administrators"). Unless otherwise indicated, references in this Private Placement Memorandum to the Administrator shall include the Sub-Administrators.

Under the Agreement, the Edly Funding Series LLC will indemnify and hold harmless the Administrator and each of its affiliates, directors, officers, employees, permitted delegates and sub-delegates, agents or shareholders or any of them (together "Indemnified Parties") against any liabilities, obligations, losses, damages, penalties, actions, judgments, claims, demands, suits, costs, expenses or disbursements of any kind which may be imposed on, incurred by or asserted against any Indemnified Parties in connection with their services to Edly Funding Series LLC, except that no Indemnified Party will be indemnified against any liability to which it would be subject by reason of its gross negligence, willful misconduct or fraud. In addition, in the absence of gross negligence, willful misconduct or fraud by any of the Indemnified Parties, no such party will be liable for any loss or damage that Edly Funding Series LLC or any investor in an ISA Participation may suffer on account of anything done, omitted or suffered by that party in good faith in providing services to Edly Funding Series LLC.

THE ADMINISTRATOR IN NO WAY ACTS AS GUARANTOR OR OFFEROR OF THE ISA PARTICIPATIONS, NOR IS IT RESPONSIBLE FOR THE ACTIONS OF ANY CUSTODIANS OR BROKERS ENGAGED BY THE MANAGER. THE ADMINISTRATOR IS NOT RESPONSIBLE FOR ANY INVESTMENT DECISIONS OF EDLY FUNDING SERIES LLC (ALL OF WHICH WILL BE MADE BY THE MANAGER AND/OR ANY REPRESENTATIVES THEREOF) THE ADMINISTRATOR WILL NOT PROVIDE ANY INVESTMENT ADVISORY OR MANAGEMENT SERVICE TO EDLY FUNDING SERIES LLC OR THE MANAGER AND THEREFORE WILL NOT BE IN ANY WAY RESPONSIBLE FOR THE PERFORMANCE OF ANY ISA PARTICIPATION. THE ADMINISTRATOR WILL NOT BE RESPONSIBLE FOR MONITORING ANY INVESTMENT RESTRICTIONS OR COMPLIANCE WITH THE INVESTMENT RESTRICTIONS AND THEREFORE WILL NOT BE LIABLE FOR ANY BREACH THEREOF.

RISK FACTORS

An investment in the Series Interests and the related ISA Participations involves a substantial degree of risk and should be regarded as speculative. As a result, an investment in the Series Interests and the related ISA Participations should be considered only by investors who can reasonably afford a loss of their entire investment. Prospective investors should also consult their own financial, tax and legal advisors regarding the suitability of this investment. Prospective investors should carefully consider, in addition to the matters set forth elsewhere in this Memorandum, the following factors relating to the activities of the Company and the offering:

Company Recently Formed and has Limited Assets. The Company has been recently formed and has limited assets. The Company has no operating history upon which to base the evaluation of an investment in the Series Interests and the ISA Participations. The Company may be unable to conduct its business as it intends to do. Prospective investors must carefully consider the risks and uncertainties frequently encountered in new companies like the Company. The Company will be the record or nominal owner of the ISAs it acquires, and the Series that the Company establishes for each investor will be the beneficial owner of such ISAs. As a result, the investor will not be able to make a claim against the Company or against any other Series not owned by the investor. The Manager has been engaged in the business of investing ISAs for only a short period of time, and there is no assurance that the Company will be successful in acquiring ISAs that will result in profitable returns for the investors.

Investors' rights to manage the Company's business or affairs are limited. The investors generally do not have the right to participate in the Company's management or investment decisions. The Manager will make substantially all of the decisions for the Company and will manage each Series established for each investor. However, investors will be solely responsible for making investment decisions regarding any investments in ISA Participations.

Dependence on The Manager. The success of the Company depends on the expertise and performance of the Manager and its affiliates, including the officers of those companies who will be principally involved with the business of the Company. The loss of any of these individuals could have a material adverse effect on the performance of the Company.

Dependence on Servicers. The success of the Company and the profitability of investments in ISAs largely depends on the expertise and performance of the servicers who will collect the required payments from the obligors under the ISAs and who will enforce the ISA contracts in case of a default by the obligors, including in any bankruptcy proceedings involving an ISA obligor. Because ISAs are a relatively new financial product, the servicers that are engaged in servicing ISAs have not had extensive experience collecting and enforcing these contracts. The Manager has been diligent in selecting the servicers which will service the ISAs for the Company, but there can be no assurance that one or more servicers will not perform satisfactorily and will need to be replaced or will terminate their conduct of the ISA servicing business.

Your Return on Investment will vary depending on a variety of factors. The yield to each investor who acquires ISA Participations will be a function of the purchase price paid by such investor for those ISA Participations and the timing and amount of distributions made in respect of those ISA Participations from the underlying ISAs. Each prospective purchaser of the ISA Participations should make its own evaluation of the yield that it expects to receive on the ISA Participations. Prospective investors should be aware that the timing and amount of distributions, if any, will be affected by, among other things, the performance of the underlying ISAs. Although the Company and the Manager make available to investors certain analytical

tools that can assist an investor in projecting yield and targeted returns, investors should be aware that projections, forecasts and estimates of investment returns are forward looking statements and are inherently uncertain.

Risks Associated with Bankruptcy or Insolvency of a Servicer. In the event that a Servicer goes into bankruptcy or becomes the subject of a receivership or conservatorship, such Servicer may not be required to remit to the Company any collections that are in its possession or have not been remitted to the Company at the time it goes into bankruptcy or becomes subject to a similar proceeding. Under certain circumstances, the Company may also be the subject of claims and required to return to the related Servicer payments received with respect to the ISAs.

If a Servicer were to go into bankruptcy or become the subject of a receivership or conservatorship, it may stop performing its responsibilities such that the Company stops receiving payments with respect to the ISAs serviced by such party, and it may be difficult to find a third party to act as replacement Servicer. Alternatively, a Servicer may take the position that unless the amount of its compensation is increased or the terms of its obligations are otherwise altered, it will stop performing its responsibilities. If it would be difficult to find a third party to act as successor servicer, the Manager on behalf of the Company, as a practical matter, may have no choice but to agree to the demands of such Servicer. A Servicer may also have the power, with the approval of the court or the receiver or conservator, to assign its rights and obligations to a third party without the consent, and even over the objection, of the parties, and without complying with the requirements of the applicable documents.

If a Servicer is in bankruptcy or the subject of a receivership or conservatorship, then the parties may be prohibited (unless authorization is obtained from the court or the receiver or conservator) from taking any action to enforce any obligations of such Servicer under the applicable documents or to collect any amount owing by such Servicer under the applicable documents. If a Servicer is in bankruptcy or the subject of a receivership or conservatorship, then, despite the terms of the documents, the parties may be prohibited from terminating such Servicer and appointing a successor servicer.

In addition, if a Servicer is in bankruptcy or the subject of a receivership or conservatorship, with the authorization of the court or the receiver or conservator, that Servicer may be able to repudiate servicing agreements to which it is a party. Such a repudiation would excuse such Servicer from performing its obligations, and the rights of the Company under the servicing agreements may be limited or eliminated. In particular, a Servicer may be able to repudiate any obligations to cure breaches or service assets administered by such party if and as required by the related Servicing Agreement.

The occurrence of any of these events could result in delays or reductions in distributions on, or other losses with respect to, the ISAs. There may also be other possible effects of a bankruptcy, receivership or conservatorship of a Servicer that could result in delays or reductions in return on, or other losses with respect to, the ISAs. Regardless of any specific adverse determinations in a bankruptcy, receivership or conservatorship of a Servicer, the fact that such a proceeding has been commenced could have an adverse effect on the value of the ISAs.

Risks Associated with Bankruptcy or Insolvency of a School Originator. In the event that a school that has originated ISAs and has sold them to the Company goes into bankruptcy or becomes the subject of a receivership or conservatorship, such school may not be required to remit to the Company any collections that are in its possession or have not been remitted to the Company at the time the school goes into bankruptcy or becomes subject to a similar proceeding. Under certain circumstances, the Company may also be the subject of claims and required to return to the school payments received with respect to

the ISAs. Schools that are acting as servicers for the ISAs that they originate will be subject to attack by creditors of the school in a bankruptcy proceeding, under the claim that the school did not surrender legal ownership of the ISAs transferred to the Company but instead entered into a financing transaction with the Company. In such cases, the creditors of the school may try to recover any value of the ISAs transferred to the Company in excess of the purchase price paid to the school by the Company for the ISAs.

Risks Associated with Bankruptcy of an ISA Obligor. The treatment of an ISA executed by a student obligor whose assets and liabilities become subject to a bankruptcy proceeding is uncertain. Because the ISA is generally not considered to be equivalent to a student loan, which is usually not dischargeable in bankruptcy of the borrower, there is a significant risk that an ISA would be discharged in a bankruptcy. In such an event, the value of the ISA would be reduced to zero and the ISA would not produce any future cash flow available to be paid to investors in the related ISA Participation. Generally, the duration of a bankruptcy case can only be roughly estimated, and may last for five years or more. This process can involve substantial legal, professional and administrative costs to the debtor and the Company; it is subject to unpredictable and lengthy delays; and during the process the debtor's financial position may erode. An ISA obligor in bankruptcy will in most cases not make current payments on an ISA contract during the proceedings.

Risks Related to Student Obligor Payment Performance of the ISAs. The profitability of an investment in an ISA Participation will depend upon the payment performance of the student obligor on the underlying ISAs evidenced by the ISA Participation. Obligor may default on payment requirements set forth in the ISA and servicers may have difficulty enforcing the requirements against an obligor. For example, if an obligor moves out of the United States after completing their training and education here it may be difficult to locate the obligor. Even if an obligor makes the required payments under the ISA the payments may not be made on the required schedule and commencement of payments may be delayed if the obligor has difficulty finding suitable employment. In such cases, because of a lag in payments the return on an investor's investment in an ISA Participation may be less than expected. Some student obligors may not graduate and their job prospects could decrease and some may not earn above the minimum income threshold and would not be required to make ISA payments. Some student obligors may take an extended absence from working due to illness and other personal reasons and in those circumstances may not be obligated to make payments on the related ISA. Some ISAs require that the student obligor only make a certain number of monthly payments, based on their then earned income (for example, an ISA may require 48 monthly payments of \$500 per month, but only if the obligor's monthly earned income exceeds a specified threshold amount (for example, \$3500 per month)). At the end of the 48 months the ISA contract will be terminated and the owner of the contract will not receive any further payments from the obligor. For these and other reasons some student obligors may not pay the "maximum payment amount" that is expected to be paid pursuant to the terms of the ISAs, which in turn will have a negative adverse effect on the return on investment of the investors in the ISA Participations. In addition, the concentration of the ISAs in specific geographic areas may increase the risk of losses on such ISAs. Economic conditions in the states where obligors reside may adversely affect the obligor's performance under the ISAs. Economic conditions in any state or region may decline over time and from time to time. Any adverse economic conditions adversely and disproportionately affecting certain states may have a greater effect on the performance of the Interests and ISA Participations than if these concentrations did not exist.

