SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2017-08-14** | Period of Report: **2017-06-30**
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FILER

PROSPER MARKETPLACE, INC

CIK:**1416265**| IRS No.: **731733867** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **333-204880** | Film No.: **171026275**
SIC: **6199** Finance services

Mailing Address
221 MAIN STREET
3RD FLOOR
SAN FRANCISCO CA 94105

Business Address
221 MAIN STREET
3RD FLOOR
SAN FRANCISCO CA 94105
415-593-5400

Prosper Funding LLC

CIK:**1542574**| IRS No.: **454526070** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **333-204880-01** | Film No.: **171026276**
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2017

Commission File Number	Exact Name of Registrant as Specified in its Charter	I.R.S. Employer Identification Number
333-147019 333-179941-01 333-204880	**PROSPER MARKETPLACE, INC.** a Delaware corporation 221 Main Street, 3rd Floor San Francisco, CA 94105 Telephone: (415) 593-5400	73-1733867
333-179941 333-204880-01	**PROSPER FUNDING LLC** a Delaware limited liability company 221 Main Street, 3rd Floor San Francisco, CA 94105 Telephone: (415) 593-5479	45-4526070

Indicate by check mark whether each registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Prosper Marketplace, Inc.	Yes ☒ No ☐
Prosper Funding LLC	Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Prosper Marketplace, Inc.	Yes ☒ No ☐
Prosper Funding LLC	Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

	Large Accelerated Filer	Accelerated Filer	Non-Accelerated Filer	Smaller Reporting Company	Emerging Growth Company
Prosper Marketplace, Inc.	☐	☐	☒	☐	☐
Prosper Funding LLC	☐	☐	☒	☐	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Prosper Marketplace, Inc.	Yes☐ No ☒
Prosper Funding LLC	Yes☐ No ☒

Prosper Funding LLC meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is therefore filing this Form 10-Q with the reduced disclosure format specified in General Instruction H(2) of Form 10-Q.

As of August 4, 2017, there were 69,744,201 shares of Prosper Marketplace, Inc. common stock outstanding. Prosper Funding LLC does not have any common stock outstanding.

THIS COMBINED FORM 10-Q IS SEPARATELY FILED BY PROSPER MARKETPLACE, INC. AND PROSPER FUNDING LLC. INFORMATION CONTAINED HEREIN RELATING TO ANY INDIVIDUAL REGISTRANT IS FILED BY SUCH REGISTRANT ON ITS OWN BEHALF. EACH REGISTRANT MAKES NO REPRESENTATION AS TO INFORMATION RELATING TO THE OTHER REGISTRANT.

TABLE OF CONTENTS

Except as the context requires otherwise, as used herein, “Registrants” refers to Prosper Marketplace, Inc. (“PMI”), a Delaware corporation, and its wholly owned subsidiary, Prosper Funding LLC (“PFL”), a Delaware limited liability company; “we,” “us,” “our,” “Prosper,” and the “Company” refer to PMI and its wholly owned subsidiaries, PFL, BillGuard, Inc. (“BillGuard”), a Delaware corporation, Prosper Healthcare Lending LLC (“PHL”), a Delaware limited liability company, and Prosper Capital Management LLC, a Delaware limited liability company, on a consolidated basis; and “Prosper Funding” refers to PFL and its wholly owned subsidiaries, Prosper Asset Holdings LLC (“PAH”), a Delaware limited liability company, and Prosper Depositor LLC, a Delaware limited liability company, on a consolidated basis. In addition, the unsecured, consumer loans originated through our marketplace are referred to as “Borrower Loans,” and the borrower payment dependent notes issued through our marketplace, whether issued by PMI or PFL, are referred to as “Notes.” Further, investors currently invest in Borrower Loans through two channels: (i) the “Note Channel”, which allows investors to purchase Notes from PFL, the payments of which are dependent on the payments made on the corresponding Borrower Loan; and (ii) the “Whole Loan Channel”, which allows accredited and institutional investors to purchase Borrower Loans in their entirety directly from PFL. Finally, although historically we have referred to investors as “lender members,” we call them “investors” herein to avoid confusion since WebBank is the lender for Borrower Loans originated through our marketplace. All share and per share numbers presented in this Form 10-Q have been adjusted to reflect a 5-for-1 forward stock split effected by PMI on February 16, 2016.

Forward-Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). Forward-looking statements include all statements that do not relate solely to historical or current facts, and can generally be identified by the use of words such as "may," "believe," "expect," "project," "estimate," "intend," "anticipate," "plan," "continue" or similar expressions. In particular, information appearing under "Management's Discussion and Analysis of Financial Condition and Results of Operations" includes forward-looking statements. Forward-looking statements inherently involve many risks and uncertainties that could cause actual results to differ materially from those projected in these statements. Where, in any forward-looking statement, PFL or PMI expresses an expectation or belief as to future results or events, such expectation or belief is based on the current plans and expectations of their respective managements, expressed in good faith and is believed to have a reasonable basis. Nevertheless, there can be no assurance that the expectation or belief will result or be achieved or accomplished.

The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated:

- the performance of the Notes, which, in addition to being speculative investments, are special, limited obligations that are not guaranteed or insured;
- PFL's ability to make payments on the Notes;
- our ability to attract potential borrowers and investors to our marketplace;
- the reliability of the information about borrowers that is supplied by borrowers including actions by some borrowers to defraud investors;
- our ability to service the Borrower Loans, and our ability or the ability of a third party debt collector to pursue collection against any borrower, including in the event of fraud or identity theft;
- credit risks posed by the credit worthiness of borrowers, including the impact of borrower delinquencies, defaults and prepayments on the returns on the Notes, and the effectiveness of our credit rating systems;
- the impact of future economic conditions on the performance of the Notes and the loss rates for the Notes;
- our compliance with applicable regulations and regulatory developments or court decisions affecting our business;
- potential efforts by state regulators or litigants to impose liability that could affect PFL's (or any subsequent assignee's) ability to continue to charge to borrowers the interest rates that they agreed to pay at origination of their loans;
- our compliance with applicable local, state and federal law, including the Securities Act, Investment Advisers Act of 1940, the Investment Company Act of 1940 and other laws;
- potential efforts by state regulators or litigants to characterize PFL or PMI, rather than WebBank, as the lender of the Borrower Loans originated through our marketplace;
- the application of federal and state bankruptcy and insolvency laws to borrowers and to PFL and PMI;
- the lack of a public trading market for the Notes and the lack of any trading platform on which investors can resell the Notes;
- the federal income tax treatment of an investment in the Notes and the PMI Management Rights; and
- our ability to prevent security breaches, disruptions in service, and comparable events that could compromise the personal and confidential information held on our data systems, reduce the attractiveness of our marketplace or adversely impact our ability to service Borrower Loans.

There may be other factors that may cause actual results to differ materially from the forward-looking statements in this Quarterly Report on Form 10-Q. We can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them does, what impact they will have on our results of operations and financial condition. You should carefully read the factors described in the "Risk Factors" sections of this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2016 for a description of certain risks that could, among other things, cause our actual results to differ from these forward-looking statements.

All forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q and are expressly qualified in their entirety by the cautionary statements included in this Quarterly Report on Form 10-Q. We undertake no obligation to update or revise forward-looking statements that may be made to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events, other than as required by law.

WHERE YOU CAN FIND MORE INFORMATION

The following filings are available for download free of charge at www.prosper.com as soon as reasonably practicable after such filings are electronically filed with, or furnished to, the Securities and Exchange Commission ("SEC"): Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports. Further, a copy of this Quarterly Report on Form 10-Q is located at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available to the public at the SEC's Internet site at http://www.sec.gov.

Item 1. Condensed Consolidated Financial Statements

Prosper Marketplace, Inc.

Condensed Consolidated Balance Sheets (Unaudited)

(in thousands, except for share and per share amounts)

	June 30, 2017	December 31, 2016
Assets		
Cash and Cash Equivalents	$ 34,667	$ 22,337
Restricted Cash	179,331	163,907
Available for Sale Investments, at Fair Value	7,997	32,769
Accounts Receivable	732	757
Loans Held for Sale, at Fair Value	95	624
Borrower Loans, at Fair Value	312,272	315,627
Property and Equipment, Net	22,068	24,853
Prepaid and Other Assets	9,227	4,606
Servicing Assets	13,489	12,786
Goodwill	36,368	36,368
Intangible Assets, Net	1,862	9,212
Total Assets	$ 618,108	$ 623,846
Liabilities, Convertible Preferred Stock and Stockholders' Deficit		
Accounts Payable and Accrued Liabilities	$ 10,508	$ 15,017
Payable to Investors	160,611	142,644
Notes at Fair Value	311,410	316,236
Other Liabilities	12,775	17,173
Convertible Preferred Stock Warrant Liability	70,114	21,711
Total Liabilities	565,418	512,781
Commitments and Contingencies (see Note 17)		
Convertible Preferred Stock – $0.01 par value; 407,511,351 shares authorized; 177,388,428 issued and outstanding as of June 30, 2017; and 217,388,425 shares authorized, 177,388,425 issued and outstanding as of December 31, 2016. Aggregate liquidation preference of $325,952 as of June 30, 2017 and December 31, 2016.	275,938	275,938
Stockholders' Deficit		
Common Stock ($0.01 par value; 550,000,000 shares authorized, 70,719,747 issued and 69,783,812 outstanding as of June 30, 2017; and 338,222,103 shares authorized, 70,843,044 shares issued and 69,907,109 outstanding as of December 31, 2016)	222	212
Additional Paid-In Capital	131,021	123,988
Less: Treasury Stock	(23,417)	(23,417)
Accumulated Deficit	(331,070)	(265,648)
Accumulated Other Comprehensive Loss	(4)	(8)
Total Stockholders' Deficit	(223,248)	(164,873)
Total Liabilities, Convertible Preferred Stock and Stockholders' Deficit	$ 618,108	$ 623,846

All share numbers reflect a 5-for-1 forward stock split effected by PMI on February 16, 2016.

The accompanying notes are an integral part of these condensed consolidated financial statements.

Prosper Marketplace, Inc.

Condensed Consolidated Statements of Operations (Unaudited)

(in thousands, except for share and per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues				
Operating Revenues				
Transaction Fees, Net	$ 35,423	$ 19,276	$ 62,291	$ 61,100
Servicing Fees, Net	6,793	7,676	12,947	14,819
Gain (Loss) on Sale of Borrower Loans	3,803	(687)	3,485	3,104
Fair Value of Warrants Vested on Sale of Borrower Loans	(16,887)	—	(20,194)	—
Other Revenue	1,415	816	2,135	3,589
Total Operating Revenues	30,547	27,081	60,664	82,612
Interest Income				
Interest Income on Borrower Loans	12,007	11,192	23,507	21,975
Interest Expense on Notes	(11,177)	(10,098)	(21,855)	(19,819)
Net Interest Income	830	1,094	1,652	2,156
Change in Fair Value of Borrower Loans, Loans Held for Sale and Notes, Net	70	(2)	(24)	(79)
Total Net Revenue	31,447	28,173	62,292	84,689
Expenses				
Origination and Servicing	8,873	8,833	17,278	19,282
Sales and Marketing	20,131	12,303	39,687	45,023
General and Administrative	18,758	28,499	39,473	59,145
Restructuring Charges, Net	647	14,061	572	14,061
Change in Fair Value of Convertible Preferred Stock Warrants	22,416	—	22,817	—
Other Expenses, Net	1,930	—	7,629	—
Total Expenses	72,755	63,696	127,456	137,511
Net Loss Before Taxes	(41,308)	(35,523)	(65,164)	(52,822)
Income Tax Expense	97	105	262	270
Net Loss Applicable to Common Stockholders	$ (41,405)	$ (35,628)	$ (65,426)	$ (53,092)
Net Loss Per Share – Basic and Diluted	$ (0.59)	$ (0.56)	$ (0.94)	$ (0.86)
Weighted-Average Shares - Basic and Diluted	69,691,841	63,270,058	69,436,365	61,813,773

All share numbers reflect a 5-for-1 forward stock split effected by PMI on February 16, 2016.

The accompanying notes are an integral part of these condensed consolidated financial statements.

Prosper Marketplace, Inc.

Condensed Consolidated Statements of Other Comprehensive Loss (Unaudited)

(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	**2016**	**2017**	**2016**
Net Loss	$ (41,405)	$ (35,628)	$ (65,426)	$ (53,092)
Other Comprehensive Income, Before Tax				
Change in Net Unrealized Gain on Available for Sale Investments, at Fair Value	(1)	25	16	215
Realized (Gain) Loss on Sale of Available for Sale Investments, at Fair Value	—	6	(12)	6
Other Comprehensive Income, Before Tax	(1)	31	4	221
Income tax effect	—	—	—	—
Other Comprehensive Income, Net of Tax	(1)	31	4	221
Comprehensive Loss	(41,406)	(35,597)	(65,422)	(52,871)

The accompanying notes are an integral part of these condensed consolidated financial statements.

Prosper Marketplace, Inc.