Illiquid Investment. There is not now, nor is it expected that there will be, a public market for the Series Interests and the related ISA Participations. Accordingly, an investor may not be able to liquidate its investment and the Interests may not be acceptable as collateral for loans being sought by an investor. An investment in the Interests requires a long-term commitment, with no certainty of return. Most of the ISAs

that the Company acquires will have a lengthy term, and payments by obligors required under the ISAs will be collected over a number of years.

Restrictions on Transfer and Withdrawal. There will be no public market for the Interests and the related ISA Participations. In addition, Interests and the related ISA Participations are not transferable except with the consent of the Company, which it may withhold in its sole discretion. Consequently, investors may not be able to liquidate their Interests and the related ISA Participations.

Inability to Meet Investment Objectives or Investment Strategy. An investment in the Interests and the related ISA Participations offered by the Company is only intended for long-term investors who can accept the risks associated with investing primarily in illiquid, privately negotiated securities. The success of the investment depends on the Company's ability to achieve its financial objectives, to collect payments on any underlying ISAs, and to generate positive cash flow that can be made available for distribution to the investors.

Market Volatility. Volatile market conditions at various times have had a dramatic effect on private investments. Although there has been significant improvement in recent years, market and economic conditions during certain years in the recent past, in particular the period during and following the 2007-2008 financial crisis, caused significant disruption in the credit markets over such years. Concerns about the availability and cost of credit, some declining markets in the U.S., economic conditions in the U.S. and Europe and the systemic impact of inflation or deflation, energy costs and geopolitical issues contributed to increased market volatility and diminished expectations for the U.S. economy following the 2007-2008 financial crisis. Increased market uncertainty and instability in both U.S. and international capital and credit markets, combined with declines in business and consumer confidence and increased unemployment, have, at times, in recent years, contributed to volatility in domestic and international markets. If similar turbulence in the U.S. and international markets and economies happens again, U.S. and international markets and economies may negatively affect the performance and market value of private investments. The prospects for continued growth in the U.S. economy are subject to a number of factors, including, but not limited to, the unemployment rate, government debt levels, prospective Federal Reserve policy shifts, the withdrawal of government interventions into the financial markets, changing U.S. consumer spending patterns, and changing expectations for inflation and deflation.

The United States has also recently imposed tariffs on certain imports from certain foreign countries and it is possible that the United States may impose additional tariffs or increase tariffs on imports from the same or additional foreign countries. Such tariffs could have the effect of, among other things, raising prices to consumers and potentially eliciting reciprocal tariffs, either of which could have a negative impact on the global economy.

Several state and local governments in the United States are also experiencing, and may continue to experience, severe budgetary strain. One or more states or significant local governments in the United States could default on their debt or seek relief from their debt under the U.S. bankruptcy code or by agreement with their creditors. In May 2017, Puerto Rico was placed under a form of bankruptcy protection, and one or more states, territories or significant local governments could default on their debt or seek relief from their debt under the U.S. bankruptcy code or by agreement with their creditors and could otherwise be placed under a form of bankruptcy protection. Moreover, other types of events may affect financial markets, such as uncertainty over, and the outcome or effect of, elections, war, revolt, insurrection, armed conflict, terrorism, political conflict, epidemics and pandemics, political crisis, natural disasters and man-made disasters.

There has been a global outbreak of coronavirus disease (COVID-19) which began in China and has quickly spread to many countries throughout the world including the United States and Europe. This outbreak has led (and may continue to lead) to disruptions in the global economy. On March 11, 2020, the World Health Organization declared COVID-19 to be a global pandemic. On March 13, 2020, President Trump declared a national state of emergency under the Stafford Disaster Relief and Emergency Assistance Act, which permits the use of up to \$50 billion of FEMA funds to combat the pandemic, directs state governments to create emergency operations centers, hospitals to activate emergency preparedness plans, and gives the U.S. Secretary of Health and Human Services emergency authority to waive certain federal regulations to allow greater flexibility to hospitals and doctors in treating patients. On March 25, 2020, the U.S. Senate passed legislation providing for approximately \$2 trillion of relief to states, businesses and individuals, and such legislation is expected to be approved by the U.S. House of Representatives and thereafter enacted into law by signature of the President on March 27, 2020. The economic impact of the disease has led to extreme volatility in the stock market and capital markets. The Federal Reserve has recently taken emergency action to further cut its benchmark rate down to a range of between 0% and 0.25%, to inject additional funds into the short-term lending markets and to implement quantitative easing and other measures to support financial institutions, other businesses and the credit markets. Central banks in Europe, the United Kingdom and other countries are implementing similar and other measures to support financial markets. Although it cannot be predicted, additional action by the Federal Reserve as well as other federal and state agencies is possible in the near future.

Additionally, the U.S. federal government, as well as several state and local governments including Connecticut, California, Illinois, New Jersey and New York, have adopted a number of emergency measures and recommendations in response to the COVID-19 outbreak, including imposing travel bans, "shelter in place" restrictions, curfews, cancelling events, banning large gatherings, closing non-essential businesses, including, but not limited to schools, bars, restaurants, movie theatres and gyms, and generally promoting social distancing (including in the workplace, which has resulted in a significant increase in employees working remotely). In many instances across the country, schooling (including higher education degree programs) has been conducted through online platforms and other remote interfaces. Although it cannot be predicted, additional policy action at the federal, state and local level in the near future is likely. The COVID-19 outbreak (and any future outbreaks of COVID-19) and resulting emergency measures has led (and may continue to lead) to significant disruptions in the global supply chain, global capital markets, the economy of the United States and the economies of other nations where an outbreak of COVID-19 has occurred or may occur. Concern about the potential effects of the COVID-19 outbreak and the effectiveness of measures being put in place by governmental bodies and reserve banks at various levels as well as by private enterprises (such as workplaces, trade groups, amateur and professional sports leagues and conferences, places of worship, schools, restaurants and gyms) to contain or mitigate its spread has adversely affected economic conditions and capital markets globally, and has led to significant volatility in global financial markets. In certain U.S. cities and states, the COVID-19 outbreak has resulted in a near total cessation of all non-essential economic activities, with some businesses temporarily suspending operations and laying-off employees, and many businesses including financial services companies permitting or requiring employees to work remotely. The disruption and volatility in the credit markets and the reduction of economic activity in severely affected sectors may continue for an extended period or indefinitely, and may lead to a recession in the United States and/or globally.

The outbreak (and any future outbreaks) of the coronavirus disease may lead to further volatility in or disruption in the stock market and capital markets and may result in further government actions or policy decisions that may adversely affect the market value of the Interests and the ISA Participations. Furthermore, it is likely that the COVID-19 outbreak and resulting disruption to economic conditions will result in students losing their jobs or experiencing a reduction in wages of other financial hardship, which

could adversely affect payments under the ISAs. The disruption in day-to-day business activities may also have an impact on the ability of parties to this transaction to perform their responsibilities. There can be no assurance that any measures undertaken by the federal government, or by state or local governments, will be effective to mitigate the impact of the COVID-19 outbreak. There is little certainty as to when the COVID-19 outbreak will abate, or when and to what extent the United States economy will recover from the disruption caused by the COVID-19 outbreak. The disruption and volatility in the credit markets may continue for an extended period or indefinitely, and may lead to a recession in the United States and/or globally. Investors must consider and understand that the extent of the economic disruption and market volatility that has been, and may be, caused by the COVID-19 outbreak could be as severe, or even more severe, than that of the 2008 financial crisis or other similar economic crises.

Any of the foregoing circumstances concerning COVID-19 could have an adverse impact on financial and job markets in general, any of which in turn may also have an adverse impact on the performance and market value of the ISAs as well as the Interests and the ISA Participations.

Such events could cause consumer confidence and spending to decrease or result in increased volatility in the United States and worldwide financial markets and economy. They also could result in a continuation of the current economic uncertainty in the United States or abroad. Any of these occurrences could have a significant impact on the operating results and revenues related to the investment in the Interests and the related ISA Participations.

General Economic Conditions. General economic conditions may affect the Company's activities and the performance of its investments. Interest rates, inflation rates, industry conditions, competition, technological developments, political and diplomatic events and trends, and general levels of economic activity may affect the value and number of ISAs that the Company acquires. The profitability of a significant portion of the Company's program depends, to a great extent, on correct assessments of the future course of employment needs. Economic conditions in general, and employment conditions in particular, have, in recent years, been characterized by great volatility and unpredictability. With respect to the Company's ISA investment strategy, there will be a significant degree of market risk.

Potential for Changes in Tax and Regulatory Requirements. The Company must comply with various legal requirements, including those imposed by tax laws. From time to time, but especially recently in light of the decline in state and local governmental revenues, legislators and officials have proposed changes in tax laws, or in the administration of such laws. It is not possible to determine with certainty the likelihood of possible changes in tax laws or in the administration of such law. Some changes, if adopted, could have a materially adverse effect on the Company's financial results. In addition, there have been proposals at both the federal level, by the introduction of legislation in the Congress, and the state level, by the adoption of certain regulations in certain states, that if enacted and/or enforced against schools that originate ISAs or affecting investors in ISAs might have an adverse effect on the collectability and value of the ISAs owned by the investors.

General Risks Related to the ISAs. Investments in the ISAs generally will be subject to risks incident to the ownership of contract rights against third party obligors, including: (i) risks associated with the general domestic economic climate; (ii) local employment conditions; (iii) risks due to dependence on cash flow; (iv) risks arising out of problems in certain industries that would otherwise employ the ISA obligors; (v) changes in supply of, or demand for, the types of employees who are the ISA obligors; (vi) the general financial condition of the ISA obligors; (vii) changes in tax laws and regulations; and (viii) the ability of the Company, its affiliates or third-party servicers to manage and service the ISAs. Certain ISAs will perform better from a financial perspective than other ISAs, and an ISA Participation may perform better financially from another

ISA Participation selected by an investor because the proportion of ISAs evidenced by an ISA Participation that do not perform as well, or with respect to which the obligor defaults, will cause the value of that ISA Participation to be less than the value of another ISA Participation. The Company is acquiring ISAs in pools, as originated by different schools, and then offering fractional participation interests through the ISA Participations in the entire pool that is acquired. In addition, the Company and the Manager will encourage investors to diversify their investments in ISAs by investing in multiple ISA Participations evidencing ISAs originated by a number of schools, resulting in an investor owning an investment the return for which will depend upon the payment performance of a substantial number of student obligors. However, the only assets that are available to investors who acquire ISA Participations are the specific ISAs (and the related cash reserves held by the Company and the cash collections that result from ownership of those ISAs). The Company does not have any other significant assets. As a result, the ISA Participations are “non-recourse” obligations of the Company. Furthermore, because none of the originating schools, the Company, the Manager or any affiliated entity related to any of them is guarantying the financial performance of the ISAs or the ISA Participations offered by the Company to investors, there can be no assurance that the investors will receive a positive return on their investment.

Schools that Originate ISAs and the Academic and Training Programs that they offer can differ significantly. The Manager has negotiated with a variety of educational institutions and schools to acquire ISAs that will provide the cash collections that will be paid to investors in the ISA Participations. The Manager and the Company believe that the schools from which ISAs are purchased have demonstrated a reasonable likelihood of success in the payment performance of the obligors on those ISAs, in part because of the reputation of the school and track record of post-graduation employment of those obligors. However, many of the schools with whom the Manager and the Company have entered into ISA purchase agreements are relatively new, and it is not possible to predict whether continued reputation of the school and/or the post-graduation employment success (and related ISA payment performance) of the ISAs originated by those schools will continue. Certain schools and training programs may in the future turn out to be more valuable to the obligor than others. That is one of the reasons that the Company and the Manager encourage investors to diversify their investments in ISAs.

Redemption of ISA Participations by Company Call Option. Some ISA Participations will be subject to redemption at the option of the Company in its sole discretion. If the Company were to exercise this option, the final return on investment in an ISA Participation might be less than it would be had the option not been exercised.

Risks Related to Default by the Company on its Debts. The Company is not permitted to incur debt other than trade credit and payables incurred in the ordinary course of the Company’s business. The Series Interests are equity interests issued by a Series of the Company and any creditors of the Company that have a security interest in the assets owned by the Company may make claims against the assets owned by each Series in which the holders own the Series Interests. In an insolvency or bankruptcy proceeding of the Company, it is possible that the holders of the Interests will not receive any significant repayments of their Series Interests and the related ISA Participations, and in any event will be subject to substantial delays in payment as a result of the stays imposed in such insolvency or bankruptcy proceedings.

Financial Information Reported by the Company to the Investors will not be Audited. Investors who acquire ISA Participations will have access to information regarding their investments, including the ISAs underlying the ISA Participations they acquire, but the information provided will not be audited by an independent accounting firm. Furthermore, although the Manager will monitor the schools that sell ISAs to the Company and the performance of the servicers who collect payments from the student obligors who

make payments on the underlying ISAs, the Manager will not require either the schools or the servicers to deliver audited financial statements.

Because the Company will not be registered under the Investment Company Act, investors will not be protected by the significant limits on a company's operations that apply to registered investment companies, but the Company will have the flexibility to execute its business plan and to pursue higher values for an investor's investment in the Interests and the ISA Participations.

The Company currently conducts, and intends to continue to conduct, its operations so that it is not required to register as an investment company under the Investment Company Act. The Company believes it is not an investment company as defined in Section 3(a)(1)(A) of the Investment Company Act because it does not engage primarily, or hold itself out as being engaged primarily, in the business of investing, reinvesting or trading in securities. In addition, the Company intends to conduct its operations so that it does not come within the definition of an investment company under Section 3(a)(1)(C) of the Investment Company Act because less than 40% of the value of its adjusted total assets on an unconsolidated basis will consist of "investment securities". The Company will monitor its holdings to ensure ongoing compliance with this test, but there can be no assurance that it will be able to avoid the need to register as an investment company. In addition, the assets the Company may acquire are limited by the provisions of the Investment Company Act and the rules and regulations promulgated thereunder, which may adversely affect the Company's business.

Even if the Company were deemed to be an "investment company," as defined in Section 3(a)(1) of the Investment Company Act, the Company believes it may qualify for the exclusion from the definition of "investment company" contained in Section 3(c)(5)(A) of this Act. Under the terms of the Company's governing agreement, there are material restrictions on the right of an investor to redeem its Interests and ISA Participations. In addition, neither the Interests nor the ISA Participations are "face-amount certificates of the installment type" or "periodic payment plan certificates," as those terms are defined in the Investment Company Act and have been interpreted by the SEC and its staff. Further, the Company will be deemed to be primarily engaged in a business described in Section 3(c)(5)(A), in accordance with positions taken by the SEC staff in no-action letters, because its sole business will be to purchase or otherwise acquire ISAs or notes or other obligations that are collateralized by ISAs, which represent part or all of the sales price of obtaining educational services.

We recognize that there may be no guidance from the SEC or its staff that applies directly to the Company's factual situations. As a result, the Company may have to apply SEC staff guidance that relates to other factual situations by analogy. No assurance can be given that the SEC or its staff will concur with the Company's classification of its assets. In addition, the SEC or its staff may, in the future, issue further guidance that may require the Company to re-classify its assets for purposes of the Investment Company Act. There is no guarantee that the Company will be able to adjust its assets in the manner required to avoid the need to register under the Investment Company Act, and any adjustment in the Company's strategy or assets could have a material adverse effect on the Company.

In seeking to avoid registration as an investment company, the Company may be restricted from making certain investments or may structure investments in a manner that would be less advantageous to the Company than would be the case in the absence of such registration. In addition, the Company may acquire or hold additional assets that the Company might not otherwise have acquired or held or dispose of investments that it might not have otherwise disposed of, which could result in higher costs or lower proceeds to the Company than it would have paid or received if it were not seeking to comply with such requirements.

If the Company were found to be operating as an unregistered investment company, it could be subject to monetary penalties and injunctive relief in an SEC action, and the Company could be forced to discontinue its operations. In addition, the Company may be unable to enforce contracts with third parties, and third parties could seek to obtain rescission of transactions undertaken during the period when the Company was operating as an unregistered investment company. Further, the Company could be held liable for violating various substantive provisions of the Investment Company Act that apply to registered investment companies, such as the limitations on transactions with affiliates.

If the Company were required to register as an investment company under the Investment Company Act, it would become subject to the many requirements that apply to the management and operations of registered investment companies. For example the Company would become subject to the significant restrictions on capital structure and leverage the Investment Company Act imposes on registered investment companies, its management would have to conform to certain structural requirements, its ability to engage in transactions with affiliated persons would be significantly restricted, and it may be required to provide disclosure to its investors and file periodic reports with the Commission in accordance with various regulations that are designed to protect the interests of investors. Therefore, registration as an investment company would limit the Company's ability to implement its current business plan and would require it to significantly restructure this plan, which likely would have a substantial adverse effect on the value of an investment in the Interests and the ISA Participations.

Licensing Requirements. Although the Company believes that it is not required to obtain any licenses or permits from governmental authorities in connection with its acquisition, ownership and servicing of ISAs, it is possible that in the future federal, state or local governments may require originators, servicers and owners to obtain certain licenses, registrations, notifications, permits or similar approvals in order to make, hold, service or dispose of ISAs. These licenses and approvals could be costly and take several months or longer to obtain, during which period the Company may be required to abstain from conducting business in the relevant jurisdiction or jurisdictions, which could have a material adverse effect on the Company's business, the Interests and the ISA Participations until the requisite licenses and approvals were obtained. In addition, if licenses and approvals are required and then obtained, there are annual renewal and other periodic reporting requirements for each of the licenses and approvals as well as license examinations and other related filings and requirements. Further, the licensing and approval requirements can and do change as statutes, regulations and other guidance are enacted, promulgated or amended, and the recent trend among federal and state lawmakers and regulators has been toward increasing laws, regulations, disclosures and investigative proceedings in relation to consumer finance generally.

Recharacterization of ISAs as loans or extensions of credit. The treatment of ISAs under both federal and state is currently unclear. If the ISAs were to be recharacterized as loans or extensions of credit by courts or regulators, such recharacterization could adversely affect the value of an holder's investment in the Interests and the ISA Participations.

There have been a number of cases that examine whether an instrument is a loan or another type of transaction. Courts look to the following non-dispositive factors, among others: (i) parties' intent; (ii) whether the contract contemplates the absolute repayment of an advance of money or contemplates completion of performance; (iii) whether there are monthly or periodic payments; (iv) whether interest accrues; (v) whether there is shared risk and reward/whether the party extending capital risks the loss of capital advanced; and (vi) the language of the contract. Other factors can include: (i) the relationship of the parties; (ii) prior unsuccessful attempts by the consumer to obtain a loan; (iii) the sophistication and circumstances of the parties; (iv) the lack of legal counsel; and (v) for option contracts, whether there is a unilateral, irrevocable agreement, e.g. an agreement where one party contracts to sell the subject asset to another on specific

terms at a specific time, where the option holder can exercise the purchase option at any time under the agreement.

Given the numerous factors that the ISAs appear to meet which support finding a non-credit transaction (whether an investment plan or option contract), the Company believes that it has a reasonable basis to support a conclusion that the ISA is not a loan or an extension of credit. However, if the ISAs were determined to be a loan or extension of credit, the Company would become subject to numerous additional regulatory requirements, including, among other things, licensing requirements as described in the “Licensing Requirements” section of this Memorandum, disclosure and timing requirements, fee restrictions and various prohibited acts and practices.

Current and future legislation and regulation may adversely affect the ISAs, the Company, or the Servicers. New York has current rules in place for private educational institutions that, among other things, prohibit such institutions from charging different tuition rates and other fees or charges, which may affect the ability of the Company as an assignee of the ISAs to collect the expected returns on the ISAs. Other states may currently have or may enact similar rules in the future.

On June 15, 2019, a bipartisan bill was introduced in Congress entitled the “ISA Student Protection Act of 2019” which would create a legal framework for ISAs offered to students. That same month, Democratic lawmakers sent a letter to the Department of Education requesting information about the Department’s potential plans to use ISAs in federal higher education programs and expressing concern that ISAs may create the potential for discriminatory and predatory practices, especially for lower income students. Further, New York as well as other states, including California, also are addressing the regulation of ISAs and some states recently proposed legislation in early 2019. While such legislation has not yet become law, there are no assurances that such legislation or other legislative or regulatory proposals will not be passed in the future. Regulators and courts may also interpret existing law to apply to ISAs.

The adoption of any such bill, other legislation, regulation or regulatory or judicial interpretation could adversely affect the Company, as well as the value of the Interests and the ISA Participations. The Issuer cannot predict whether any such legislation, regulation or interpretation will be adopted or how it may affect the Company, or the holders of Interests or the ISA Participations.