Condensed Consolidated Statements of Cash Flows (Unaudited)

(in thousands)

	Six Months Ended June 30,	
	2017	2016
Cash flows from Operating Activities:		
Net Loss	$ (65,426)	$ (53,092)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Change in Fair Value of Borrower Loans, Loans Held for Sale and Notes	24	79
Depreciation and Amortization	6,270	6,430
Gain on Sales of Borrower Loans	(6,532)	(5,690)
Change in Fair Value of Servicing Rights	5,742	5,647
Stock-Based Compensation Expense	6,812	11,510
Restructuring Liability	412	8,492
Fair Value of Warrants Vested	21,677	—
Change in Fair Value of Warrants	22,817	—
Impairment Losses on Assets Held for Sale	6,319	—
Other, Net	199	227
Changes in Operating Assets and Liabilities:		
Purchase of Loans Held for Sale at Fair Value	(1,245,826)	(1,358,011)
Proceeds from Sales and Principal Payments of Loans Held for Sale at Fair Value	1,246,358	1,353,338
Restricted Cash Except for those Related to Investing Activities	(18,329)	20,621
Accounts Receivable	25	1,564
Prepaid and Other Assets	(4,637)	(84)
Accounts Payable and Accrued Liabilities	(3,696)	(4,995)
Payable to Investors	17,967	(21,631)
Other Liabilities	(1,774)	(7,690)
Net Cash Used in Operating Activities	(11,598)	(43,285)
Cash Flows from Investing Activities:		
Purchase of Borrower Loans Held at Fair Value	(106,940)	(109,215)
Principal Payments of Borrower Loans Held at Fair Value	99,482	83,514
Purchases of Property and Equipment	(2,485)	(8,600)
Maturities of Short Term Investments	1,280	1,278
Purchases of Short Term Investments	(1,263)	(1,277)
Purchases of Available for Sale Investments, at Fair Value	—	(11,725)
Proceeds from Sale of Available for Sale Investments	16,163	9,193
Maturities of Available for Sale Investments	8,600	20,064
Changes in Restricted Cash Related to Investing Activities	2,905	(2,614)
Net Cash Provided by (Used in) Investing Activities	17,742	(19,382)
Cash Flows from Financing Activities:		
Proceeds from Issuance of Notes Held at Fair Value	106,506	109,147
Payments of Notes Held at Fair Value	(100,274)	(84,200)

Proceeds from Exercise of Warrants and Stock Options including Early Exercise, and Issuance of Restricted Stock		18		464
Repurchase of Common Stock and Restricted Stock		(64)		(46)
Taxes Paid for Awards Vested Under Equity Incentive Plans		—		(169)
Net Cash Provided by Financing Activities		6,186		25,196
Net Increase (Decrease) in Cash and Cash Equivalents		12,330		(37,471)
Cash and Cash Equivalents at Beginning of the Period		22,337		66,295
Cash and Cash Equivalents at End of the Period	$	34,667	$	28,824
Supplemental Disclosure of Cash Flow Information:				
Cash Paid for Interest	$	22,121	$	19,787
Non-Cash Investing Activity- Accrual for Property and Equipment, Net	$	169	$	346

The accompanying notes are an integral part of these condensed consolidated financial statements.

Prosper Marketplace, Inc.

Notes to Condensed Consolidated Financial Statements

(Unaudited)

1. Basis of Presentation

Prosper Marketplace, Inc. ("PMI") was incorporated in the state of Delaware on March 22, 2005. Except as the context requires otherwise, as used in these notes to the condensed consolidated financial statements of Prosper Marketplace, Inc., "Prosper," "we," "us," and "our" refer to PMI and its wholly-owned subsidiaries, on a consolidated basis.

The unaudited interim condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP") and disclosure requirements for interim financial information and the requirements of Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by US GAAP for complete financial statements. The unaudited interim condensed consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2016. The balance sheet at December 31, 2016 has been derived from the audited financial statements at that date. Management believes these unaudited interim condensed consolidated financial statements reflect all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the results for the interim periods presented. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the full year or any other interim period.

The preparation of Prosper's condensed consolidated financial statements and related disclosures in conformity with GAAP requires management to make judgments, assumptions and estimates that affect the amounts reported in Prosper's financial statements and accompanying notes. Management bases its estimates on historical experience and on various other factors it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of certain assets and liabilities. These judgments, estimates and assumptions are inherently subjective in nature and actual results may differ from these estimates and assumptions.

The accompanying interim condensed consolidated financial statements include the accounts of PMI and its wholly-owned subsidiaries. All intercompany balances have been eliminated in consolidation.

2. Summary of Significant Accounting Policies

Prosper's significant accounting policies are included in *Note 2 – Summary of Significant Accounting Policies* in Prosper's Annual Report on Form 10-K for the year ended December 31, 2016. There have been no changes to these accounting policies during the first six months of 2017.

Fair Value Measurements

Financial instruments consist principally of Cash and Cash Equivalents, Restricted Cash, Available for Sale Investments at Fair Value, Borrower Loans, Loans Held for Sale, Accounts Receivable, Accounts Payable and Accrued Liabilities, Payable to Investors, Convertible Preferred Stock Warrant Liability and Notes. The estimated fair values of Cash and Cash Equivalents, Restricted Cash, Accounts Receivable, Accounts Payable and Accrued Liabilities, and Payable to Investors approximate their carrying values because of their short term nature.

Borrower Loans, Loans Held for Sale and Notes

Through the Note Channel, Prosper purchases Borrower Loans from WebBank then issues Notes, and holds the Borrower Loans until maturity. The obligation to repay a series of Notes issued through the Note Channel is dependent upon the repayment of the associated Borrower Loan. Borrower Loans funded and Notes issued through the Note Channel are carried on Prosper's condensed consolidated balance sheets as assets and liabilities, respectively. We choose to measure certain financial instruments and certain other items at fair value on an instrument-by-instrument basis with unrealized gains and losses on items for which the fair value option has been elected reported in earnings. Management believes that the fair value option is more meaningful for the readers of the financial statements and it allows both the Borrower Loans and Notes to be valued using the same methodology. The fair value election, with respect to an item, may not be revoked once an election is made. Prosper estimates the fair value of such Borrower Loans and Notes using discounted cash flow methodologies that take into account expected prepayments, losses, recoveries and default rates. The Borrower Loans are not derecognized when a corresponding Note is issued as Prosper maintains the ability to sell the Borrower Loans without the approval of the holders of the corresponding Notes.

Assets Held for Sale:

Prosper classifies assets as held for sale when management approves and commits to a formal plan of sale with the expectation the sale will be completed within one year. The net assets held for sale are then recorded at the lower of their current carrying value or the fair market value, less costs to sell.

Recent Accounting Pronouncements

In May 2014, as part of its ongoing efforts to assist in the convergence of US GAAP and International Financial Reporting Standards ("IFRS"), the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "*Revenue from Contracts with Customers*." The new guidance sets forth a new five-step revenue recognition model which replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed in U.S. GAAP. The underlying principle of the new standard is that a business or other organization will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in the prior accounting guidance. The standard will be effective for Prosper in the first quarter of fiscal 2018. In August 2015, the FASB issued ASU No. 2015-14, which amended the standard to provide a one-year deferral of the effective date, as well as providing the option to early adopt the standard on the original effective date. Prosper intends to adopt the guidance for Prosper's fiscal year ending December 31, 2018. The guidance can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. Prosper expects to adopt this ASU on a modified retrospective basis in the first quarter of fiscal 2018. Our preliminary results indicate that transaction fees are included in the scope of the new guidance, while servicing fees and gain or loss on the sale of loans remain within the scope of ASC topic 860, Transfers and Servicing. While we anticipate some changes to revenue recognition for certain customer contracts, Prosper does not currently believe that this ASU will have a material effect on our Consolidated Financial Statements.

In January 2016, the FASB issued ASU 2016-1, "Financial Instruments - Overall (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities"*, which addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. This guidance will be effective for us in the first quarter of our fiscal year 2019, and early adoption is not permitted. Prosper is currently evaluating the impact that this guidance will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases, along with additional qualitative and quantitative disclosures. This guidance will be effective for us in the first quarter of our fiscal year 2019, and early adoption is permitted. Prosper is currently evaluating the impact that this guidance will have on its consolidated financial statements, however we do expect that this guidance will have a material impact on Prosper's consolidated financial statements. As of June 30, 2017 Prosper has a total of $41.4 million in non-cancelable operating lease commitments.

In August 2016, the FASB issued ASU 2016-15, *"Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments."* The standard provides guidance for eight targeted changes with respect to how cash receipts and cash payments are classified in the statements of cash flows, with the objective of reducing diversity in practice. This guidance will be effective for Prosper in the first quarter of our fiscal year 2018, and early adoption is permitted. Prosper is currently evaluating the impacts the adoption of this accounting standard will have on Prosper's consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-16, "*Income Taxes (Topic 740): Intra-Entity Transfers Other than Inventory (ASU 2016-16)"*, which requires companies to recognize the income-tax consequences of an intra-entity transfer of an asset other than inventory. This guidance will be effective for us in the first quarter of 2018, with the option to adopt it in the first quarter of 2017. Prosper is currently evaluating the impact that this guidance will have on its consolidated financial statements, however we do not believe the standard to have a material impact on our consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, "*Statement of Cash Flows (Topic 230): Restricted Cash (ASU 2016-18)"*, which requires companies to include amounts generally described as restricted cash and restricted cash equivalents in cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This guidance will be effective for us in the first quarter of 2018 and early adoption is permitted. Prosper is currently evaluating the effect that this guidance will have on our consolidated financial statements and related disclosures.

In January 2017, the FASB issued ASU No. 2017-04, "Intangibles - Goodwill and Other (Topic 350): Simplifying *the Test for Goodwill Impairment*". The standard eliminates Step 2 from the goodwill impairment test, which requires a hypothetical purchase price allocation. Prosper will continue to have the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The standard is effective for interim and annual periods beginning after

December 15, 2019 and early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The standard should be applied on a prospective basis. Prosper is currently evaluating the impact of this accounting standard update on its consolidated financial statements.

3. Property and Equipment, Net

Property and equipment consist of the following (in thousands):

	June 30, 2017	December 31, 2016
Property and equipment:		
Computer equipment	$ 14,370	$ 14,107
Internal-use software and website development costs	18,603	16,750
Office equipment and furniture	3,010	3,010
Leasehold improvements	7,038	7,038
Assets not yet placed in service	1,453	1,222
Property and equipment	44,474	42,127
Less accumulated depreciation and amortization	(22,406)	(17,274)
Total property and equipment, net	$ 22,068	$ 24,853

Depreciation and amortization expense for property and equipment for the three months ended June 30, 2017 and 2016 was $2.7 million and $2.5 million, respectively. Depreciation and amortization expense for property and equipment for the six months ended June 30, 2017 and 2016 was $5.2 million and $4.5 million respectively. Prosper capitalized internal-use software and website development costs in the amount of $1.0 million and $1.8 million for the three months ended June 30, 2017 and 2016, respectively. Prosper capitalized internal-use software and website development costs in the amount of $2.1 million and $3.6 million for the six months ended June 30, 2017 and 2016, respectively.

4. Borrower Loans, Loans Held for Sale, and Notes Held at Fair Value

The aggregate principal balances outstanding and fair values of Borrower Loans, Loans Held for Sale and Notes as of June 30, 2017 and December 31, 2016, are presented in the following table (in thousands):

	Borrower Loans		Notes		Loans Held for Sale	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Aggregate principal balance outstanding	$ 316,378	$ 319,143	$ (319,072)	$ (323,358)	$ 106	$ 641
Fair value adjustments	(4,106)	(3,516)	7,662	7,122	(11)	(17)
Fair value	$ 312,272	$ 315,627	$ (311,410)	$ (316,236)	$ 95	$ 624

At June 30, 2017, outstanding Borrower Loans had original terms to maturity of either 36 or 60 months; had monthly payments with fixed interest rates ranging from 5.32% to 33.04% and had various maturity dates through June 2022. At December 31, 2016, outstanding Borrower Loans had original maturities of either 36 or 60 months; had monthly payments with fixed interest rates ranging from 5.32% to 33.04% and had various maturity dates through December 2021.

Approximately $1.2 million and $2.0 million represents the loss that is attributable to changes in the instrument specific credit risks related to Borrower Loans that were recorded in the change in fair value during the six months ending June 30, 2017 and June 30, 2016, respectively.

As of June 30, 2017, Borrower Loans that were 90 days or more delinquent had an aggregate principal amount of $2.6 million and a fair value of $0.9 million. As of December 31, 2016, Borrower Loans that were 90 days or more delinquent had an aggregate principal amount of $3.2 million and a fair value of $1.0 million. Prosper places loans on non-accrual status when they are over 120 days past due.

As of June 30, 2017 and December 31, 2016, Borrower Loans in non-accrual status had a fair value of $0.2 million and $0.5 million, respectively.

5. Loan Servicing Assets and Liabilities

Prosper accounts for servicing assets and liabilities at their estimated fair values with changes in fair values recorded in servicing fees. The initial asset or liability is recognized when Prosper sells Borrower Loans to unrelated third-party buyers through the Whole Loan Channel and the servicing rights are retained. The servicing assets and liabilities are measured at fair value throughout the servicing period. The total gains losses recognized on the sale of such Borrower Loans for the three months ended June 30, 2017were a gain of $3.8 million and a loss of $16.9 million from the Fair Value of Warrants Vested on the Sale of Borrower Loans to the Consortium after the closing of the Consortium transaction. The total gains and losses recognized on the sale of such Borrower Loans for the six months ended June 30, 2017 were a gain of $3.5 million and a loss of $20.2 million from the Fair Value of Warrants Vested on the Sale of Borrower Loans to the Consortium after the closing of the Consortium transaction. Total losses recognized on the sale of such Borrower Loans were $0.7 million during the three months ended June 30, 2016. Total gains recognized on the sale of such Borrower Loans were $3.1 million during the six months ended June 30, 2016.

As of June 30, 2017, Borrower Loans that were sold but for which Prosper retained servicing rights had a total outstanding principal balance of $3.6 billion, original terms of either 36 or 60 months and had monthly payments with fixed interest rates ranging from 5.32% to 35.52% and various maturity dates through June 2022. At December 31, 2016, Borrower Loans that were sold but for which Prosper retained servicing rights had a total outstanding principal balance of $3.5 billion, original terms of either 36 or 60 months and had monthly payments with fixed interest rates ranging from 5.32% to 35.52% and various maturity dates through December 2021.

$9.4 million and $10.4 million of contractually specified servicing fees and ancillary fees are included on our condensed consolidated statements of operations in Servicing Fees, Net for the three months ended June 30, 2017 and 2016, respectively. $18.2 million and $20.0 million of contractually specified servicing fees and ancillary fees are included on our condensed consolidated statements of operations in Servicing Fees, Net for the six months ended June 30, 2017 and 2016, respectively.

Fair value

Valuation method – Prosper uses a discounted cash flow valuation methodology generally consisting of developing an estimate of future cash flows that are expected to occur over the life of a financial instrument and then discounting those cash flows at a rate of return that results in the fair value amount.

Significant unobservable inputs presented in the table within Note 7 below are those that Prosper considers significant to the estimated fair values of the Level 3 servicing assets and liabilities. The following is a description of the significant unobservable inputs provided in the table.

<u>Market servicing rate</u> – Prosper estimates adequate market servicing rates that would fairly compensate a substitute servicer should one be required, which includes the profit that would be demanded in the marketplace. This rate is stated as a fixed percentage of outstanding principal balance on a per annum basis. Prosper estimated these market servicing rates based on observable market rates for other loan types in the industry and bids from subservicing providers, adjusted for the unique loan attributes that are present in the specific loans that Prosper sells and services and information from a backup service provider.

<u>Discount rate</u> – The discount rate is a rate of return used to discount future expected cash flows to arrive at a present value, which represents the fair value of the loan servicing rights. We used a range of discount rates for the servicing assets and liabilities based on comparable observed valuations of similar assets and publicly available disclosures related to servicing valuations, with comparability adjustments made to account for differences with Prosper's servicing assets.

<u>Default Rate</u> – The default rate presented in Note 7 is an annualized, average estimate considering all Borrower Loan categories (i.e. risk ratings and duration), and represents an aggregate of conditional default rate curves for each credit grade or Borrower Loan category. Each point on a particular Borrower Loan category's curve represents the percentage of principal expected to default per period based on the term and age of the underlying Borrower Loans. The assumption regarding defaults directly reduces servicing revenues because the amount of servicing revenues received is based on the amount collected each period.

<u>Prepayment Rate</u> – The prepayment rate presented in Note 7 is an annualized, average estimate considering all Borrower Loan categories (i.e. risk ratings and duration), and represents an aggregate of conditional prepayment rate curves for each credit grade or Borrower Loan category. Each point on a particular Borrower Loan category's curve represents the percentage of principal expected to prepay per period based on the term and age of the underlying Borrower Loans. Prepayments reduce servicing revenues as they shorten the period over which we expect to collect fees on the Borrower Loans, which is used to project future servicing revenues.

6. Available for Sale Investments, at Fair Value

Available for sale investments are recorded at fair value and unrealized gains and losses are reported, net of taxes, in accumulated other comprehensive income (loss) included in stockholders' equity unless management determines that an investment is other-than-temporarily impaired (OTTI).

The amortized cost, gross unrealized gains and losses, and fair value of available for sale investments as of June 30, 2017 and December 31, 2016, are as follows (in thousands):

June 30, 2017	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Fixed maturity securities:				
US Treasury securities	5,501	—	(3)	5,498
Agency bonds	2,500	—	(1)	2,499
Total Available for Sale Investments	$ 8,001	$ —	$ (4)	$ 7,997

December 31, 2016	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Fixed maturity securities:				
Corporate debt securities	$ 21,762	$ 1	$ (10)	$ 21,753
US Treasury securities	8,516	3	(3)	8,516
Agency bonds	2,499	1	—	2,500
Total Available for Sale Investments	$ 32,777	$ 5	$ (13)	$ 32,769

A summary of available for sale investments with unrealized losses as of June 30, 2017, and December 31, 2016, aggregated by category and period of continuous unrealized loss, is as follows (in thousands):

	Less than 12 months		**12 months or longer**		**Total**	
June 30, 2017	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
Fixed maturity securities:						
U.S. treasury securities	$ 5,498	$ (3)			$ 5,498	$ (3)
Agency bonds	—	—	2,499	(1)	2,499	(1)
Total Investments with Unrealized Losses	$ 5,498	$ (3)	$ 2,499	$ (1)	$ 7,997	$ (4)

	Less than 12 months		**12 months or longer**		**Total**	
December 31, 2016	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
Fixed maturity securities:						
Corporate debt securities	$ —	$ —	$ 14,651	$ (10)	$ 14,651	$ (10)
U.S. treasury securities	$ —	$ —	$ 4,499	$ (3)	$ 4,499	$ (3)
Total Investments with Unrealized Losses	$ —	$ —	$ 19,150	$ (13)	$ 19,150	$ (13)

There were no impairment charges recognized during the six months ended June 30, 2017.

The maturities of available for sale investments at June 30, 2017 and December 31, 2016 are as follows (in thousands):

June 30, 2017	**Within 1 year**	**After 1 year through 5 years**	**After 5 years to 10 years**	**After 10 years**	**Total**
US Treasury securities	5,498				5,498
Agency bonds	2,499				2,499
Total Fair Value	$ 7,997	$ —	$ —	$ —	$ 7,997
Total Amortized Cost	$ 8,001	$ —	$ —	$ —	$ 8,001

December 31, 2016	Within 1 year		After 1 year through 5 years		After 5 years to 10 years		After 10 years		Total
Corporate debt securities		21,753		—		—		—	21,753
US Treasury securities		8,516		—		—		—	8,516
Agency bonds		2,500		—		—		—	2,500
Total Fair Value	$	32,769	$	—	$	—	$	—	$ 32,769
Total Amortized Cost	$	32,777	$	—	$	—	$	—	$ 32,777

During the six months ended June 30, 2017, Prosper sold $16.2 million of investments which resulted in a realized gain of $12 thousand.

7. Fair Value of Assets and Liabilities

Prosper measures the fair value of assets and liabilities in accordance with its fair value hierarchy which prioritizes information used to measure fair value and the effect of fair value measurements on earnings and provides for enhanced disclosures determined by the level within the hierarchy of information used in the valuation. We apply this framework whenever other standards require (or permit) assets or liabilities to be measured at fair value.

Assets and liabilities carried at fair value on the balance sheets are classified among three levels based on the observability of the inputs used to determine fair value:

Level 1 — The valuation is based on quoted prices in active markets for identical instruments.

Level 2 — The valuation is based on observable inputs such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation methodologies for which all significant assumptions are observable in the market.

Level 3 — The valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the instrument. Level 3 valuations are typically performed using pricing models, discounted cash flow methodologies, or similar methodologies, which incorporate management's own estimates of assumptions that market participants would use in pricing the instrument or valuations that require significant management judgment or estimation.

Fair values of assets or liabilities are determined based on the fair value hierarchy, which requires an entity to maximize the use of quoted prices and observable inputs and to minimize the use of unobservable inputs when measuring fair value. Various valuation methodologies are utilized, depending on the nature of the financial instrument, including the use of market prices for identical or similar instruments, or discounted cash flow models. When possible, active and observable market data for identical or similar financial instruments are utilized. Alternatively, fair value is determined using assumptions that management believes a market participant would use in pricing the asset or liability.

Financial instruments consist principally of Cash and Cash Equivalents, Restricted Cash, Available for Sale Investments, Borrower Loans, Loans Held for Sale, Accounts Receivable, Accounts Payable and Accrued Liabilities, Payable to Investors, Convertible Preferred Stock Warrant and Notes. Servicing Assets and Liabilities are also subject to fair value measurement within the financial statements of Prosper. The estimated fair values of Cash and Cash Equivalents, Restricted Cash, Accounts Receivable, Accounts Payable and Accrued Liabilities, and Payable to Investors approximate their carrying values because of their short term nature.

Financial Instruments Recorded at Fair Value

The fair value of the Borrower Loans, Loans Held for Sale and Notes are estimated using discounted cash flow methodologies based upon a set of valuation assumptions. The primary cash flow assumptions used to value such Borrower Loans, Loans Held for Sale and Notes include default rates derived from historical performance and discount rates applied to each credit grade based on the perceived credit risk of each credit grade.

Investments held at fair value consist of available for sale investments. The available for sale investments consist of corporate debt securities, commercial paper, U.S. treasury securities, agency bonds and short term bond funds. When available, Prosper uses quoted prices in active markets to measure the fair value of securities available for sale. When utilizing market data and bid-ask spreads, Prosper uses the price within the bid-ask spread that best represents fair value. When quoted prices do not exist, Prosper uses prices obtained from independent third-party pricing services to measure the fair value of investment assets. Prosper generally obtains prices from at least two independent pricing sources for assets recorded at fair value. Prosper's primary independent pricing service provides prices based on observable trades and discounted cash flows that incorporate observable information, such as yields for similar types of securities (a benchmark interest rate plus observable spreads) and weighted-average maturity for the same or similar securities. Prosper compares the prices obtained from its primary independent pricing service to the prices obtained from the additional independent pricing services to determine if the price obtained from the primary independent pricing service is reasonable. Prosper does not adjust the prices received from independent third-party pricing services unless such prices are inconsistent with the definition of fair value and result in a material difference in the recorded amounts.

The Convertible Preferred Stock Warrant Liability is valued using a Black Scholes-Option pricing model. Refer to Note 12 for further details.

The following tables present the fair value hierarchy for assets and liabilities measured at fair value (in thousands):

June 30, 2017	**Level 1 Inputs**	**Level 2 Inputs**	**Level 3 Inputs**	**Total**
Assets:				
Borrower Loans	$ —	$ —	$ 312,272	$ 312,272
Loans Held for Sale	—	—	95	95
Available for Sale Investments, at Fair Value	—	7,997	—	7,997
Servicing Assets	—	—	13,489	13,489
Total Assets	—	7,997	325,856	333,853
Liabilities:				
Notes	$ —	$ —	$ 311,410	$ 311,410
Servicing Liabilities	—	—	111	111
Convertible Preferred Stock Warrant Liability	—	—	70,114	70,114
Loan Trailing Fee Liability	—	—	1,655	1,655
Total Liabilities	$ —	$ —	$ 383,290	$ 383,290

December 31, 2016	**Level 1 Inputs**	**Level 2 Inputs**	**Level 3 Inputs**	**Total**
Assets:				
Borrower Loans	$ —	$ —	$ 315,627	$ 315,627
Loans Held for Sale	—	—	624	624
Available for Sale Investments, at Fair Value	—	32,769	—	32,769
Servicing Assets	—	—	12,786	12,786
Total Assets	—	32,769	329,037	361,806
Liabilities:				
Notes	$ —	$ —	$ 316,236	$ 316,236
Servicing Liabilities	—	—	198	198
Convertible Preferred Stock Warrant Liability	—	—	21,711	21,711
Loan Trailing Fee Liability	—	—	665	665
Total Liabilities	$ —	$ —	$ 338,810	$ 338,810

As Prosper's Borrower Loans, Loans Held for Sale, Notes and loan servicing rights do not trade in an active market with readily observable prices, Prosper uses significant unobservable inputs to measure the fair value of these assets and liabilities. Financial instruments are categorized in the level 3 valuation hierarchy based on the significance of unobservable factors in the overall fair value measurement. These fair value estimates may also include observable, actively quoted components derived from external sources. As a result, the realized and unrealized gains and losses for assets and liabilities within the level 3 category may include changes in fair value that were attributable to both observable and unobservable inputs.

Significant Unobservable Inputs

The following tables present quantitative information about the significant unobservable inputs used for Prosper's level 3 fair value measurements at June 30, 2017 and December 31, 2016:

Borrower Loans, Loans Held for Sale and Notes:

Unobservable Input	Range June 30, 2017	Range December 31, 2016
Discount rate	4.3% - 15.2%	4.0% - 15.9%
Default rate	1.9% - 15.2%	1.7% - 14.9%

Servicing Rights

Unobservable Input	Range June 30, 2017	Range December 31, 2016
Discount rate	15% - 25%	15% - 25%
Default rate	1.6% - 15.7%	1.5% - 15.2%
Prepayment rate	14.4% - 26.7%	13.6% - 26.6%
Market servicing rate	0.625%	0.625%

At June 30, 2017, the discounted cash flow methodology used to estimate the Note fair values used the same projected cash flows as the related Borrower Loans. As demonstrated in the following table, the fair value adjustments for Borrower Loans were largely offset by the fair value adjustments of the Notes due to the borrower payment dependent design of the Notes and because the principal balances of the Borrower Loans approximated the principal balances of the Notes.