Tax Risks. There are a number of additional risk factors relating to taxes associated with an investment in the Company. See “Certain Tax Considerations” for a discussion of these tax risks. Non-U.S. investors would be subject to significant adverse tax consequences if they were to invest in this investment including but not limited to the imposition of significant U.S. withholding taxes on certain payments received under ISA participation interests and the potential imposition of U.S. withholding taxes on certain payments received under the notes collateralized by ISAs. As such, Series Interests are not suitable investments for non-U.S. investors, and investments in the Series Interests are limited to U.S. persons only that provide a valid W-9 withholding form.

Substantial and increasing competition in our industry may harm our business. Investment in ISAs may become increasingly competitive. We may be required to compete against a wide range of financial products and companies that attract investors. We anticipate that more established internet, technology and financial services companies that possess large customer bases, substantial financial resources and established distribution channels, may have significant competitive advantages as a result and will continue to enter the market to acquire ISAs. We believe our proprietary marketplace model, online delivery and process automation enable us to operate efficiently and with high investor satisfaction than these competitors. We believe that our diverse and customizable ISA investment options give us the flexibility to

offer competitive risk-adjusted returns. Many of our potential competitors have significantly greater financial resources and may have less expensive access to capital than we do, and may offer a broader range of products, services or features, assume a greater level of risk, have lower operating or financing costs, or have different profitability expectations than us.

Interests and ISA Participations are not suitable investments for all investors. Interests and ISA Participations are not a suitable investment if you require a regular or predictable schedule of payments or payment on any specific date. The Interests and ISA Participations are complex investments that should be considered only by investors who, either alone or with their financial, tax and legal advisors, have the expertise to analyze the prepayment, reinvestment, default and market risk, the tax consequences of an investment, and the interaction of these factors.

Combination or “Layering” of Multiple Risks May Significantly Increase Risk of Loss. Although the various risks discussed in this Memorandum are generally described separately, you should consider the potential effects of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to an investor in the Interests and/or ISA Participations may be significantly increased.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN AN INVESTMENT IN THE INTERESTS AND THE ISA PARTICIPATIONS. PROSPECTIVE INVESTORS SHOULD READ THIS ENTIRE MEMORANDUM AND CONSULT WITH THEIR OWN ADVISORS BEFORE DECIDING WHETHER TO INVEST IN THE INTERESTS OR THE ISA PARTICIPATIONS. NO ASSURANCE CAN BE MADE THAT THAT AN INVESTMENT IN THE INTERESTS OR ISA PARTICIPATIONS WILL PROFITABLE OR WILL BE REPAYED.

MANAGEMENT

The Company is managed by Edly Inc. (“Edly” or the “Manager”), which is the sponsor of the Company and the offering of Interests and ISA Participations (the “Sponsor”). The Sponsor has developed relationships with a variety of educational institutions that enter into ISAs with certain of their students to provide alternatives to student loans so that the students can pay their tuition on a deferred basis. The Sponsor has selected a variety of educational institutions, including schools that provide focused training programs that are intended to lead to well-paying employment for successful graduates of that training. Information regarding ISAs generally and the educational institutions with whom the Sponsor has currently contracted to purchase ISAs is included in the section of this Memorandum captioned “The ISAs.” The Sponsor expects to contract with additional schools in the future to acquire ISAs. Each offering of ISA Participations will be disclosed in a supplement to this Memorandum (each, a “Supplement”) and prior to acquiring any ISA Participation an investor should carefully review this Memorandum and the applicable Supplement. The Supplement will provide information regarding the school that originated the pool of ISAs, the academic or training program attended by the students who are the obligors on the ISAs and certain statistical and other information regarding the ISAs.

The Manager is responsible for maintaining all records and investor account information, although the Manager will outsource significant administrative duties to third parties, including independent certified accountants retained by the Manager. Martin, DeCruze & Company who has an office at 2777 Summer Street, Suite 401, Stamford, CT 06905, is currently engaged by the Manager to perform a certain portion of these functions. The Manager will make available to investors through its investor online interface, real time information about each investor’s own account and, as such information is available, information regarding each pool of ISAs for which the investor has acquired an ISA Participation.

The Manager’s management team includes the following individuals:

Christopher Ricciardi, CFA

CEO | Co-Founder

Christopher Ricciardi has been an investment professional specializing in asset finance for the past 28 years. During that period, he has held a variety of positions including as a trader, structurer, and asset manager of asset backed securities. He has held executive positions including as CEO of asset management companies.

Mr. Ricciardi has been developing an investment process to analyze and invest in income share agreements for the past two years. During this time, he has made investments in approximately 8 ISA pools with aggregate investment value of approximately \$10 million.

Previous positions held by Mr. Ricciardi include:

Partner at FlowPoint Education Management (“FEM”)– September 2017 to present. Partner in education focused asset management company. FEM currently manages investments in online program managers which are used to finance the development of online graduate degree programs for universities.

Partner of Mead Park Management. January 2011 to September 2017. Mead Park was a manager of structured corporate loan backed vehicles including CLOs and bank capital management transactions.

CEO of Cohen & Co. January 2006 to January 2011. Cohen & Co. is a registered investment advisor which manages structured asset backed vehicles and funds and also is a broker-dealer. During Mr. Ricciardi’s

tenure at Cohen, it managed approximately \$40 billion in various funds and investment vehicles including public and private specialized asset management vehicles.

Head of Structured Credit, Merrill Lynch (2003-2005), Credit Suisse (2000-2003), Prudential Securities (1991-2000)

Education: Wharton School of U Penn, MBA (1997), London School of Economics, General Course (1990), University of Richmond, BA (1991)

Board Affiliations: Treasurer & Director, American Fund for LSE (London School of Economics) 2010 to present, Director, Robbins School of Business Advisory Board (University of Richmond) 2011 to 2013, Advisory Boards of Feenix Investments and New Market Capital.

Charles Trafton

President | Co-Founder

Mr. Trafton has more than 20 years experience investing in education sector securities, including the last three years creating and investing in ISA programs.

Managing Partner at FlowPoint Capital and FlowPoint Education Management

Former Portfolio Manager at The Boston Company Asset Management from 2006-2014

Voted 1997 Institutional Investor "All-America Research Analyst" at Cannaccord Genuity (formerly Adams, Harkness & Hill); Greenwich Associates "4-Star Analyst"; Cowen & Co.

Boston College, BA (1994)

J. Christopher Roe

Chief Technology Officer

Chris Roe is an accomplished technologist with two decades of experience in leading business transformation through technology innovation in change management, post-acquisition integration, technical strategic planning, business analysis, and scum/agile development. He works at the intersection of Digital Business and Technology; leading efforts to accelerate growth through multichannel digital innovation.

During Web 1.0, Chris drove innovations for e-commerce startup Newyorkcity.com as well as top CEO's Barry Diller and Edgar Bronfman Jr. supporting brands Vivendi Universal and USA Networks. Chris provided the technology vision and leadership essential to developing and implementing web initiatives in a constantly changing competitive early stage digital marketplace.

At the end of 2000, Chris was brought in as CTO and change agent to lead the transformation of one of Interpublic Group of Companies' New York advertising agencies, re-platforming and reimagining the company to succeed in the digital age.

As an established thought leader in developing enterprise solutions Chris joined global music startup Qtrax in 2006, supported by the 4 major music labels. Chris engineered and developed infrastructures that supported rollouts in 170 countries including exclusive partnerships with Baidu in China's.

In 2010, Pete G. Peterson, past Secretary of Commerce, CEO of Lehman Brothers and founder of the private equity firm Blackstone, engaged Chris to lead efforts to accelerate digital innovation and technology.

When Guggenheim Partners brought in former Yahoo CEO, Ross Levinsohn, in 2012, Chris was tapped to drive the technological vision and digital roadmap of mergers and acquisition of multiple key brands.

Flex Point Partners Glen Goldman leveraged Chris in 2016 to re-platform and restructure their SMB Fintech company Credibly.

Chris most recently was brought into Shanghai based Wheat Financial, one of the top ten P2P banks in China, to build out their global block chain infrastructure support for the loan services units in the US and China.

Chris has established a well-earned reputation for motivating clients to embrace innovation in the digital space garnering numerous accolades including recognition in Oracle Magazine and speaking engagements for Salesforce at Dreamforce and the launch of the Salesforce World Tour at the Javits Center in New York City.

Cecilia Pan

Managing Director, Head of Structuring

Cecilia Pan has been an investment professional specializing in structured finance for the past 18 years. During that period, she has worked in a variety of roles relating to the structuring and management of asset backed securities.

Previous positions held by Ms. Pan include:

Managing Director at Castle Placement Investment Bank (2016-2019)

Bank of America - Risk Manager - 2011-2013

Director, Global Structured Credit Product at Merrill Lynch (2003-2008)

Associate, Structured Credit at Credit Suisse (1999-2003)

Columbia Business School, MBA (2001)

University of California, Berkeley, BA Economics (1996)

Harry Birch

Vice President

Head of Operations at Edly

Analyst at FlowPoint Education Management

Head of Product at PLAAY Sports tech company (2017-2019)

Advisory Board Member at EVAmore music platform

Vanderbilt University, BA Economics (2017)

DESCRIPTION OF THE SERIES INTERESTS

edly Funding Series LLC (the "Company") is a Delaware series limited liability company formed to acquire and actively manage a portfolio of income share agreements ("ISAs"). Edly Inc. ("Edly" or the "Manager"), a Delaware corporation, manages the Company. The Manager formed the Company and is also the sponsor (the "Sponsor") of the offering of series limited liability company membership interests ("Series Interests") and participation interests issued by the Company in one or more pools of ISAs or in notes or other debt instruments collateralized by pools of ISAs ("ISA Participations"). Additional information regarding each offering of ISA Participations will be available at the time of such offering in the form of a supplement to this Memorandum (a "Supplement").

The Series Interests are equity interests in discrete series designated by the Company. Each investor will acquire 100% ownership of the Series Interests issued by a series. These Series Interests evidence all of the economic benefits and rights in a discrete set of ISA Participations.

The rights of an investor as the sole member of a series established by the Company will be set forth in the Series Limited Liability Company Agreement and in a Series Designation substantially in the form of Exhibit A attached hereto. Generally, the investor, as sole member of the series established by the Company for the investor, will have the right to make all decisions regarding investments, ownership and disposition of the ISAs acquired by the series entity. The Manager will be responsible for executing on all decisions made by the investor as sole member and will monitor the servicing and administration of the investments. In addition, the Company may offer investors the opportunity to grant the Manager the discretionary authority to make investment decisions on behalf of the investor.

CONFLICTS OF INTEREST

The Company is subject to a number of actual and potential conflicts of interest involving the Sponsor, the Manager and its affiliates, members, officers, and employees.