The following tables present additional information about level 3 Borrower Loans, Loans Held for Sale and Notes measured at fair value on a recurring basis (in thousands):

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Borrower Loans	Notes	Loans Held for Sale	Total
Balance at January 1, 2017	$ 315,627	$ (316,236)	$ 624	$ 15
Purchase of Borrower Loans/Issuance of Notes	106,940	(106,506)	1,245,826	1,246,260
Principal repayments	(97,492)	100,274	(42)	2,740
Borrower Loans sold to third parties	(1,990)	—	(1,246,316)	(1,248,306)
Other changes	9	266	(3)	272
Change in fair value	(10,822)	10,792	6	(24)
Balance at June 30, 2017	$ 312,272	$ (311,410)	$ 95	$ 957

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Borrower Loans	Notes	Loans Held for Sale	Total
Balance at January 1, 2016	$ 297,273	$ (297,405)	$ 32	$ (100)
Purchase of Borrower Loans/Issuance of Notes	109,215	(109,147)	1,358,011	1,358,079
Principal repayments	(82,376)	83,119	(136)	607
Borrower Loans sold to third parties	(1,138)	1,081	(1,353,202)	(1,353,259)
Other changes	(6)	(33)	—	(39)
Change in fair value	(12,934)	12,855	—	(79)
Balance at June 30, 2016	$ 310,034	$ (309,530)	$ 4,705	$ 5,209

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Borrower Loans	Notes	Loans Held for Sale	Total
Balance at April 1, 2017	$ 317,536	$ (316,944)	$ 109	$ 701
Purchase of Borrower Loans/Issuance of Notes	50,260	(49,692)	721,829	722,397
Principal repayments	(48,048)	48,695	(14)	633
Borrower Loans sold to third parties	(869)	—	(721,829)	(722,698)
Other changes	10	(156)	—	(146)
Change in fair value	(6,617)	6,687	—	70
Balance at June 30, 2017	$ 312,272	$ (311,410)	$ 95	$ 957

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Borrower Loans	Notes	Loans Held for Sale	Total
Balance at April 1, 2016	$ 303,243	$ (302,357)	$ 30	$ 916
Purchase of Borrower Loans/Issuance of Notes	54,044	(53,873)	426,591	426,762
Principal repayments	(41,390)	41,057	(131)	(464)
Borrower Loans sold to third parties	(525)	499	(421,784)	(421,810)
Other changes	(2)	(191)	—	(193)
Change in fair value	(5,336)	5,335	(1)	(2)
Balance at June 30, 2016	$ 310,034	$ (309,530)	$ 4,705	$ 5,209

The following tables present additional information about level 3 servicing assets and liabilities measured at fair value on a recurring basis (in thousands):

	Servicing Assets	Servicing Liabilities
Fair Value at January 1, 2017	12,786	198
Additions	6,532	—
Less: Changes in fair value	(5,829)	(87)
Fair Value at June 30, 2017	13,489	111

	Servicing Assets	Servicing Liabilities
Fair Value at January 1, 2016	14,363	484
Additions	5,750	9
Less: Changes in fair value	(5,816)	(169)
Fair Value at June 30, 2016	14,297	324

	Servicing Assets	Servicing Liabilities
Fair Value at April 1, 2017	12,436	147
Additions	3,768	—
Less: Changes in fair value	(2,715)	(36)
Fair Value at June 30, 2017	13,489	111

	Servicing Assets	Servicing Liabilities
Fair Value at April 1, 2016	15,548	398
Additions	1,729	—
Less: Changes in fair value	(2,980)	(74)
Fair Value at June 30, 2016	14,297	324

The following table presents additional information about level 3 Loan Trailing Fee Liability measured at fair value on a recurring basis (in thousands):

Balance at January 1, 2017	665
Issuances	1,216
Cash payment of Loan Trailing Fee	(351)
Change in fair value	125
Balance at June 30, 2017	1,655

Significant Recurring Level 3 Fair Value Asset and Liability Input Sensitivity

Key economic assumptions and the sensitivity of the current fair value to immediate changes in those assumptions at June 30, 2017 for Borrower Loans, Loans Held for Sale and Notes funded through the Note Channel are presented in the following table (in thousands, except percentages):

	Borrower Loans and Loans Held for Sale	Notes
Discount rate assumption:	7.55% *	7.55% *
Resulting fair value from:		
100 basis point increase	$ 309,203	$ 308,250
200 basis point increase	306,119	305,170
Resulting fair value from:		
100 basis point decrease	$ 315,614	$ 314,653
200 basis point decrease	318,948	317,984
Default rate assumption:	12.96% *	12.96% *
Resulting fair value from:		
100 basis point increase	$ 308,608	$ 307,645
200 basis point increase	304,984	304,015
Resulting fair value from:		
100 basis point decrease	$ 316,150	$ 315,200
200 basis point decrease	319,980	319,038

* Represents weighted average assumptions considering all credit grades.

The following table presents the estimated impact on Prosper's estimated fair value of servicing assets and liabilities, calculated using different market servicing rates and different default rates as of June 30, 2017 (in thousands, except percentages).

	Servicing Assets		Servicing Liabilities	
Market servicing rate assumptions		0.625%		0.625%
Resulting fair value from:				
Market servicing rate increase to 0.65%	$	12,613	$	122
Market servicing rate decrease to 0.60%	$	14,365	$	100
Weighted average prepayment assumptions		20.09%		20.09%
Resulting fair value from:				
Applying a 1.1 multiplier to prepayment rate	$	13,301	$	109
Applying a 0.9 multiplier to prepayment rate	$	13,678	$	113
Weighted average default assumptions		12.18%		12.18%
Resulting fair value from:				
Applying a 1.1 multiplier to default rate	$	13,301	$	111
Applying a 0.9 multiplier to default rate	$	13,680	$	111

These sensitivities are hypothetical and should be evaluated with care. The effect on fair value of a variation in assumptions generally cannot be determined because the relationship of the change in assumptions to the fair value may not be linear. Additionally, the impact of a variation in a particular assumption on the fair value is calculated while holding other assumptions constant. In reality, changes in one factor may lead to changes in other factors, which could impact the above hypothetical effects.

8. Goodwill and Other Intangible Assets

Goodwill

Prosper's goodwill balance of $36.4 million at June 30, 2017 did not change during the six months ended June 30, 2017. We did not record any goodwill impairment expense for the six months ended June 30, 2017. A portion of the goodwill balance is considered held for sale, refer to Note 9 for more detail.

Other Intangible Assets

The following table presents the detail of other intangible assets for the period presented (dollars in thousands):

	June 30, 2017						
	Gross Carrying Value		Accumulated Amortization		Net Carrying Value		Remaining Useful Life (In Years)
User base and customer relationships	$	4,122	$	(3,775)	$	347	7.8
Developed technology		4,793		(3,278)	$	1,515	0.8
Brand name		60		(60)		—	—
Total intangible assets subject to amortization	$	8,975	$	(7,113)	$	1,862	

Prosper's intangible asset balance was $1.9 million and $9.2 million at June 30, 2017 and December 31, 2016, respectively. During the six months ended June 30, 2017, certain intangible assets were made available for sale and as a result they were written down to fair value. This resulted in a $6.3 million impairment loss. Refer to Note 9 for more detail.

The user base and customer relationship intangible assets are being amortized on an accelerated basis over a three to ten year period. The technology and brand name intangible assets are being amortized on a straight line basis over three to five years and one year, respectively.

Amortization expense for the three months ended June 30, 2017 and 2016 was $0.2 million and $1.0 million, respectively. Amortization expense for the six months ended June 30, 2017 and 2016 was $1.0 million and $2.0 million, respectively. Estimated amortization of purchased intangible assets for future periods (excluding those held for sale) is as follows (in thousands):

Year Ending December 31,		
Remainder of 2017	$	355
2018		379
2019		279
2020		219
2021		500
Total	$	1,732

9. Assets Held for Sale

As of June 30, 2017, the Company was actively marketing certain assets related to the Prosper Daily application. Through this process, the Company identified the specific assets to be sold and allocated goodwill based on the relative fair values of the assets held for sale and the assets that will be retained by the Company. The fair value of the assets held for sale is based on management's best estimates of what it expects to receive. This resulted in an impairment loss of $2.0 million and $6.3 million during the three and six months ended June 30, 2017, which is recorded in Other Expenses on the Condensed Consolidated Statement of Operations.

Amounts classified as assets held for sale on June 30, 2017, are presented on the Company’s Condensed Consolidated Balance Sheet within their respective accounts, and include the following (in thousands):

Intangible Assets	$	130
Goodwill		12
Total Assets Held for Sale	$	142

10. Other Liabilities

Other Liabilities includes the following:

	June 30, 2017		December 31, 2016	
Class action settlement liability	$	—	$	2,996
Repurchase liability for unvested restricted stock awards		24		118
Loan trailing fee		1,655		665
Servicing liabilities		111		198
Deferred rent		4,133		4,469
Restructuring liability		3,414		6,052
Other		3,438		2,675
Total Other Liabilities	$	12,775	$	17,173

11. Net Loss Per Share

The weighted average shares used in calculating basic and diluted net loss per share excludes certain shares that are disclosed as outstanding shares in the condensed consolidated balance sheets because such shares are restricted as they were associated with options that were early exercised and continue to remain unvested.

Basic and diluted net loss per share was calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Numerator:				
Net loss available to common stockholders for basic and diluted EPS	$ (41,405)	$ (35,628)	$ (65,426)	$ (53,092)
Denominator:				
Weighted average shares used in computing basic and diluted net loss per share	69,691,841	63,270,058	69,436,365	61,813,773
Basic and diluted net loss per share	$ (0.59)	$ (0.56)	$ (0.94)	$ (0.86)

The following common stock equivalents were excluded from the computation of diluted net loss per share for the periods presented because including them would have been anti-dilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(shares)	(shares)	(shares)	(shares)
Excluded securities:				
Convertible preferred stock issued and outstanding	177,388,428	177,388,425	177,388,428	177,388,425
Stock options issued and outstanding	60,938,265	43,719,604	53,040,604	41,694,271
Unvested stock options exercised	20,940	5,345,950	20,940	5,345,950
Restricted stock units	—	—	—	—
Warrants issued and outstanding	1,199,403	962,113	1,199,403	792,449
Series E convertible preferred stock warrants	35,544,141	—	35,544,141	—
Series F convertible preferred stock warrants	177,720,704	—	177,720,704	—
Total common stock equivalents excluded from diluted net loss per common share computation	452,811,881	227,416,092	444,914,220	225,221,095

The number of shares issued and outstanding reflect a 5-for-1 forward stock split effected by PMI on February 16, 2016.

12. Convertible Preferred Stock, Warrant Liability and Stockholders' Deficit

Convertible Preferred Stock and Warrants

On December 16, 2016, PMI issued a warrant to purchase 20,267,135 shares of Series E-1 convertible preferred stock of PMI ("Series E-1") at an exercise price of $0.01 per share (the "First Series E-1 Warrant") to Pinecone Investments LLC ("Pinecone"), an affiliate of Colchis Capital Management, L.P. ("Colchis").

On February 27, 2017, PMI issued to Pinecone a second warrant (the "Second Series E-1 Warrant," and together with the First Series E-1 Warrant, the "Series E-1 Warrants") to purchase 15,277,006 shares of Series E-1 at an exercise price of $0.01 per share. The Series E-1 Warrants are immediately exercisable, in whole or in part, by paying in cash the full purchase price payable in respect of the number of shares purchased. The Series E-1 Warrants were issued pursuant to the Warrant Agreement, dated December 16, 2016, between PMI and Colchis, as previously described in PMI's Current Report on Form 8-K as filed with the Commission on December 22, 2016.

In connection with a loan purchase agreement ("Consortium Purchase Agreement") with affiliates of the Consortium ("Warrant Holders"') a warrant agreement was signed (the "Warrant Agreement"). Pursuant to the Warrant Agreement, PMI issued to the Consortium, three warrants (together, the "Series F Warrant") to purchase up to in aggregate 177,720,706 shares of PMI's Series F Preferred Stock at an exercise price of $0.01 per share (the "Warrant Shares").

The Warrant Holders' right to exercise the Series F Warrant is subject to monthly vesting during the term of the Consortium Purchase Agreement based upon the volume of loans the Consortium elects to purchase (if any) in each month, subject to certain cure rights such as offering additional loans for sale in subsequent periods (except that a certain portion of the Series F Warrant will be immediately exercisable as a result of loans purchased before the signing of the agreement). Under the terms of the Warrant Agreement, the Warrant Shares may also vest in full upon a change of control of PMI, insolvency of PMI or PFL certain breaches of contract by PMI or PFL that are not cured within a defined cure period and upon the occurrence of certain events set forth in the Warrant Agreement.

The Series F Warrant will be exercisable with respect to vested Warrant Shares, in whole or in part, at any time prior to the tenth anniversary of its date of issuance. The number of shares underlying the Series F Warrant may be adjusted following certain events such as stock splits, dividends, reclassifications, and certain other issuances by PMI.

The number of authorized, issued and outstanding shares, their par value and liquidation preference for each series of convertible preferred stock as of June 30, 2017 are disclosed in the table below (amounts in thousands except share and per share amounts):

Convertible Preferred Stock	Par Value	Authorized shares	Outstanding and Issued shares	Liquidation Preference (outstanding shares)
Series A	$ 0.01	68,558,220	68,558,220	$ 19,774
Series A-1	0.01	24,760,915	24,760,915	49,522
Series B	0.01	35,775,880	35,775,880	21,581
Series C	0.01	24,404,770	24,404,770	70,075
Series D	0.01	23,888,640	23,888,640	165,000
Series E-1	0.01	35,544,141	—	—
Series E-2	0.01	16,858,078	—	—
Series F	0.01	177,720,707	3	—
		407,511,351	177,388,428	$ 325,952

The number of shares issued and outstanding reflect a 5-for-1 forward stock split effected by PMI on February 16, 2016.

Dividends

Dividends on shares of the Series A, Series B, Series C, Series D, Series E-1, Series E-2 and Series F convertible preferred stock are payable only when, as, and if declared by the Board of Directors. No dividends will be paid with respect to the common stock until any declared dividends on the Series A, Series B, Series C, Series D, Series E-1, Series E-2 and Series F convertible preferred stock have been paid or set aside for payment to the Series A, Series B, Series C, Series D, Series E-1, Series E-2 and Series F convertible preferred stockholders. After payment of any such dividends, any additional dividends or distributions will be distributed among all holders of common stock and preferred stock in proportion to the number of shares of common stock that would be held by each such holder if all shares of preferred stock were converted to common stock at the then effective conversion rate. The Series A-1 convertible preferred shares have no dividend rights. To date, no dividends have been declared on any of the PMI's preferred stock or common stock.