The Sponsor will act as Manager of the Company for the investors as holders of the Interests pursuant to a Series Limited Liability Company Operating Agreement and a Series Designation that will be entered into between the Company, the Manager and the investors, substantially in the form of Exhibit A attached to this Memorandum. The Manager will be responsible for managing the business of the Company, preparing reports, monitoring the servicing of the ISAs and enforcing all of the rights and remedies under the ISAs on behalf of the Company and for each of the investors as holders of the ISA Participations. No investor will have any rights or ability to enforce any remedies against the ISA obligors directly. The Manager or one of its affiliates or principals may own an Interest in the Company. Although the Manager intends to manage the Company in the best interests of all of the holders of the Interests, it is possible that conflicts of interest will arise between the Manager and its affiliates, on the one hand, and investors holding Interests, on the other hand.

In addition, certain other affiliates of the Sponsor may provide services to the Company. Such services are provided in the ordinary course of business and on terms deemed to be on an arm's length basis and no less favorable than could be obtained from an unaffiliated third party. Any transaction will be deemed to be on an arm's length basis on terms no less favorable than could be obtained in a transaction with an unaffiliated third party if the specific transaction is described in this Memorandum, including any Supplement related to an investment offering of ISA Participations. Such affiliates may be paid and shall be entitled to retain all compensation received on such terms as are described or as otherwise approved and there shall be no reduction of the Management Fee paid to the Manager as a consequence thereof.

The services that the Manager renders to the Company will not be deemed to be exclusive, and the Manager shall be free to render similar services to others, including other entities in which the Sponsor has a relationship, either through ownership or by contract.

The Manager earns management fees from the investors. These fees reduce the amount of return which would otherwise be available to investors.

The Manager, its affiliates, and principals own interests in an interim "warehouse funding" vehicle used to aggregate ISAs prior to funding by the Company with investors. The Manager and persons affiliated with the Manager may earn substantial compensation from schools that elect to use the warehouse funding to finance their ISAs prior to the Company offering the ISA Participations to investors.

Certain affiliates of the Manager founded another company whose principal business was the investment in ISAs. That company, FlowPoint Education Management, owns a portfolio of ISAs that will not be sold to the Company. FlowPoint Education Management is no longer actively seeking investments in ISAs and the Manager and its principals are devoting substantially all of their time and attention to the Company.

CERTAIN TAX CONSIDERATIONS

THE FOLLOWING DISCUSSION SUMMARIZES CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE SERIES INTERESTS TO BE OFFERED BY THE COMPANY. THE DISCUSSION IS BASED UPON THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), TREASURY REGULATIONS, ADMINISTRATIVE RULINGS, COURT CASES, AND OTHER APPLICABLE LAW, ALL OF WHICH ARE SUBJECT TO CHANGE, POSSIBLY WITH RETROACTIVE EFFECT. THE DISCUSSION DOES NOT ADDRESS ALL OF THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE COMPANY, SINCE THESE DEPEND UPON EACH PARTICULAR INVESTOR’S SITUATION. IN ADDITION, THE DISCUSSION DOES NOT ADDRESS THE STATE, LOCAL OR FOREIGN TAX CONSEQUENCES OF AN INVESTMENT IN THE COMPANY. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS BEFORE MAKING AN INVESTMENT IN THE COMPANY.

This discussion is directed solely to U.S. persons (within the meaning of section 7701(a)(30) of the Code) as holders of the offered Series Interests as capital assets within the meaning of section 1221 of the Code and not as part of a “straddle,” “hedge,” “synthetic security” or a “conversion transaction” for U.S. federal income tax purposes, or as part of some other integrated investment. This discussion does not purport to discuss all federal income tax consequences that may be applicable to the individual circumstances of particular categories of investors, some of which (such as banks, thrifts, financial institutions, insurance companies, securities dealers or brokers, traders in securities electing mark-to-market treatment, partners that hold their Series Interests through a partnership or other entity treated as a partnership for U.S. federal income tax purposes, mutual funds, real estate investment trusts, small business investment companies, S corporations, investors whose functional currency is not the U.S. dollar, retirement plans, other tax-exempt entities, persons holding the Series Interests in tax-deferred or tax-advantaged accounts, persons subject to the alternative minimum tax, investors required to include certain amounts in income no later than the time such amounts are reflected on their financial statements, and foreign investors) may be subject to special treatment under the Code.

This summary deals only with notes that are due to mature more than one year from the date on which they are issued. This discussion assumes that each of the notes acquired by the Company will be treated as indebtedness for U.S. federal income tax purposes. Further, the authorities on which this discussion are based are subject to change or differing interpretations, which could apply retroactively. Prospective investors should note that no rulings have been or will be sought from the Internal Revenue Service (referred to as the “IRS” in this Memorandum), and no opinion of counsel has been or will be obtained, with respect to any of the federal income tax consequences discussed below, and no assurance can be given the IRS will not take contrary positions. The U.S. federal income tax laws are extremely complex, and the following summary is not exhaustive and does not constitute tax advice. No representation is made as to the tax consequences of an investment in the Series Interests offered by the Company. A decision to invest in the Series Interests should be based upon an evaluation of the merits of the investment program, and not upon any anticipated U.S. tax benefits. Each prospective investor is advised to consult its tax advisor as to the tax consequences of an investment in the Series Interests.

Classification of Each Series as a Disregarded Entity

The remainder of this discussion assumes that each series will at all times have a single beneficial owner of such series. If each investor is the sole beneficial owner of a series formed by a series limited liability company, each series may be disregarded under federal income tax rules and the investor would be treated as the owner of all of the ISA Participations acquired by such series. Therefore, any income or deductions

earned by such series would be treated as if they were earned by such investor directly, and any activities undertaken by such series would be treated as if they were undertaken by the investor directly. As a result, each investor will be required to report on its federal income tax or information return the income, gains, losses, deductions or credits allocable to its series for the investor's taxable year, whether or not cash or other property is distributed by the series to the investor. An individual investor will not be entitled to deduct investment expenses (such as Management Fees or servicing fees) allocable to his or her series for tax years beginning after December 31, 2017 and before January 1, 2026 for federal income tax purposes. For tax years beginning after December 31, 2025, the deductibility of investment expenses by an individual investor may be subject to certain limitations, including the 2 percent floor on miscellaneous itemized deductions.

Taxation of Participation Interests in Pools of ISAs

There is no directly applicable guidance addressing the federal income tax treatment of an investment in a pool of ISAs. However, based on analogous authorities and general principles of federal income tax law, the Company intends to treat each investment in a separate pool of ISAs under an "aggregation approach" and as an "open transaction" for tax purposes. Under this treatment, payments received by an investor with respect to its participation interest in an ISA pool will be treated as nontaxable to the extent of the purchase price paid for such ISA Participation. Any payments received with respect to the ISA Participation in excess of such amount may be treated as ordinary income for tax purposes.

While not entirely clear, gain or loss recognized by an investor on the sale or disposition of a pool of ISAs, or upon the redemption of a participation interest in an ISA pool, could be treated as capital gain or loss under section 1234A of the Code. Thus, under the foregoing tax treatment, an investor could recognize ordinary income with respect to certain ISA Participations and capital losses attributable to other ISA Participations. Alternatively, it is possible that the IRS could characterize income upon the sale of an ISA pool or the redemption of an ISA Participation as a substitute for ordinary income attributable to the underlying ISAs.

As an alternative to the "aggregation approach" described above, it is possible that an investor will be treated as purchasing an interest in each of the underlying ISAs at a price determined by allocating the purchase price paid for an ISA Participation among the underlying ISAs in proportion to their fair market values at the time of purchase. In such case, an investor may recognize income prior to receiving total payments equal to its purchase price for the ISA Participation. In addition, an investor could recognize ordinary income with respect to certain ISAs and capital losses attributable to other ISAs. However, under this alternative, the fact that the purchase price would be allocated among the ISAs based on their projected cash flows makes it less likely that the adverse tax consequences described in this paragraph will apply to any material extent. Prospective investors should consult their own tax advisors regarding the proper method for reporting income with respect to ISA Participations and the resulting tax consequences.

Taxation of Participation Interests in Notes

In general, an investor's share of interest (other than original issue discount, as discussed below) on a note will be taxable as ordinary interest income to the investor at the time it accrues or is received, in accordance with the investor's regular method of tax accounting.

An investor in a note issued with original issue discount, as such term is defined for U.S. federal income tax purposes, and that matures more than one year from the issue date will be required to include its proportionate share of such original issue discount in gross income as it accrues (regardless of such

investor's method of accounting), in advance of receipt of the cash attributable to such income. An investor's tax basis in a note participation will be increased by any original issue discount included in taxable income by the investor with respect to such note.

A note that has an issue price of less than its stated redemption price at maturity generally will be issued with original issue discount for U.S. federal income tax purposes in the amount of such difference. Under a *de minimus* exception, if the difference between a note's stated redemption price at maturity and its issue price is less than 0.25% of the stated redemption price at maturity multiplied by the number of complete years to maturity, the note will not be considered to have original issue discount. The issue price of a note is generally the net amount of money advanced by the holder to the issuer in exchange for the note. The stated redemption price at maturity is the total amount of all payments provided by the note, other than stated interest that is unconditionally payable at least annually either at a single fixed rate or at certain variable rates. An investor's share of qualified stated interest will be taxable when received or accrued, in accordance with the investor's regular method of tax accounting.

Gain or loss recognized by an investor on the sale or disposition of a note, or upon the redemption of a participation interest in a note, will generally be treated as capital gain or loss, except to the extent of any accrued but unpaid interest. Such capital gain or loss will be long-term capital gain or loss if the interest in the note has been held for more than one year. Long-term capital gain of a non corporate investor is generally taxed at preferential rates.

Taxation of U.S. Government Securities

If investors who elect to have their investment accounts managed by the Manager on a discretionary basis and who choose to participate in "Principal Protected" investments, part of their investment will be in U.S. Government securities which may include US Treasury "STRIPS" - STRIPS is an acronym for Separate Trading of Registered Interest and Principal of Securities. These types of bonds are generally known as zero-coupon bonds because they pay no interest or coupon. Investors will recognize ordinary income on the actual interest received or on the accrual amount of interest associated with the original issue discount. For each STRIP that has a remaining term of maturity of more than one year at the time the investor acquires its interest, the difference between the purchase price allocated to that security and the amount payable to the investor at maturity is original issue discount. An investor will be required to include the corresponding original issue discount in income as ordinary income as it accrues over the remaining term to maturity, even though there may be no cash payment until the zero-coupon bond reaches maturity or the STRIPs are sold. Amounts received upon the maturity of a STRIP will be taxable only to the extent they exceed the sum of (i) the investor's original tax basis in such STRIP and (ii) original issue discount includible in income with respect to such STRIP. On a taxable disposition of a U.S. Government security, an investor will have taxable gain or loss equal to the difference between the amount received and the investor's tax basis in that security. The investor's tax basis is the purchase price allocated to the security, increased by original issue discount included in income with respect the security. The gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if the investor's interest in the security has been held for more than one year. In the case of a sale or exchange of a STRIP with a maturity of one year or less from the date of acquisition, a portion of any gain recognized by an investor who is an individual or other cash method taxpayer may be treated as ordinary income.

Capital Losses

Capital losses generally may be deducted only to the extent of capital gains, except that non-corporate taxpayers may deduct up to \$3,000 of capital losses per year against ordinary income. Corporate taxpayers

may carry back unused capital losses for three years and may carry forward such losses for five years; non-corporate taxpayer may not carry back unused capital losses but may carry forward such losses indefinitely.

Net Investment Income Tax

Certain investors that are individuals will be subject to a 3.8% Medicare tax on all or a portion of their “net investment income.” Trust and estates are also subject to this tax, in modified form. For this purpose, “net investment income” generally includes, among other things, interest income and net gain attributable to the disposition of capital assets, each as reduced by allowable deductions which are properly allocable to such income or gain.

Application of Rules for Income and Losses from Passive Activities

The Code imposes restrictions on the ability to offset losses from a “passive activity” against certain income that is not derived from a passive activity. The restriction applies to individuals, personal service corporations and certain closely held corporations. Pursuant to Temporary Regulations issued by the Treasury Department, income or loss from the ISA Participations generally will not constitute income or loss from a passive activity. Therefore, passive losses from other sources generally could not be deducted against an investor’s share of such income and gain from the ISA Participations.

Information Returns and Schedules

All financial information related to distributions made to the series (and to its sole member investor) and expenses allocable to the series would be included in reports (including IRS Form 1099) generated by Edly and delivered to such investor for use in preparing its federal income tax return. The investment structure described herein should not result in the investors being characterized as “partners” for tax purposes and therefore the Company would not be required to issue K-1s to the investors.

Backup Withholding with Respect to Offered Series Interests

Certain payments received by the investors may be subject to the “backup withholding tax” under section 3406 of the Code if recipients of the payments fail to furnish to the Company certain information, including their taxpayer identification numbers, or otherwise fail to establish an exemption from the backup withholding tax. Any amounts deducted and withheld from a distribution to a recipient would be allowed as a credit against the recipient’s federal income tax. Furthermore, penalties may be imposed by the IRS on a recipient of payments that is required to supply information but that does not do so in the proper manner.

Each investor should discuss with their own tax advisor/accountant as to the U.S. federal income tax consequences of holding and disposing of Series Interests and as to the proper inclusion of such financial information on the investor’s local, state and federal tax returns, as applicable.

Tax Treatment of the Additional Contingent Purchase Price Arrangement

The Company intends to take the position that any payment to a school that originated an ISA as a contingent additional purchase price is characterized as additional purchase price paid by the investor to the school in exchange for such investor’s acquisition of a pool of ISAs. However, it is possible that the IRS may disagree with this position. In such a case, an investor may be treated as if it were a “partner” in a “deemed partnership” with the school that originated the ISA. Each investor should discuss with their

own tax advisor/accountant as to the U.S. federal income tax consequences of such a recharacterization to an investor.

Non-U.S. Investors

Non-U.S. investors would be subject to significant adverse tax consequences if they were to invest in this investment including but not limited to the imposition of significant U.S. withholding taxes on certain payments received under ISA participation interests and the potential imposition of U.S. withholding taxes on certain payments received under the notes collateralized by ISAs. As such, Series Interests are not suitable investments for non-U.S. investors, and investments in the Series Interests are limited to U.S. persons only that provide a valid W-9 withholding form.

CERTAIN ERISA CONSIDERATIONS

THE FOLLOWING SUMMARY OF CERTAIN ASPECTS OF ERISA, IS BASED UPON ERISA, JUDICIAL DECISIONS, DEPARTMENT OF LABOR REGULATIONS AND RULINGS IN EXISTENCE ON THE DATE HEREOF. THIS SUMMARY IS GENERAL IN NATURE AND DOES NOT ADDRESS EVERY ERISA ISSUE THAT MAY BE APPLICABLE TO THE COMPANY, OR A PARTICULAR INVESTOR. ACCORDINGLY, EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH ITS OWN COUNSEL IN ORDER TO UNDERSTAND THE ERISA ISSUES AFFECTING THE COMPANY AND THE INVESTOR.

The Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and section 4975 of the Code impose certain fiduciary and other restrictions on:

- employee benefit plans as defined in section 3(3) of ERISA that are subject to Title I of ERISA (“ERISA Plans”);
- plans described in section 4975(e)(1) of the Code that are subject to section 4975(c) of the Code, including individual retirement accounts (“IRAs”) or Keogh plans, even though not ERISA Plans ; and
- any entities whose underlying assets include plan assets by reason of an investment in these entities by a plan described in (a) or (b) (all such entities, “Plans”).

ERISA and the Code also prohibit or impose an excise tax on certain transactions between a Plan and persons who have certain specified relationships to these plans — these persons are called “Parties in Interest” under ERISA and “Disqualified Persons” under section 4975 of the Code. Some Parties in Interest or Disqualified Persons that participate in a prohibited transaction may be subject to an excise tax imposed under section 4975 of the Code or a penalty imposed under section 502(i) of ERISA, unless a statutory or administrative exemption is available.

Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non U.S. plans maintained outside the United States primarily for the benefit of persons substantially all of whom are nonresident aliens are not subject to ERISA requirements or the prohibited transaction restrictions imposed under ERISA and section 4975 of the Code but may be subject to federal, state local or non-U.S. laws substantially similar to Title I of ERISA or section 4975 of the Code (“Similar Law”). In addition, if a governmental, church or non-US plan that is not subject to Title I of ERISA or section 4975 of the Code is qualified and exempt from taxation under sections 401(a) and 501(a) of the Code, the prohibited transaction rules in section 503 of the Code will apply.

The offered Interests may be purchased by a Plan. However, persons who are fiduciaries with respect to a Plan should consider, among other things, the matters described below before determining whether to invest in the offered Interests.

Fiduciary Requirements

ERISA imposes certain general and specific responsibilities on persons who are fiduciaries with respect to an ERISA Plan, including prudence, diversification, an obligation not to engage in a prohibited transaction, and other standards. In determining whether a particular investment is appropriate for an ERISA Plan, DOL regulations provide that a fiduciary of an ERISA plan must give appropriate consideration to, among other things, the role that the investment plays in the ERISA Plan’s portfolio, taking into consideration whether the investment is designed reasonably to further the ERISA Plan’s purposes, an examination of the risk and return factors, the portfolio’s composition with regard to diversification, the liquidity and current return

of the total portfolio relative to the anticipated cash flow needs of the ERISA Plan, the income tax consequences of the investment, and the ISAs' return of the total portfolio relative to the ERISA Plan's funding objectives.

Accordingly, before investing the assets of an ERISA Plan in the offered Interests, each Plan fiduciary should take into account, among other considerations:

- whether the fiduciary has the authority to make the investment;
- the diversification by type of asset of the Plan's portfolio;
- the Plan's funding objectives;
- the tax effects of the investment; and
- whether under the general fiduciary standards of investment procedure and diversification an investment in the offered Interests is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio.

Prohibited Transactions

The Company, The Sponsor or any of their affiliates may be considered to be or may become Parties in Interest or Disqualified Persons with respect to a Plan if they provide investment or other advice or services to the Plan or have other relationships to the Plan as specified in section 3(14) of ERISA or section 4975(e)(2) of the Code. Prohibited transactions under section 406 of ERISA and section 4975 of the Code may arise if any of the offered Interests are acquired or held by a Plan with respect to which any of the Company, The Sponsor or any of their affiliates is a Party in Interest or Disqualified Person unless the transactions are covered by one or more statutory or administrative exemptions, such as:

- prohibited Transaction Class Exemption 84-14, which exempts certain transactions effected on behalf of a Plan by a "qualified professional asset manager;"
- prohibited Transaction Class Exemption 96-23, which exempts certain transactions effected on behalf of a Plan by an "in-house asset manager."

These class exemptions may not apply with respect to any particular Plan's investment in offered Interests; and even if an exemption were deemed to apply, it might not apply to all prohibited transactions that may occur in connection with the investment. Accordingly, before making an investment in the offered Interests, investing Plans should determine whether the Company, The Sponsor or any of their affiliates is a Party in Interest or Disqualified Person with respect to that Plan and, if so, whether the transaction is covered by one or more statutory, regulatory or administrative exemptions.

Plan Assets. Regulations issued by the DOL at 29 CFR 2510.3-101, as modified by section 3(42) of ERISA (the "Plan Asset Regulations"), describe when the assets of an entity are to be treated as "plan assets" for purposes of ERISA and section 4975 of the Code. The Plan Asset Regulations provide that, if an ERISA Plan or a Plan subject to section 4975 of the Code acquires an "equity interest" (such as the Interests) in a certain type of private investment entity (such as the Company), and if benefit plan investors in the aggregate hold 25% or more of the value of any class of equity interests in such entity, the entity's assets will be treated as "Plan assets" for purposes of ERISA's fiduciary responsibility standards and prohibited

transaction restrictions and the parallel prohibited transaction excise tax provisions of section 4975 of the Code. The Plan Asset Regulations defines the term “benefit plan investor” for purposes of this computation to include ERISA Plans and Plans subject to section 4975 of the Code, as well as private investment funds and other entities whose underlying assets are treated as “plan assets” of such plans. (In addition, assets of the general account of an insurance company may, in certain circumstances, be considered “plan assets.”) ERISA and the regulations require that any equity interests held by a person having discretionary authority or control over the entity’s assets or providing investment advice for a fee with respect to such assets or any affiliate of such person (as defined in the Plan Asset Regulations), other than interests held by such person through a benefit plan investor, be disregarded in making the 25% computation.

To avoid treatment of any of the Company’s assets as “plan assets” for purposes of ERISA or section 4975 of the Code, the Company intends to restrict aggregate investments by benefit plan investors to less than 25% of the Interests by value, not including Interests held by the Manager, or any other person having discretionary authority or control over Company assets (or providing investment advice for a fee with respect to such assets) or any affiliate of any such person or the Manager, other than Interests held by or through a benefit plan investor. Because the 25% test is ongoing, the Company not only may restrict initial or additional investments by benefit plan investors, it also may require existing benefit plan investors to redeem Interests if other investors redeem their Interests. The Company will effect such rejections or mandatory redemptions in such manner as the Manager, determines to be reasonable and appropriate under the circumstances.

Accordingly, before making an investment in the offered Interests, prospective Plan investors should consult with their legal advisors concerning the impact of ERISA and the Code and the potential consequences of the investment in their specific circumstances.