Conversion

Under the terms of PMI's amended and restated certificate of incorporation, the holders of preferred stock have the right to convert such preferred stock into common stock at any time. In addition, all preferred stock automatically converts into common stock (i) immediately prior to the closing of an Initial Public Offering ("IPO") that values Prosper at least at $2 billion and that results in aggregate proceeds to Prosper of at least $100 million or (ii) upon a written request from the holders of at least 60% of the voting power of the outstanding preferred stock (on an as-converted basis), *provided* that (i) the Series A-1 convertible preferred stock shall not be converted without at least 14% of the voting power of the outstanding Series A-1 convertible preferred stock; (ii) the Series D shall not be converted without at least 60% of the voting power of the outstanding Series D; (iii) the Series E-1 and Series E-2 shall not be converted without at least 60% of the voting power of the outstanding Series E-1 and Series E-2, voting together as a single class; and (iv) the Series F shall not be converted without at least 60% of the voting power of the outstanding Series F. In addition, if a holder of the Series A convertible preferred stock has converted any of the Series A convertible preferred stock, then all of such holder's shares of Series A-1 convertible preferred stock also will be converted upon a liquidation event. In lieu of any fractional shares of common stock to which a holder would otherwise be entitled, PMI shall pay such holder cash in an amount equal to the fair market value of such fractional shares, as determined by its Board of Directors. At present, the Series A, Series B, Series C, Series D, Series E-1, Series E-2 and the Series F convertible preferred stock converts into PMI common stock at a 1:1 ratio while the Series A-1 convertible preferred stock converts into common stock at a 1,000,000:1 ratio

Liquidation Rights

PMI's convertible preferred stock has been classified as temporary equity on the Consolidated Balance Sheets. The preferred stock is not redeemable; however, upon in the event of a voluntary or involuntary liquidation, dissolution, change in control or winding up of PMI, holders of the convertible preferred stock may have the right to receive its liquidation preference under the terms of PMI's certificate of incorporation.

Each holder of Series E-1, Series E-2 and Series F convertible preferred stock is entitled to receive prior and in preference to any distribution of proceeds from a liquidation event to the holders of Series A, Series B, Series C, Series D and Series A-1 preferred stock or common stock, an amount per share for (i) each share of Series E-1 convertible preferred stock equal to the sum of the liquidation preference specified for such share and all declared but unpaid dividends, if any, on such share, (ii) each share of Series E-2 convertible preferred stock equal to the sum of two-thirds the liquidation preference specified for such share and all declared but unpaid dividends, if any, on such share, and (iii) each share of Series F convertible preferred stock equal to the sum of two-thirds of the liquidation preference specified for such share and all declared but unpaid dividends, if any, on such share.

After the payment or setting aside for payment to the holders of Series E-1, Series E-2, and Series F convertible preferred stock, each holder of Series A, Series B, Series C and Series D, Series E-2 and Series F convertible preferred stock is entitled to receive, on a pari passu basis, prior to and in preference to any distribution of proceeds from a liquidation event to the holders of Series A-1 preferred stock or common stock, (i) an amount per share for each share of Series E-2 and Series F convertible preferred stock equal to the sum of one-third of the liquidation preference specified for such share and all declared but unpaid dividends, if any, on such share, and (ii) an amount per share for each share of Series A, Series B, Series C and Series D convertible preferred stock equal to the sum of the liquidation preference specified for such share and all declared but unpaid dividends, if any, on such share.

After the payment or setting aside for payment to the holders of Series A, Series B, Series C, Series D, Series E-1, Series E-2 and Series F convertible preferred stock, the holders of Series A-1 convertible preferred stock are entitled to receive, prior and in preference to any distribution of proceeds to the holders of common stock an amount per share for each such share of Series A-1 convertible preferred stock equal to the sum of the liquidation preference specified for such share and all declared but unpaid dividends, if any, on such share.

After the payment or setting aside for payment to the holders of Series A, Series B, Series C, Series D, Series E-1, Series E-2, Series F convertible preferred stock and Series A-1 preferred stock, the entire remaining proceeds legally available for distribution will be distributed pro rata to the holders of Series A preferred stock and common stock in proportion to the number of shares of common stock held by them assuming the Series A preferred stock has been converted into shares of common stock at the then effective conversion rate, provided that the maximum aggregate amount per share of Series A convertible preferred stock which the holders of Series A convertible preferred stock shall be entitled to receive is three times the original issue price for the Series A convertible preferred stock.

At present, the liquidation preferences are equal to $0.29 per share for the Series A convertible preferred stock, $2.00 per share for the Series A-1 convertible preferred stock, $0.60 per share for the Series B convertible preferred stock, $2.87 per share for the Series C convertible preferred stock, $6.91 for the Series D convertible preferred stock, $0.84 for the Series E-1 convertible preferred stock, $0.84 for the Series E-2 convertible preferred stock, and $0.84 for the Series F convertible preferred stock.

Voting

Each holder of shares of convertible preferred stock is entitled to the number of votes equal to the number of shares of common stock into which such shares of convertible preferred stock could be converted and has voting rights and powers equal to the voting rights and powers of the common stock. The holders of convertible preferred stock and the holders of common stock vote together as a single class (except with respect to certain matters that require separate votes or as required by law), and are entitled to notice of any stockholders' meeting in accordance with the bylaws of PMI.

Convertible Preferred Stock Warrant Liability

Series E-1 Warrants

In connection with the Settlement and Release Agreement dated November 17, 2016 among PMI, PFL and Colchis, on December 16, 2016, PMI issued the First Series E-1 Warrant. The Second Series E-1 Warrant for an additional 15,277,006 shares of Series E-1 convertible preferred stock were granted on the signing of the Consortium Purchase Agreement on February 27, 2017. The warrants expire ten years from the date of issuance. For the six months ended June 30, 2017, Prosper

recognized $14.9 million of expense from the re-measurement of the fair value of the warrants. The expense is recorded through other expenses in the statement of operations.

To determine the fair value of the Series E-1 Convertible Preferred Stock Warrants, the Company first determined the value of a share of a Series E-1 convertible preferred stock. To determine the fair value of the convertible preferred stock, the Company first derived the business enterprise value (“BEV”) of the Company using valuation methods, including a combination of methods, as deemed appropriate under the circumstances applicable at the valuation date. Once the Company determined an estimated BEV, the option pricing method ("OPM") was used to allocate the BEV to the various classes of the Company’s equity, including the Company’s preferred stock. The concluded per share value for the Series E-1 convertible preferred stock was utilized as an input to the Black-Scholes option pricing model.

The Company determined the fair value of the outstanding convertible Series E-1 preferred stock warrants utilizing the following assumptions as of the following dates:

	June 30, 2017	December 31, 2016
Volatility	40%	40%
Risk-free interest rate	2.28%	2.45%
Remaining contractual term	9.55 years	9.96 years
Dividend yield	—%	—%

The above assumptions were determined as follows:

Volatility: The volatility is derived from historical volatilities of several unrelated publicly listed peer companies over a period approximately equal to the term of the warrant because the Company has limited information on the volatility of the preferred stock since there is currently no trading history. When making the selections of industry peer companies to be used in the volatility calculation, the Company considered the size, operational, and economic similarities to the Company’s principal business operations.

Risk-Free Interest Rate: The risk-free interest rate is based on the U.S. Treasury yield in effect as of the period end date and for zero coupon U.S. Treasury notes with maturities approximately equal to the term of the warrant.

Remaining Contractual Term: The remaining contractual term represents the time from the date of the valuation to the expiration of the warrant.

Dividend Yield: The expected dividend assumption is based on the Company’s current expectations about the Company’s anticipated dividend policy.

Series F Warrants

In connection with the Consortium Purchase Agreement (as described in Note 16), PMI issued warrants to purchase up to 177,720,706 of PMI's Series F convertible preferred share at $0.01 per share. For the three months ended June 30, 2017, Prosper recognized $7.5 million of expense from the re-measurement of the fair value of the warrants. The expense is recorded through other expenses in the condensed consolidated statement of operations.

To determine the fair value of the Series F Convertible Preferred Stock Warrants, the Company first determined the value of a share of a Series F convertible preferred stock. To determine the fair value of the convertible preferred stock, the Company first derived the BEV of the Company using valuation methods, including a combination of methods, as deemed appropriate under the circumstances applicable at the valuation date. Once the Company determined an estimated BEV, the OPM was used to allocate the BEV to the various classes of the Company’s equity, including the Company’s preferred stock. The concluded per share value for the Series F convertible preferred stock warrants utilized the Black-Scholes option pricing model.

The Company determined the fair value of the outstanding convertible Series F preferred stock warrants utilizing the following assumptions as of June 30, 2017:

	June 30, 2017
Volatility	40%
Risk-free interest rate	2.29%
Remaining contractual term (in years)	9.66
Dividend yield	—%

The above assumptions were determined as follows:

Volatility: The volatility is derived from historical volatilities of several unrelated publicly listed peer companies over a period approximately equal to the term of the warrant because the Company has limited information on the volatility of the preferred stock since there is currently no trading history. When making the selections of industry peer companies to be used in the volatility calculation, the Company considered the size, operational, and economic similarities to the Company's principal business operations.

Risk-Free Interest Rate: The risk-free interest rate is based on the U.S. Treasury yield in effect as of the period end date and for zero coupon U.S. Treasury notes with maturities approximately equal to the term of the warrant.

Remaining Contractual Term: The remaining contractual term represents the time from the date of the valuation to the expiration of the warrant.

Dividend Yield: The expected dividend assumption is based on the Company's current expectations about the Company's anticipated dividend policy.

The combined activity of the Convertible Preferred Stock Warrant Liability for the six months ended June 30, 2017 is as follows (in thousands):

Balance at January 1, 2017	$	21,711
Warrants Vested		25,586
Change in Fair Value		22,817
Balance at June 30, 2017	$	70,114

Common Stock

PMI, through its amended and restated certificate of incorporation, as amended, is the sole issuer of common stock and related options, RSUs and warrants. On February 16, 2016, PMI amended and restated its certificate of incorporation to, among other things, effect a 5-for-1 forward stock split. On May 31, 2016, PMI further amended its amended and restated certificate of incorporation to increase the number of shares of common stock authorized for issuance. The total number of shares of stock which PMI has the authority to issue is 957,511,351, consisting of 550,000,000 shares of common stock, $0.01 par value per share, and 407,511,351 shares of preferred stock, $0.01 par value per share. As of June 30, 2017, 70,719,747 shares of common stock were issued and 69,783,812 shares of common stock were outstanding. As of December 31, 2016, 70,843,044 shares of common stock were issued and 69,907,109 shares of common stock were outstanding. Each holder of common stock is entitled to one vote for each share of common stock held.

Common Stock Issued upon Exercise of Stock Options

During the six months ended June 30, 2017, PMI issued 134,633 shares of common stock upon the exercise of vested options for cash proceeds of $14 thousand. Certain options are eligible for exercise prior to vesting. These unvested options may be exercised for restricted shares of common stock that have the same vesting schedule as the options. Prosper records a liability for the exercise price paid upon the exercise of unvested options, which is reclassified to common stock and additional paid-in capital as the shares vest. Should the holder's employment be terminated, the unvested restricted shares are subject to repurchase by PMI at an amount equal to the exercise price paid for such shares. At June 30, 2017 and December 31, 2016, there were 20,940 and 1,126,210 shares, respectively, of restricted stock outstanding that remain unvested and subject to Prosper's right of repurchase.

For the six months ended June 30, 2017, PMI repurchased 266,130 shares of restricted stock for $64 thousand upon termination of employment of various employees

13. Share Based Incentive Plan and Compensation

In 2005, PMI's stockholders approved the adoption of the 2005 Stock Plan. On December 1, 2010, PMI's stockholders approved the adoption of the Amended and Restated 2005 Stock Plan (the "2005 Plan"). The 2005 Plan expired during the year ending December 31, 2015 and PMI's stockholders approved the adoption of the 2015 Equity Incentive Plan. On February 15, 2016, PMI's stockholders approved the adoption of an Amendment No. 1 to the 2015 Equity Incentive Plan, and on May 31, 2016, PMI's stockholders approved the adoption of an Amendment No. 2 to the 2015 Equity Incentive Plan (as amended to date, the "2015 Plan"). In March 2015, the 2005 Plan expired, except that any awards granted under the 2005 Plan prior to its expiration remain in effect pursuant to their terms. As of June 30, 2017 under the 2015 Plan, up to 60,241,343 shares of common stock are reserved and may be granted to employees, directors, and consultants by PMI’s board of directors and stockholders to promote the success of Prosper’s business. Options generally vest 25% one year from the vesting commencement date and 1/48th per month thereafter or vest 50% one year from the vesting date and 1/48 per month thereafter or vest 50% two years from the vesting commencement date and 1/48th per month thereafter or vest 1/36th per month from the vesting commencement date. In no event are options exercisable more than ten years after the date of grant.

At June 30, 2017, there were 9,817,115 shares available for grant under the 2015 Plan and zero shares available for grant under the 2005 Plan.

The number of options, restricted stock units and amounts per share reflects a 5-for-1 forward stock split effected by PMI on February 16, 2016.