CERTAIN REGULATORY CONSIDERATIONS

Federal Securities Law Regulation

The offer and sale of Interests and ISA Participations will not be registered under the Securities Act in reliance upon the exemption from registration provided by Section 4(a)(2) thereof and Regulation D thereunder (“Regulation D”). Each prospective investor must be an “Accredited Investor” (as defined in Regulation D promulgated under the Securities Act) and will be required to represent, among other customary private placement representations, that it is acquiring the Interests and ISA Participations for its own account for investment purposes only and not with a view to resale or distribution. Further, each investor must be prepared to bear the economic risk of the investment for an indefinite period, because the Interests and ISA Participations can be resold only pursuant to an offering registered under the Securities Act or an exclusion from such registration requirement. The Interests and ISA Participations will not be registered under the Securities Act.

In connection with any subscription for, or proposed transfer of, Interests, the Company is authorized to ask for and obtain such information from the prospective investor or the proposed transferor and transferee, as applicable, in order that it may be able to determine whether the proposed subscription or transfer, as applicable, would allow the Company to retain its exclusion from registration as an “investment company.”

Anti-Money Laundering Regulation

As part of the Company’s responsibility for the prevention of money laundering, The Sponsor and its affiliates or associates may require a detailed verification of an investor’s identity, any beneficial owner underlying the account and the source of the payment.

The Company reserves the right to request such information as is necessary to verify the identity of a subscriber and the underlying beneficial owner of a subscriber’s or an investor’s interest in the Company. In the event of delay or failure by the subscriber or investor to produce any information required for verification purposes, the Company may refuse to accept a subscription or may cause the repurchase of any such investor’s Note by the Company. The Company, by written notice to any investor, may suspend the rights of such investor if the Company reasonably deems it necessary to do so to comply with anti-money laundering regulations applicable to the Company, The Sponsor or any of their affiliates.

Each subscriber and investor shall be required to make such representations to the Company as the Company and The Sponsor shall require in connection with such anti-money laundering programs, including without limitation, representations to the Company that such subscriber or investor is not a prohibited country, territory, individual or entity listed on the U.S. Department of Treasury’s Office of Foreign Assets Control (“OFAC”) website and that it is not directly or indirectly affiliated with, any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programs. Such investor shall also represent to the Company that amounts contributed by it to the Company were not directly or indirectly derived from activities that may contravene U.S. federal, state or international laws and regulations, including anti-money laundering laws and regulations.

Consumer protection laws and contractual restrictions.

Federal and state consumer protection laws regulate the creation, collection and enforcement of consumer contracts, which may potentially be interpreted by some courts or regulators to include ISAs. These laws impose specific statutory liabilities upon creditors who fail to comply with the provisions of these laws. Consumer contracts that do not comply with applicable consumer protection laws may result in penalties, regulatory investigations or enforcement actions or subject collection efforts to defenses including that loans or other transactions that are subject to such laws may be found not to be valid or enforceable under their terms against the borrowers or participants of those loans or transactions. Any violation of such laws or any litigation alleging such a violation with respect to an ISA could give rise to claims and/or defenses by a consumer, or a group of similarly situated consumers, against the Company or certain other parties, or subject them to claims for damages or enforcement actions.

The ISAs generally are written using standardized documentation. Thus, many students may be similarly situated in so far as the provisions of their respective contractual obligations are concerned. Accordingly, allegations of violations of the provisions of applicable federal or state consumer protection laws could potentially result in a large class of claimants asserting claims. There is no assurance that such claims will not be asserted against the Company or servicers in the future.

ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

This Private Placement Memorandum is intended to provide certain information regarding the business of Edly and its proposed business operations, certain risk factors associated with investments in the Interests and ISA Participations, selected principal terms of the Offering, and certain other pertinent information, including a summary of certain terms of the Form of Series Limited Liability Company Agreement and the Series Designation and the Subscription Agreement, which documents together specify the rights and obligations of the investors, and introductions to the management team of Edly. The information disclosed in this Private Placement Memorandum, however, does not set forth all of the provisions, distinctions, and operational practices of Edly under its organizational documents that may be significant to a particular prospective investor. Each prospective investor should examine this Private Placement Memorandum, the Form of Series Limited Liability Company Agreement and the Series Designation and the Subscription Agreement, accompanying this Private Placement Memorandum, to ensure that the terms of this Offering and an investment in the Interests and ISA Participations are satisfactory and appropriate for his, her or its investment strategy.

Prospective investors are encouraged to review any materials not subject to confidentiality restrictions that are in the possession of or available to the Company relating to the Interests and ISA Participations, the proposed operations of Edly, and any other matters regarding this Private Placement Memorandum. The Company will provide prospective investors and their investment representatives the opportunity to ask questions of and receive answers from the Manager, and its other representatives, concerning the terms and conditions of this Offering, as well as the opportunity to obtain any additional information pertinent to the investor's investment decision to the extent that the Company possesses such information or can acquire it without unreasonable effort or expense. The Company may also, in its sole determination, and under a suitable signed non-disclosure agreement, further disclose such confidential information as may be reasonably requested by investors. All such materials, confidential or otherwise, is expected to be made available at Edly offices at 555 Pleasantville Road Suite N-202, Briarcliff Manor, NY 10510.

Exhibit A – Form of Series Limited Liability Company Operating Agreement and the Series Designation

Exhibit B - Subscription Agreement

Exhibit C - Information Regarding the Servicers

The Manager will cause the Company to enter into servicing agreements with respect to the portfolios of ISAs that it acquires from the school originators. The Manager expects to contract with a number of different servicers and certain school originators will service the ISAs that they originate. The Supplement to the Memorandum for each offering of ISA Participations offered by the Company will disclose the servicer who has been retained by the Company to service the underlying ISAs and certain material information regarding the related servicing agreement (including the compensation to be paid to the servicer) that is not included in this Exhibit C. This Exhibit C, which will be amended by the Company from time to time and will be made available to investors in the ISA Participations offered by the Company, contains certain general information regarding the servicers with whom the Company expects to contract and regarding the related servicing agreement. The information provided in this Exhibit C has been provided by the related Servicer and has not been independently verified by the Company.

1. Vemo Education, Inc.

Description of the Servicer

Vemo Education, Inc. is an education services company focused primarily on providing income-based student-financing solutions for colleges and universities. The Company expects to contract with Vemo to provide servicing for certain of the ISA portfolios acquired by the Company.

Vemo provides for the servicing of Vemo's ISA portfolio and the portfolios of third parties. The ISA servicing activities include ISA origination activities, application processing, obligor updates, payment processing and due diligence procedures. These activities are performed internally for Vemo's portfolio in addition to generating external fee revenue when performed for third party clients.

Vemo Program Support Agreements

Under the servicing agreements with Vemo Education, Inc., a Delaware corporation, ("Vemo" or the "Servicer") (the "Vemo Program Support Agreement"), Vemo agrees to provide specified ISA servicing activities with respect to the ISAs owned by the Company (the "Vemo Serviced ISAs") and to follow instructions of the Company. Such services include maintaining custody of such documentation as the Sponsor may deliver to Vemo, managing, servicing, administering and processing payments on the Vemo Serviced ISAs, establishing and maintaining records with respect to its servicing activities, providing certain reports, maintaining a dedicated toll-free phone number and customer care department, and providing reports to the appropriate credit bureau or credit information services. Vemo generally agrees to transfer student payments to an FDIC insured bank account maintained by the Company.

The Servicer agrees that it will cause to be diligently enforced all terms, covenants and conditions of all Vemo Serviced ISAs and agreements in connection therewith, including the prompt payment of all payments (as such payments may be adjusted based on the terms of each ISA, as described under "Servicing the ISAs") and all other amounts due thereunder. The Servicer will not permit the release of the obligations of any student under any ISA and will at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected the rights and privileges of the Company under or with respect to each ISA. The Servicer will not consent or agree to or permit any amendment or modification of any ISA or agreement in connection therewith which will in any manner materially adversely affect the rights or security of the Company or any of the investors. However, the Servicer is authorized to defer payments,

or to cancel, compromise or settle an ISA obligation for less than the full amount due, but only to the extent that: (1) such deferment, cancellation, compromise or settlement of an ISA is authorized by the Company in writing; or (2) if more than fifteen days have elapsed from when the Servicer has submitted a written request for such authorization and such request has not been approved or denied by the Company in writing as further described under "Servicing the ISAs".

Liability of Vemo. Vemo agrees to purchase Vemo serviced ISAs which become uncollectible or unenforceable due to Vemo's failure to comply with its obligations under the Vemo Program Support Agreement that has a Material Adverse Effect with respect to one or more ISAs, and if such failure remains uncured within ninety days after receipt by Vemo of written notice from the Company. However, Vemo shall have no responsibility for servicing errors or losses in certain circumstances, including those arising from or based upon:

- any action taken or refrained from taking pursuant to the Vemo Program Support Agreement;
- errors in judgment;
- any incorrect or incomplete information provided by schools, credit bureau agencies, education information clearinghouses or obligors; or
- failure of any party to the Vemo Program Support Agreement to comply with its respective obligations thereunder.

The Company may require Vemo to purchase each such Uncollectible ISA (as defined herein) for a purchase price equal to the amount equal to the amount funded, as such term is defined in such ISA minus any amounts that the obligor pays (excluding fee payments) through the date of purchase. Upon the written request of either party, an agreed-upon neutral third-party shall set the purchase price.

Termination. Unless terminated as described below, the Vemo Program Support Agreement remains in effect for so long as Vemo Serviced Loans remain outstanding.

The Vemo Program Support Agreement may be terminated by either party:

- at any time and upon such terms and conditions as are mutually agreed upon in writing by Vemo and the Company; or
- if the other party is in breach of any of the terms of the Program Agreement, and if such breach: (1) has a Material Adverse Effect on the non-breaching party; and (2) remains uncured for a period of no less than ninety days from the date that the breaching party has received from the non-breaching party written notification of the breach and of the non-breaching party's intent to terminate this Agreement for cause. The non-breaching party shall include in any written notice of the breach and intent to terminate the Vemo Program Support Agreement whether such terminate is with respect to new ISA originations only, or if the termination of the Agreement includes termination of the servicing of any outstanding ISAs.

For the purposes of the Vemo Program Support Agreement, "Material Adverse Effect" means (a) a material impairment of any of the following, to the extent such impairment cannot be timely cured (where such cure period is applicable): (i) the ability of a party to perform under this Agreement, (ii) the rights of a party under this Agreement, or (iii) the value of any underlying ISA contract or the enforcement or collection right of the

Company thereunder; or (b) a material adverse effect upon the legality, validity, binding effect or enforceability of the Vemo Program Support Agreement against a party.

Upon the termination of the Vemo Program Support Agreement, the Servicer agrees to transfer, or cause to be transferred, the Vemo Serviced ISAs records to the Company or to another servicer designated by the Company on behalf of the Sponsor.