Stock Option Reprice

On May 3, 2016, the Compensation Committee of the Board of Directors of PMI approved a stock option repricing program, (the “2016 Reprice”) authorizing PMI’s officers to reprice certain outstanding stock options held by employees and directors that have exercise prices above the current fair market value of PMI’s common stock. The repricing was effected on May 16, 2016 for eligible directors and employees located in the United States and on May 19, 2016 for eligible employees located in Israel.

On March 17, 2017, the Compensation Committee of the Board of Directors of PMI approved a stock option repricing program, (the “2017 Reprice” and together with the 2016 Reprice, the "Repricings") authorizing PMI’s officers to reprice certain outstanding stock options held by employees and directors that have exercise prices above the current fair market value of PMI’s common stock. The repricing was effected on March 17, 2017 for eligible directors and employees.

Prosper believes that the Repricings of such stock options will encourage the continued service of valued employees and directors, and motivate such service providers to perform at high levels, both of which are critical to Prosper’s continued success. Prosper expects to incur additional stock based compensation charges as a result of the Repricings.

The financial statement impact of the above Repricings is $0.1 million in the three months ended June 30, 2017 and $0.9 million (net of forfeitures) that will be recognized over the remaining weighted average vesting period of 1.9 years.

Early Exercised Stock Options

The balance of stock options that were early exercised under the 2005 Plan as of June 30, 2017 is not material.

Stock Option Activity

Stock option activity under the 2005 Plan and 2015 Plan is summarized for the six months ended June 30, 2017 below:

	Options Issued and Outstanding		Weighted-Average Exercise Price
Balance as of January 1, 2017	41,395,719	$	1.48
Options issued	30,388,611		0.22
Options exercised – vested	(134,633)		0.11
Options forfeited	(12,089,870)		1.17
Options expired	(2,500)		0.22
Balance as of June 30, 2017	59,557,327	$	0.21
Options vested and expected to vest as of June 30, 2017	47,563,036		0.21
Options vested and exercisable at June 30, 2017	21,119,436		0.18

Due to the timing of the 2017 Reprice, the ending weighted average exercise price shown above reflects repriced options while the opening weighted average exercise price does not.

Other Information Regarding Stock Options

Additional information regarding common stock options outstanding as of June 30, 2017 is as follows:

	Options Outstanding			Options Vested and Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted – Avg. Remaining Life	Weighted –Avg. Exercise Price	Number Vested	Weighted – Avg. Exercise Price
$ 0.02 - 0.20	8,275,145	6.56	$ 0.11	8,275,145	$ 0.11
0.20 - 0.50	51,260,062	9.09	0.22	12,822,171	0.22
0.50 - 1.13	22,120	7.35	1.13	22,120	1.13
$ 0.02 - 1.13	59,557,327	8.74	$ 0.20	21,119,436	$ 0.18

The fair value of options granted to employees is estimated on the grant date using the Black-Scholes option valuation model. This valuation model for stock-based compensation expense requires Prosper to make assumptions and judgments about the variables used in the calculation, including the fair value of PMI's common stock, the expected term (the period of time that the options granted are expected to be outstanding), the volatility of PMI's common stock, a risk-free interest rate, and expected dividends. Given the absence of a publicly traded market, Prosper considered numerous objective and subjective factors to determine the fair value of PMI's common stock at each grant date. These factors included, but were not limited to: (i) contemporaneous valuations of common stock performed by unrelated third-party specialists; (ii) the prices for PMI's preferred stock sold to outside investors; (iii) the rights, preferences and privileges of PMI's preferred stock relative to PMI's common stock; (iv) the lack of marketability of PMI's common stock; (v) developments in the business; (vi) secondary transactions of PMI's common and preferred shares and (vii) the likelihood of achieving a liquidity event, such as an initial public offering or a merger or acquisition of Prosper, given prevailing market conditions. As PMI's stock is not publicly traded volatility for stock options is based on an average of the historical volatilities of the common stock of several entities with characteristics similar to those of Prosper. The expected term assumptions were determined based on the vesting terms, exercise terms and contractual lives of the options using the simplified method. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the option. Prosper uses an expected dividend yield of zero as it does not anticipate paying any dividends in the foreseeable future.

Prosper also estimates forfeitures of unvested stock options. Expected forfeitures are based on Prosper's historical experience. To the extent actual forfeitures differ from the estimates, the difference will be recorded as a cumulative adjustment in the period estimates are revised. No compensation cost is recorded for options that do not vest.

The fair value of PMI's stock option awards granted during the three months ended June 30, 2017 and 2016 was estimated at the date of grant using the Black-Scholes model with the following average assumptions:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Volatility of common stock	N/A	50.88%	50.28%	50.88%
Risk-free interest rate	N/A	1.29%	2.12%	1.29%
Expected life	N/A	5.8 years	5.7 years	5.8 years
Dividend yield	N/A	0%	0%	0%

Restricted Stock Unit Activity

During the six months ended June 30, 2017, PMI granted restricted stock units ("RSUs") to certain employees that are subject to three-year vesting terms or four year vesting terms and the occurrence of a liquidity event.

The aggregate fair value of the RSUs granted was $3 thousand. The following table summarizes the activities for PMI's RSUs during the six months ended June 30, 2017:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested - December 31, 2016	1,995,159	$ 2.16
Granted	12,000	0.22
Vested	—	—

Forfeited	(509,479)		2.18
Unvested - June 30, 2017	1,497,680	$	2.14

The following table presents the amount of stock-based compensation related to stock-based awards granted to employees recognized in Prosper's condensed consolidated statements of operations during the three months ended June 30, 2017 and 2016 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Origination and servicing	$ 328	$ 579	$ 545	$ 1,018
Sales and marketing	141	896	311	1,632
General and administrative	2,843	4,884	5,956	8,815
Restructuring	—	45	—	45
Total stock based compensation	$ 3,312	$ 6,404	$ 6,812	$ 11,510

During the three months ended June 30, 2017 and 2016, Prosper capitalized $75 thousand and $225 thousand respectively, of stock-based compensation as internal use software and website development costs. As of June 30, 2017, the unamortized stock-based compensation expense adjusted for forfeiture estimates related to Prosper's employees' unvested stock-based awards was approximately $21.2 million, which will be recognized over the remaining weighted-average vesting period of approximately 2.0 years.

14. Restructuring

Summary of Restructuring Plan

On May 3, 2016, Prosper adopted a strategic restructuring of its business. This restructuring was intended to streamline our operations and support future growth efforts. Under this restructuring, Prosper closed its Salt Lake City, Utah location. As a result of this restructuring, Prosper terminated 167 employees across all locations. In December 2016, Prosper shut down its Tel Aviv location, resulting in the termination of 31 employees.

In addition to the employment costs associated with the restructuring, Prosper is also marketing for sublease our existing office space that is no longer needed due to the reduction in headcount. Other than accretion and changes in sublease loss estimates, Prosper does not expect any additional restructuring charges related to this restructuring.

The following table summarizes the activities related to Prosper's restructuring plan (in thousands):

	Severance Related	Facilities Related	Total
Balance January 1, 2017	$ 597	$ 6,052	$ 6,649
Adjustments to expense	(13)	321	308
Sublease cash receipts	—	16	16
Less: Cash paid	(584)	(3,193)	(3,777)
Balance June 30, 2017	$ —	$ 3,196	$ 3,196

15. Income Taxes

For the three months ended June 30, 2017 and 2016, Prosper recognized $97 thousand and $105 thousand of income tax expense, respectively. For the six months ended June 30, 2017 and 2016, Prosper recognized $262 thousand and $270 thousand of income tax expense, respectively. The income tax expense relates to state income tax expense and the amortization of tax deductible goodwill which gives rise to an indefinite-lived deferred tax liability. No other income tax expense or benefit was recorded for the three or six month periods ended June 30, 2017 and 2016 due to a full valuation allowance recorded against our deferred tax assets.

Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize our existing deferred tax assets. On the basis of this evaluation, it is not more likely than not that our deferred tax assets will be realized and therefore a full valuation allowance has been recorded.

16. Consortium Purchase Agreement

On February 27, 2017, Prosper entered into series of agreements (the "Consortium Purchase Agreement") with a consortium of investors (the "Consortium"). Under the Consortium Purchase Agreement the Consortium has agreed to purchase borrower loans in an aggregate principal amount of up to $5.0 billion (including certain loans purchased by one of the investors prior to the date of the Consortium Agreement). PFL will be obligated to offer for purchase minimum monthly volumes of eligible loans to the Consortium, for the Consortium to elect to purchase.

In connection with the above agreement to purchase PMI issued to the Consortium, three warrants (together, the "Series F Warrant") to purchase up to in aggregate 177,720,706 shares of PMI's Series F Preferred Stock at an exercise price of $0.01 per share (the "Warrant Shares").

The Consortium's right to exercise the Series F Warrant is subject to monthly vesting during the term of the Consortium Purchase Agreement based upon the volume of loans Purchaser elects to purchase (if any) in each month, subject to certain cure rights such as offering additional loans for sale in subsequent periods (except that a certain portion of the Series F Warrant will be immediately exercisable as a result of loans purchased before the signing of the agreement). Under the terms of the Warrant Agreement, the Warrant Shares may also vest in full upon a change of control of PMI, insolvency of PMI or PFL, certain breaches of contract by PMI or PFL that are not cured within a defined cure period and upon the occurrence of certain other events set forth in the Warrant Agreement.

On vesting of the Series F warrants, Prosper records a liability as Convertible Preferred Stock Warrant Liability on the Condensed Consolidated Balance Sheet at fair value and a corresponding amount as "Fair Value of Warrants Vested on Sale of Borrower Loans" on the Condensed Consolidated Statement of Operations. Subsequent changes in the fair value of the vested warrants are recorded in "Other Expenses" on the Condensed Consolidated Statement of Operations. Additionally as part of signing of the Consortium Purchase Agreement certain rebates previously issued were settled by the issuance of vested Series F Convertible Preferred Stock Warrants. The difference in fair value of these warrants over the cash settlement price is recorded in "Other Expense" on the Condensed Consolidated Statement of Operations.

17. Commitments and Contingencies

Future Minimum Lease Payments

Prosper has entered into various non-cancelable operating leases for certain offices with contractual lease periods expiring between 2022 and 2027.

Future minimum rental payments under these leases as of June 30, 2017 are as follows (in thousands):

Remaining six months of 2017	2,762
2018	5,690
2019	6,026
2020	6,193
2021	6,170
2022	6,076
Thereafter	8,480
Total future operating lease obligations	$ 41,397

The payments in the above table include amounts that have been accrued for as part of the restructuring liability in Note 14. Restructuring accrual balances related to operating facility leases were $3.4 million at June 30, 2017.

Rental expense under operating lease arrangements was $1.2 million and $1.9 million for the three months ended June 30, 2017 and 2016, respectively. Rental expense under operating lease arrangements was $2.5 million and $3.7 million for the six months ended June 30, 2017 and 2016, respectively.

Operating Commitments

Prosper has entered into an agreement with WebBank, under which all Borrower Loans originated through the marketplace are made by WebBank under its bank charter. Pursuant to the agreement, the marketing fee that Prosper receives in connection with the origination of each loan is partially reduced by an amount (the "Designated Amount") calculated as a percentage of the principal amount of such loan based on the aggregate principal amount of loans originated for the applicable month. To the extent the aggregate Designated Amount for all loans originated during any month is less than $143,500, Prosper is required to pay WebBank an amount equal to such deficiency. Accordingly, the minimum fee for the remaining nine months ended December 31, 2017 is $0.9 million. The minimum fee is $1.7 million and $0.9 million in each of the years 2018 and 2019, respectively.

Additionally, under the agreement with WebBank, Prosper is required to maintain a minimum net liquidity of $15 million at all times during the term of the agreement. Net liquidity is defined as the sum of Cash, Cash Equivalents and Available for Sale Investments. Violation of this covenant can result in termination of the contract with WebBank. At June 30, 2017, Prosper was in compliance with the covenant.

Loan Purchase Commitments

Prosper has entered into an agreement with WebBank to purchase $40.9 million of Borrower Loans that WebBank originated during the last two business days of the quarter ended June 30, 2017 and the first business day of the quarter ending September 30, 2017. Prosper will purchase these Borrower Loans within the first three business days of the quarter ending September 30, 2017.

Repurchase and Indemnification Contingency

Under the terms of the loan purchase agreements between Prosper and investors that participate in the Whole Loan Channel, Prosper may, in certain circumstances, become obligated to repurchase a Borrower Loan from an investor. Generally, these circumstances include the occurrence of verifiable identity theft, the failure to properly follow loan listing or bidding protocols, or a violation of the applicable federal, state, or local lending laws. The fair value of the indemnification and repurchase obligation is estimated based on historical experience and the initial fair value is insignificant. Prosper recognizes a liability for the repurchase and indemnification obligation when the Borrower Loans are issued. Indemnified or repurchased Borrower Loans associated with violations of federal, state, or local lending laws or verifiable identity theft are written off at the time of repurchase or at the time an indemnification payment is made. The maximum potential amount of future payments associated under this obligation is the outstanding balances of the Borrower Loans issued through the Whole Loan Channel, which at June 30, 2017 is $3,557 million. Prosper has accrued $1.1 million and $0.6 million as of June 30, 2017 and December 31, 2016, respectively, in regard to this obligation.

Securities Law Compliance

From inception through October 16, 2008, Prosper sold approximately $178.0 million of Borrower Loans to investors through its old platform structure, whereby Prosper assigned promissory notes directly to investors. Prosper did not register the offer and sale of the promissory notes corresponding to these Borrower Loans under the Securities Act or under the registration or qualification provisions of any state securities laws. Prosper believes that the question of whether or not the operation of the platform during this period constituted an offer or sale of "securities" involved a complicated factual and legal analysis and was uncertain. If the sales of promissory notes offered through the platform during this period were viewed as a securities offering, Prosper would have failed to comply with the registration and qualification requirements of federal and state laws.

In 2008, plaintiffs filed a class action lawsuit against Prosper and certain of its executive officers and directors in the Superior Court of California, County of San Francisco, California. The suit was brought on behalf of all promissory note purchasers on the platform from January 1, 2006 through October 14, 2008. The lawsuit alleged that Prosper offered and sold unqualified and unregistered securities in violation of the California and federal securities laws. On July 19, 2013 solely to avoid the costs, risks and uncertainties inherent in litigation, and without admitting any liability or wrongdoing, the parties to the class action litigation agreed to enter into a settlement to resolve all claims related thereto (the "Settlement"). In connection with the Settlement, Prosper agreed to pay an aggregate amount of $10 million into a settlement fund, split into four annual installments of $2 million in 2014, $2 million in 2015, $3 million in 2016 and $3 million in 2017. The Settlement received final approval in a final order and judgment entered by the Superior Court on April 16, 2014. Pursuant to the final order and judgment, the claims in the class action were dismissed, and the defendants were released by the plaintiffs from all claims that were or could have been asserted concerning the issues alleged in the class action lawsuit. All annual installments have been made prior to June 30, 2017.

18. Related Parties

Since Prosper's inception, it has engaged in various transactions with its directors, executive officers and holders of more than 10% of its voting securities, and immediate family members and other affiliates of its directors, executive officers and 10% stockholders. Prosper believes that all of the transactions described below were made on terms no less favorable to Prosper than could have been obtained from unaffiliated third parties.

Prosper's executive officers, directors who are not executive officers, and certain affiliates participate in its marketplace by placing bids and purchasing Notes and Borrower Loans. The aggregate amount of the Notes and Borrower Loans purchased and the income earned by parties deemed to be affiliates and related parties of Prosper for the six months ended June 30, 2017 and 2016, as well as the Notes and Borrower Loans outstanding as of June 30, 2017 and December 31, 2016 are summarized below (in thousands):

Related Party	Aggregate Amount of Notes and Borrower Loans Purchased Six Months Ended June 30, 2017	2016	Interest Earned on Notes and Borrower Loans Six Months Ended June 30, 2017	2016
Executive officers and management	$ 10	$ 801	$ 81	$ 110
Directors (excluding executive officers and management)	174	350	20	15
Total	$ 184	$ 1,151	$ 101	$ 125

Related Party	Aggregate Amount of Notes and Borrower Loans Purchased Three Months Ended June 30, 2017	2016	Interest Earned on Notes and Borrower Loans Three Months Ended June 30, 2017	2016
Executive officers and management	$ 5	$ 396	$ 35	$ 61
Directors (excluding executive officers and management)	85	114	10	9
Total	$ 90	$ 510	$ 45	$ 70

Related Party	Notes and Borrower Loans Balance as of June 30, 2017	December 31, 2016
Executive officers and management	$ 1,012	$ 1,620
Directors (excluding executive officers and management)	560	537
	$ 1,572	$ 2,157

19. Significant Concentrations

Prosper is dependent on third party funding sources such as banks and investment funds to provide the funds to allow WebBank to originate Borrower Loans that the third party funding sources will later purchase. Of all Borrower Loans originated in the six months ended June 30, 2017, 52%, 14% and 8% were purchased by three different parties. This compares to 25%, 25% and 12% for the period ended June 30, 2016. Further, a significant portion of our business is dependent on funding through the Whole Loan Channel, for which 92% and 92% of Borrower Loans were originated through the Whole Loan Channel in the six months ended June 30, 2017 and 2016, respectively.

Prosper receives all of its transaction fee revenue from WebBank. Prosper earns a transaction fee from WebBank for our services in facilitating originations of Borrower Loans issued by WebBank. The rate of the transaction fee for each individual Borrower Loan is based on the term and credit grade of the Borrower Loan. No individual borrower or investor accounted for 10% or more of consolidated net revenue for any of the periods presented.

Prosper Funding LLC

Condensed Consolidated Balance Sheets (Unaudited)

(amounts in thousands)

	June 30, 2017	December 31, 2016
Assets		
Cash and Cash Equivalents	$ 12,384	$ 6,929
Restricted Cash	165,628	147,983
Short Term Investments	1	1,280
Loans Held for Sale at Fair Value	95	624
Borrower Loans Receivable at Fair Value	312,272	315,627
Property and Equipment, Net	9,312	10,095
Servicing Assets	13,297	12,461
Other Assets	257	186
Total Assets	$ 513,246	$ 495,185
Liabilities and Member's Equity		
Accounts Payable and Accrued Liabilities	$ 631	$ 2,223
Payable to Related Party	4,701	1,899
Payable to Investors	159,999	141,625
Notes at Fair Value	311,410	316,236
Other Liabilities	3,188	1,877
Total Liabilities	479,929	463,860
Member's Equity		
Member's Equity	30,704	30,704
Retained Earnings	2,613	621
Total Member's Equity	$ 33,317	$ 31,325
Total Liabilities and Member's Equity	$ 513,246	$ 495,185

The accompanying notes are an integral part of these condensed consolidated financial statements.

Prosper Funding LLC

Condensed Consolidated Statements of Operations (Unaudited)

(amounts in thousands)

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Revenues				
Operating Revenues				
Administration Fee Revenue - Related Party	$ 27,309	$ 6,930	$ 42,463	$ 22,348
Servicing Fees, Net	6,520	7,589	12,401	14,623
Gain (Loss) on Sale of Borrower Loans	(13,084)	(687)	(16,709)	3,104
Other Revenues	34	26	64	417
Total Operating Revenues	20,779	13,858	38,219	40,492
Interest Income on Borrower Loans	12,007	10,988	23,507	21,496
Interest Expense on Notes	(11,177)	(10,098)	(21,855)	(19,819)
Net Interest Income	830	890	1,652	1,677
Change in Fair Value on Borrower Loans, Loans Held for Sale and Notes, Net	70	(2)	(24)	(79)
Total Net Revenues	21,679	14,746	39,847	42,090
Expenses				
Administration Fee - Related Party	18,466	15,652	34,282	36,258
Servicing	1,524	1,536	3,255	2,767
General and Administrative	145	380	318	737
Total Expenses	20,135	17,568	37,855	39,762
Total Net Income (Loss)	$ 1,544	$ (2,822)	$ 1,992	$ 2,328

The accompanying notes are an integral part of these condensed consolidated financial statements.

Prosper Funding LLC

Condensed Consolidated Statements of Cash Flows (Unaudited)

(amounts in thousands)

	Six Months Ended June 30,	
	2017	**2016**
Cash flows from operating activities:		
Net Income	$ 1,992	$ 2,328
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Change in Fair Value of Borrower Loans, Loans Held for Sale and Notes	24	79
Other Non-Cash Changes in Borrower Loans, Loans Held for Sale and Notes	(272)	39
Gain on Sale of Borrower Loans	(6,532)	(5,690)
Change in Fair Value of Servicing Rights	5,609	5,387
Depreciation and Amortization	2,637	1,864
Changes in Operating Assets and Liabilities:		
Purchase of Loans Held for Sale at Fair Value	(1,245,826)	(1,358,011)
Proceeds from Sales and Principal Payments of Loans Held for Sale at Fair Value	1,246,358	1,353,338
Restricted Cash Except for those Related to Investing Activities	(18,701)	21,080
Other Assets	(71)	11
Accounts Payable and Accrued Liabilities	(1,592)	(755)
Payable to Investors	18,374	(22,051)
Net Related Party Receivable/Payable	3,807	2,077
Other Liabilities	1,398	184
Net Cash Provided by (Used in) Operating Activities	7,205	(120)
Cash Flows From Investing Activities:		
Purchase of Borrower Loans Held at Fair Value	(106,940)	(109,215)
Principal Payment of Borrower Loans Held at Fair Value	99,482	83,514
Maturities of Short Term Investments	1,280	1,277
Purchases of Short Term Investments	(1)	(1,279)
Purchases of Property and Equipment	(2,859)	(4,163)
Changes in Restricted Cash Related to Investing Activities	1,056	(3,076)
Net Cash Used in Investing Activities	(7,982)	(32,942)
Cash Flows from Financing Activities:		
Proceeds from Issuance of Notes Held at Fair Value	106,506	109,147
Payments of Notes Held at Fair Value	(100,274)	(84,200)
Net Cash Provided by Financing Activities	6,232	24,947
Net Increase (Decrease) in Cash and Cash Equivalents	5,455	(8,115)
Cash and Cash Equivalents at Beginning of the Year	6,929	15,026
Cash and Cash Equivalents at End of the Period	$ 12,384	$ 6,911
Supplemental Disclosure of Cash Flow Information:		
Cash Paid for Interest	$ 22,121	$ 19,787
Non-Cash Investing Activity - Accrual for Property and Equipment, Net	$ 601	572

The accompanying notes are an integral part of these condensed consolidated financial statements.

Prosper Funding LLC

Notes to Condensed Consolidated Financial Statements

(Unaudited)

1. Basis of Presentation

Prosper Funding LLC (“PFL”) was formed in the state of Delaware on February 17, 2012 as a limited liability company with the sole equity member being Prosper Marketplace, Inc. (“PMI”, "Parent"). Except as the context otherwise requires, as used in these Notes to the condensed consolidated financial statements of Prosper Funding LLC, “Prosper Funding,” “we,” “us,” and “our” refers to PFL and its wholly owned subsidiaries, Prosper Asset Holdings LLC (“PAH”), a Delaware limited liability company, and Prosper Depositor LLC, a Delaware limited liability company, on a consolidated basis.

The unaudited interim condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”) and disclosure requirements for interim financial information and the requirements of Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by US GAAP for complete financial statements. The unaudited interim condensed consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2016. The balance sheet at December 31, 2016 has been derived from the audited financial statements at that date. Management believes these unaudited interim condensed consolidated financial statements reflect all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the results for the interim periods presented. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the full year or any other interim period.

Prosper Funding did not have any items of other comprehensive income (loss) during any of the periods presented in the condensed consolidated financial statements as of and for the six months ended June 30, 2017 and June 30, 2016.

The preparation of Prosper Funding's condensed consolidated financial statements and related disclosures in conformity with GAAP requires management to make judgments, assumptions and estimates that affect the amounts reported in its condensed consolidated financial statements and accompanying notes. Management bases its estimates on historical experience and on various other factors it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of certain assets and liabilities. These judgments, estimates and assumptions are inherently subjective in nature and actual results may differ from these estimates and assumptions, and the differences could be material.

2. Significant Accounting Policies

Prosper Funding's significant accounting policies are included in Note 2 – Summary of Significant Accounting Policies in Prosper Funding’s Annual Report on Form 10-K for the year ended December 31, 2016. There have been no changes to these accounting policies during the first six months of 2017.

Fair Value Measurements

Financial instruments consist principally of Cash and Cash Equivalents, Restricted Cash, Short Term Investments, Borrower Loans, Loans Held for Sale, Accounts Receivable, Accounts Payable and Accrued Liabilities, Payable to Investors and Notes. The estimated fair values of Cash and Cash Equivalents, Restricted Cash, Accounts Receivable, Accounts Payable and Accrued Liabilities, and Payable to Investors approximate their carrying values because of their short term nature.

Borrower Loans, Loans Held for Sale and Notes

Through the Note Channel, Prosper Funding purchases Borrower Loans from WebBank then issues Notes, and holds the Borrower Loans until maturity. The obligation to repay a series of Notes funded through the Note Channel is dependent upon the repayment of the associated Borrower Loan. Borrower Loans and Notes funded through the Note Channel are carried on Prosper Funding’s consolidated balance sheets as assets and liabilities, respectively. We choose to measure certain financial instruments and certain other items at fair value on an instrument-by-instrument basis with unrealized gains and losses on items for which the fair value option has been elected reported in earnings. Management believes that the fair value option is more meaningful for the readers of the financial statements and it allows both the Borrower Loans and Notes to be valued using the same methodology. The fair value election, with respect to an item, may not be revoked once an election is made. Prosper Funding estimates the fair value of such Borrower Loans and Notes using discounted cash flow methodologies that take into account expected prepayments, losses, recoveries and default rates. The Borrower Loans are not derecognized when a corresponding Note is issued as Prosper Funding maintains the ability to sell the Borrower Loans without the approval of the holders of the corresponding Notes.

Recent Accounting Pronouncements

In May 2014, as part of its ongoing efforts to assist in the convergence of US GAAP and International Financial Reporting Standards ("IFRS"), the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *"Revenue from Contracts with Customers."* The new guidance sets forth a new five-step revenue recognition model which replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed in U.S. GAAP. The underlying principle of the new standard is that a business or other organization will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in the prior accounting guidance. The standard will be effective for Prosper Funding in the first quarter of fiscal 2018. In August 2015, the FASB issued ASU No. 2015-14, which amended the standard to provide a one-year deferral of the effective date, as well as providing the option to early adopt the standard on the original effective date. The guidance can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. Prosper Funding expects to adopt this ASU on a modified retrospective basis in the first quarter of fiscal 2018. Our evaluation of this ASU is ongoing and not complete. The FASB has issued and may issue in the future, interpretative guidance, which may cause our evaluation to change. Our preliminary results indicate that administration fees are included in the scope of the new guidance, while servicing fees and gain or loss on the sale of loans remain within the scope of ASC topic 860, Transfers and Servicing. Prosper Funding does not currently believe that this ASU will have a material effect on our Consolidated Financial Statements.