Collection of Delinquent and Uncollectible ISAs

The Servicer will continue to attempt to collect a delinquent ISA that it services until it becomes an Uncollectible ISA. "Uncollectible ISA" means any ISA regarding which any of the following has occurred: (1) the ISA has been declared to be in default (as such term is defined in the ISA); or (2) the obligor is delinquent in making a payment required by the ISA by more than 270 days (or such other number of days as has been agreed upon by the Servicer and the Company in writing).

Within thirty days after an ISA becomes an Uncollectible ISA, the Servicer will provide written notice to the Company that the ISA has become an Uncollectible ISA. After five days have elapsed after such notice has been provided, the Servicer will have no further obligation to engage in any further servicing or collection activities with respect to such Uncollectible ISA. Such notification may advise the Company that the Servicer believes that the Uncollectible ISA should be referred to a collection agency or a law firm for collection or litigation activities. Upon the written consent of the Company with respect to the decision to refer the Uncollectible ISA and with respect to the specific collection agency or law firm, and subject to Company's written authorization and agreement to any additional fees to be charged by such collection agency or law firm, Vemo is authorized to refer such ISA to the approved collection agency or law firm and grants Vemo a power of attorney to commence a legal proceeding to enforce an ISA in the name of the Company.

Vemo will pay any collection agency fees allocable to ISAs (other than Uncollectible ISAs), and the Company will reimburse the Servicer pursuant to the Vemo Program Support Agreement. Any such fees allocable to Uncollectible ISAs, and any litigation costs with respect to the enforcement and collection of Uncollectible ISAs, will be drawn from the applicable Servicing Fee Reserve.

2. Leif Technologies, Inc.

Description of the Program Manager

Leif Technologies, Inc. ("Leif"), a Delaware corporation, was formed in 2016 to provide scalable platform to drive the origination and program management of income share agreements. The Company expects to contract with Leif to provide program management for certain of the ISA portfolios acquired by the Company.

Leif's customer success team ensures personalized communications and interactions with each obligor in a compliant fashion. Leif's core ISA contract and platform practices are built on a foundation of extensive regulatory and legal review, ensuring that all aspects of a Leif-enabled ISA program are compliant. Leif's robust compliance team - both internal and external - conducts ongoing, regular reviews of new and pending regulatory and legislative action at both the national and state levels to ensure its compliance practices are proactive and comprehensive.

Leif began its ISA program management operations in 2016, and provides ISA program management that includes application processing, income reporting, customer service, account maintenance and payment processing. Leif utilized three processes to manage income reporting and verification: self-reporting, third-party data sources and tax return reconciliation.

Leif has a variety of strategies for detecting at-risk obligors and intervening to ensure that obligors do not breach their contracts.

Leif's income reporting dashboards are designed to help obligors annualize their income regardless of employment type.

The below information outlines various processes and behavior triggers that Leif monitors to ensure collections success.

- Income verification/bank integration
 - Leif's bank integration allows them to proactively monitor obligors who may be at-risk of payment defaults (based on cash flow constraints).
 - Leif uses this information to inform and prioritize how and when its agents engage with the obligor in the event of a payment being overdue.
- Obligor behavior triggers: Leif actively tracks obligor behavior in our platform to identify obligors who could potentially be at risk of delinquency. These include:
 - Changes to the obligor's bank account connection;
 - Changes to the obligor's payment methods (e.g. from ACH to credit cards); and
 - Dates when obligors complete payments.

Leif Master Services Agreement

Under the master services agreement with Leif Technologies, Inc., ("Leif" or the "Program Manager"), dated as of September 12, 2019 (the "Leif Master Services Agreement"), Leif agrees to provide specified ISA program management activities with respect to the ISAs owned by the Company (the "Leif Managed ISAs") and to follow instructions of the Company. Such program management activities include maintaining custody of such documentation as the Sponsor may deliver to Leif, managing, administering and processing payments on the Leif Managed ISAs, establishing and maintaining records with respect to its program management activities, providing certain reports, maintaining a dedicated customer care department, and the ability to provide reports to the appropriate credit bureau or credit information services. Leif generally agrees to transfer student payments to an FDIC insured bank account maintained by the Company.

The Program Manager has agreed that it will cause to be diligently enforced all terms, covenants and conditions of all Leif Managed ISAs and agreements in connection therewith, including the prompt payment of all payments (as such payments may be adjusted based on the terms of each ISA, as described under "Servicing the ISAs") and all other amounts due thereunder. The Program Manager will not permit the release of the obligations of any student under any ISA and will at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected the rights and privileges of the Company under or with respect to each ISA. The Program Manager will not consent or agree to or permit any amendment or modification of any ISA or agreement in connection therewith without the prior approval of the Company.

Termination. The Leif Master Services Agreement may be terminated by Leif upon 60 days' written notice to the Company. Either the Company or Leif may terminate the Leif Master Services Agreement for cause so long as the breaching party has been provided notice of material breach and has not cured such breach,

if curable, within thirty (30) days of notice. In addition, either party may terminate in the event the other party:: The Leif Master Services Agreement may be terminated by either party:

- admits in writing its inability to pay its debts generally as they become due, files a petition for relief under any applicable bankruptcy, insolvency, reorganization, or other similar law, makes an assignment for the benefit of your creditors, or takes any action in contemplation of any of the foregoing;
- is the subject of an involuntary petition in bankruptcy or other proceeding for the appointment of a conservator, receiver, liquidator, or any similar person;
- has merged with or consolidated into any other entity or assigned or transferred or attempted to assign or transfer all or part of its rights and obligations hereunder, except as expressly permitted by this Agreement;
- transfers or otherwise disposes of all or substantially all of your assets; or
- violates any federal, state, or local licensing or other legal requirements that governs its activities.

Upon the termination of the Leif Master Services Agreement, the Program Manager agrees to transfer, or cause to be transferred, the Leif Managed ISA records to the Company or to another program manager designated by the Company on behalf of the Sponsor.

Collection of Breached ISAs

The Program Manager will continue to attempt to collect a delinquent ISA that it manages. In the event that a third party needs to be hired in connection with the collection, compromise, settlement, or enforcement of ISAs, the Company will have the right to approve or reject the hiring of such third party. The Company will be directly responsible for collection costs, including reasonable attorney fees and costs (“Collection Costs”), incurred by Leif in connection with the collection, compromise, settlement, or enforcement of ISAs for the Company’s benefit. The Company will pay all Collection Costs. Leif will not advance Collection Costs on the Company’s behalf, unless otherwise agreed. Leif is entitled to deduct Collection Costs from payments received from obligors. In the event that Company fails to pay or promptly reimburse Leif for Collection Costs, Leif may suspend its program management activities until all past due sums have been paid.

3. Meratas Inc.

Description of the Servicer

Meratas Inc. (“Meratas”), a New York Corporation, offers an income share agreement (ISA) program for schools and skills training courses to design, implement, and administer custom ISA programs. Meratas partners with institutions to create thoughtful ISA programs designed to promote student accessibility and increase enrollment. The Company expects that Meratas will provide servicing for certain of the ISA portfolios acquired by the Company.

Meratas’ ISA Platform is purpose-built to specifically address the unique needs of ISA providers, allowing for the servicing of Meratas’ own ISA portfolio as well as the portfolios of third parties. The ISA servicing

activities include ISA origination activities, application processing, obligor updates, payment processing, due diligence procedures and claim processing. These activities are performed internally for Meratas' portfolio in addition to generating external fee revenue when performed for third party clients.

Meratas' ISA Platform provides a full service, end-to-end, ISA experience. From the website or mobile app all the way to portfolio management and payment processing. The entire platform is designed and built from the ground up. Our code base is developed with the latest program language and we have integrations with a variety of credit bureaus as well as banks.

Meratas provides ISA servicing that includes, as applicable, application processing, fund disbursement, customer service, account maintenance, payment processing, default aversion, claim filing and delinquency servicing services. These activities are performed internally for Meratas' portfolio and for third party clients. Telephone calls are made using automatic dialing systems where available and appropriate pursuant to applicable law. Call center functions are monitored by an internal quality control system to ensure their performance. Compliance training is provided on both centralized and unit level basis.

Meratas' principal offices are located at 445 Hamilton Avenue, Suite 1102, White Plains New York, 10601, and its telephone number is 646-822-3175.

Meratas Master Services Agreement

Pursuant to a master services agreement, Meratas agrees to provide specified ISA servicing activities with respect to the ISAs owned by the Company (the "Meratas Serviced ISAs") and to follow instructions of the Company. Such services include maintaining custody of such documentation as the Company may deliver to Meritas, managing, servicing, administering and processing payments on the Meratas Serviced ISAs, establishing and maintaining records with respect to its servicing activities, providing certain reports, maintaining a dedicated customer care department, and providing reports to the appropriate credit bureau or credit information services. Meratas will transfer student payments to an FDIC insured bank account maintained by the Company.

The Servicer agrees that it will cause to be diligently enforced all terms, covenants and conditions of all Meratas Serviced ISAs and agreements in connection therewith, including the prompt payment of all amounts due under the ISAs (as such payments may be adjusted based on the terms of each ISA, as described under "Servicing the ISAs"). The Servicer will not permit the release of the obligations of any student obligor under any ISA and will at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected the rights and privileges of the Company under or with respect to each ISA. The Servicer will not consent or agree to or permit any amendment or modification of any ISA or agreement in connection therewith without the prior approval of the Company.

Term and Termination. The term of the Meratas Master Services Agreement is thirty six (36) months from the effective date of such agreement. After the initial period, the Meratas Master Services Agreement shall automatically renew at the end of such period for an additional twelve (12) month periods, unless either party notifies the other party in writing of its intention not to renew at least ninety (90) days before the expiration of the previous term.

Meratas may terminate the Meratas Master Services Agreement, effective on written notice to the Company, if the Company: (A) fails to pay any amount when due thereunder, and such failure continues more than thirty (30) days after Meratas' delivery of written notice thereof; or (B) breaches certain obligations under the Meratas Master Services Agreement;

Either party may terminate this Meratas Master Services Agreement, effective immediately upon written notice to the other party, if the other party: (A) becomes insolvent or is generally unable to pay, or fails to pay, its debts as they become due; (B) files or has filed against it, a petition for voluntary or involuntary bankruptcy or otherwise becomes subject, voluntarily or involuntarily, to any proceeding under any domestic or foreign bankruptcy or insolvency law; (C) makes or seeks to make a general assignment for the benefit of its creditors; or (D) applies for or has appointed a receiver, trustee, custodian, or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business.

Upon the termination of the Meratas Master Services Agreement, the Servicer agrees to transfer, or cause to be transferred, the Leif Serviced ISA records to the Company or to another servicer designated by the Company.

Exhibit D - Master Participation Agreement and Form of Participation Agreement Supplement