In January 2016, the FASB issued ASU 2016-1, *"Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities"*, which addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. This guidance will be effective for us in the first quarter of our fiscal year 2019, and early adoption is not permitted. Prosper Funding is currently evaluating the impact that this guidance will have on our consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *"Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments."* The standard provides guidance for eight targeted changes with respect to how cash receipts and cash payments are classified in the statements of cash flows, with the objective of reducing diversity in practice. This guidance will be effective for Prosper Funding in the first quarter of our fiscal year 2018, and early adoption is permitted. Prosper Funding is currently evaluating the impacts the adoption of this accounting standard will have on the Prosper Funding's cash flows.

In November 2016, the FASB issued ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash (ASU2016-18)", which requires companies to include amounts generally described as restricted cash and restricted cash equivalents in cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This guidance will be effective for us in the first quarter of 2018 and early adoption is permitted. Prosper Funding is currently evaluating the effect that this guidance will have on our consolidated financial statements and related disclosures.

3. Property and Equipment

Property and equipment consist of the following (in thousands):

	June 30, 2017	December 31, 2016
Property and equipment:		
Internal-use software and web site development costs	$ 18,603	$ 16,749
Less accumulated depreciation and amortization	(9,291)	(6,654)
Total property and equipment, net	$ 9,312	$ 10,095

Depreciation expense for the three months ended June 30, 2017 and 2016 was $1.4 million and $1.0 million, respectively. Depreciation expense for the six months ended June 30, 2017 and 2016 was $2.6 million and $1.9 million, respectively.

4. Borrower Loans, Loans Held For Sale and Notes Held at Fair Value

The aggregate principal balances outstanding and fair values of Borrower Loans, Loans Held for Sale and Notes as of June 30, 2017 and December 31, 2016, are presented in the following table (in thousands):

	Borrower Loans		Notes		Loans Held for Sale	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Aggregate principal balance outstanding	$ 316,378	$ 319,143	$ (319,072)	$ (323,358)	$ 106	$ 641
Fair value adjustments	(4,106)	(3,516)	7,662	7,122	(11)	(17)
Fair value	$ 312,272	$ 315,627	$ (311,410)	$ (316,236)	$ 95	$ 624

At June 30, 2017, outstanding Borrower Loans had original terms to maturity of either 36 or 60 months; had monthly payments with fixed interest rates ranging from 5.32% to 33.04% and had various maturity dates through June 2022. At December 31, 2016, outstanding Borrower Loans had original maturities of either 36 or 60 months; had monthly payments with fixed interest rates ranging from 5.32% to 33.04% and had various maturity dates through December 2021.

Approximately $1.2 million represents the loss that is attributable to changes in the instrument specific credit risks related to Borrower Loans that were recorded in the change in fair value during the six months ended June 30, 2017.

As of June 30, 2017, Borrower Loans that were 90 days or more delinquent had an aggregate principal amount of $2.6 million and a fair value of $0.9 million. As of December 31, 2016, Borrower Loans that were 90 days or more delinquent had an aggregate principal amount of $3.2 million and a fair value of $1.0 million. Prosper Funding places loans on non-accrual status when they are over 120 days past due. As of June 30, 2017 and December 31, 2016, Borrower Loans in non-accrual status had a fair value of $0.2 million and $0.5 million, respectively.

5. Loan Servicing Assets and Liabilities

Prosper Funding accounts for servicing assets and liabilities at their estimated fair values with changes in fair values recorded in servicing fees. The initial asset or liability is recognized when Prosper Funding sells Borrower Loans to unrelated third-party buyers through the Whole Loan Channel and the servicing rights are retained. The total losses recognized on the sale of such Borrower Loans were $13.1 million and $0.7 million for the three months ended June 30, 2017 and June 30, 2016, respectively. The total gains and losses recognized on the sale of such Borrower Loans were a loss of $16.7 million and gain of $3.1 million for the six months ended June 30, 2017 and June 30, 2016, respectively.

At June 30, 2017, Borrower Loans that were sold, but for which Prosper Funding retained servicing rights, had a total outstanding principal balance of $3.5 billion, original terms of either 36 or 60 months and had monthly payments with fixed interest rates ranging from 5.32% to 35.52% and various maturity dates through June 2022. At December 31, 2016, Borrower Loans that were sold, but for which Prosper Funding retained servicing rights, had a total outstanding principal balance of $3.4 billion, original terms of either 36 or 60 months and had monthly payments with fixed interest rates ranging from 5.32% to 35.52% and various maturity dates through December 2021.

$9.2 million and $10.3 million of contractually specified servicing fees and ancillary fees are included on our condensed consolidated statements of operations in Servicing Fees, Net for the three months ended June 30, 2017 and 2016, respectively. $17.9 million and $19.7 million of contractually specified servicing fees and ancillary fees are included on our condensed consolidated statements of operations in Servicing Fees, Net for the six months ended June 30, 2017 and 2016, respectively.

Fair value

Valuation method – Prosper Funding uses a discounted cash flow valuation methodology generally consisting of developing an estimate of future cash flows that are expected to occur over the life of a financial instrument and then discounting those cash flows at a rate of return that results in the fair value amount.

Significant unobservable inputs presented in the table within Note 7 below are those that Prosper Funding considers significant to the estimated fair values of the Level 3 servicing assets and liabilities. The following is a description of the significant unobservable inputs provided in the table.

Market servicing rate – Prosper Funding estimates adequate market servicing rates that would fairly compensate a substitute servicer should one be required, which includes the profit that would be demanded in the marketplace. This rate is stated as a fixed percentage of outstanding principal balance on a per annum basis. Prosper Funding estimated these market servicing rates based on observable market rates for other loan types in the industry and bids from subservicing providers, adjusted for the unique loan attributes that are present in the specific loans that Prosper Funding sells and services and information from a backup service provider.

Discount rate – The discount rate is a rate of return used to discount future expected cash flows to arrive at a present value, which represents the fair value of the loan servicing rights. We used a range of discount rates for the servicing assets and liabilities based on comparable observed valuations of similar assets and publicly available disclosures related to servicing valuations, with comparability adjustments made to account for differences with Prosper Funding's servicing assets.

Default Rate – The default rate presented in Note 7 is an annualized, average estimate considering all Borrower Loan categories (i.e. risk ratings and duration), and represents an aggregate of conditional default rate curves for each credit grade or Borrower Loan category. Each point on a particular Borrower Loan category's curve represents the percentage of principal expected to default per period based on the term and age of the underlying Borrower Loans. The assumption regarding defaults directly reduces servicing revenues because the amount of servicing revenues received is based on the amount collected each period.

Prepayment Rate – The prepayment rate presented in Note 7 is an annualized, average estimate considering all Borrower Loan categories (i.e. risk ratings and duration), and represents an aggregate of conditional prepayment rate curves for each credit grade or Borrower Loan category. Each point on a particular Borrower Loan category's curve represents the percentage of principal expected to prepay per period based on the term and age of the underlying Borrower Loans. Prepayments reduce servicing revenues as they shorten the period over which we expect to collect fees on the Borrower Loans, which is used to project future servicing revenues.

6. Income Taxes

Prosper Funding incurred no income tax provision for the six months ended June 30, 2017 and 2016. Prosper Funding is a US disregarded entity and its income and loss is included in the return of its parent, PMI. Since PMI is in a loss position, is not currently subject to income taxes, and has fully reserved its deferred tax asset, the net effective tax rate for Prosper Funding is 0%.

7. Fair Value of Assets and Liabilities

Prosper Funding measures the fair value of assets and liabilities in accordance with its fair value hierarchy which prioritizes information used to measure fair value and the effect of fair value measurements on earnings and provides for enhanced disclosures determined by the level within the hierarchy of information used in the valuation. We apply this framework whenever other standards require (or permit) assets or liabilities to be measured at fair value.

Assets and liabilities carried at fair value on the balance sheets are classified among three levels based on the observability of the inputs used to determine fair value:

Level 1 — The valuation is based on quoted prices in active markets for identical instruments.

Level 2 — The valuation is based on observable inputs such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation methodologies for which all significant assumptions are observable in the market.

Level 3 — The valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the instrument. Level 3 valuations are typically performed using pricing models, discounted cash flow methodologies, or similar methodologies, which incorporate management's own estimates of assumptions that market participants would use in pricing the instrument or valuations that require significant management judgment or estimation.

Fair values of assets or liabilities are determined based on the fair value hierarchy, which requires an entity to maximize the use of quoted prices and observable inputs and to minimize the use of unobservable inputs when measuring fair value. Various valuation methodologies are utilized, depending on the nature of the financial instrument, including the use of market prices for identical or similar instruments, or discounted cash flow models. When possible, active and observable market data for identical or similar financial instruments are utilized. Alternatively, fair value is determined using assumptions that management believes a market participant would use in pricing the asset or liability.

Financial instruments consist principally of cash and cash equivalents, restricted cash, Borrower Loans, accounts payable and accrued liabilities, and Notes. Servicing assets and liabilities are also subject to fair value measurement within the financial statements of Prosper Funding. The estimated fair values of cash and cash equivalents, restricted cash, accounts payable and accrued liabilities approximate their carrying values because of their short term nature.

Financial Instruments Recorded at Fair Value

The fair value of the Borrower Loans, Loans Held for Sale and Notes are estimated using discounted cash flow methodologies based upon a set of valuation assumptions. The primary cash flow assumptions used to value such Borrower

Loans, Loans Held for Sale and Notes include default rates derived from historical performance and discount rates applied to each credit grade based on the perceived credit risk of each credit grade.

The following tables present the fair value hierarchy for assets and liabilities measured at fair value (in thousands):

June 30, 2017	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Assets:				
Borrower Loans	$ —	$ —	$ 312,272	$ 312,272
Servicing Assets	—	—	13,297	13,297
Loans Held for Sale	—	—	95	95
Total Assets	—	—	325,664	325,664
Liabilities:				
Notes	$ —	$ —	$ 311,410	$ 311,410
Servicing Liabilities	—	—	111	111
Loan Trailing Fee Liability			1,655	1,655
Total Liabilities	$ —	$ —	$ 313,176	$ 313,176

December 31, 2016	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Assets:				
Borrower Loans	$ —	$ —	$ 315,627	$ 315,627
Servicing Assets	—	—	12,461	12,461
Loans Held for Sale	—	—	624	624
Total Assets	—	—	328,712	328,712
Liabilities:				
Notes	$ —	$ —	$ 316,236	$ 316,236
Servicing Liabilities	—	—	198	198
Loan Trailing Fee Liability	—	—	665	665
Total Liabilities	$ —	$ —	$ 317,099	$ 317,099

As Prosper Funding's Borrower Loans, Loans Held for Sale, Notes and loan servicing rights do not trade in an active market with readily observable prices, Prosper Funding uses significant unobservable inputs to measure the fair value of these assets and liabilities. Financial instruments are categorized in the level 3 valuation hierarchy based on the significance of unobservable factors in the overall fair value measurement. These fair value estimates may also include observable, actively quoted components derived from external sources. As a result, the realized and unrealized gains and losses for assets and liabilities within the level 3 category may include changes in fair value that were attributable to both observable and unobservable inputs.

Significant Unobservable Inputs

The following tables present quantitative information about the significant unobservable inputs used for Prosper Funding's level 3 fair value measurements at June 30, 2017 and December 31, 2016:

Borrower Loans, Loans Held for Sale and Notes:

	Range	
Unobservable Input	June 30, 2017	December 31, 2016
Discount rate	4.3% - 15.2%	4.0% - 15.9%
Default rate	1.9% - 15.2%	1.7% - 14.9%

Servicing Rights

Unobservable Input	Range June 30, 2017	Range December 31, 2016
Discount rate	15% - 25%	15% - 25%
Default rate	1.6% - 15.7%	1.5% - 15.2%
Prepayment rate	14.4% - 26.7%	13.6% - 26.6%
Market servicing rate	0.625%	0.625%

The changes in the Borrower Loans, Loans Held for Sale and Notes, which are Level 3 assets and liabilities measured at fair value on a recurring basis are as follows (in thousands):

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Borrower Loans	Notes	Loans Held for Sale	Total
Balance at January 1, 2017	$ 315,627	$ (316,236)	$ 624	$ 15
Originations	106,940	(106,506)	1,245,826	1,246,260
Principal repayments	(97,492)	100,274	(42)	2,740
Borrower Loans sold to third parties	(1,990)	—	(1,246,316)	(1,248,306)
Other changes	9	266	(3)	272
Change in fair value	(10,822)	10,792	6	(24)
Balance at June 30, 2017	$ 312,272	$ (311,410)	$ 95	$ 957

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Borrower Loans	Notes	Loans Held for Sale	Total
Balance at January 1, 2016	$ 297,273	$ (297,405)	$ 32	$ (100)
Originations	109,215	(109,147)	1,358,011	1,358,079
Principal repayments	(82,376)	83,119	(136)	607
Borrower Loans sold to third parties	(1,138)	1,081	(1,353,202)	(1,353,259)
Other changes	(6)	(33)	—	(39)
Change in fair value	(12,934)	12,855	—	(79)
Balance at June 30, 2016	$ 310,034	$ (309,530)	$ 4,705	$ 5,209

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Borrower Loans	Notes	Loans Held for Sale	Total
Balance at April 1, 2017	$ 317,536	$ (316,944)	$ 109	$ 701
Originations	50,260	(49,692)	721,829	722,397
Principal repayments	(48,048)	48,695	(14)	633
Borrower Loans sold to third parties	(869)	—	(721,829)	(722,698)
Other changes	10	(156)	—	(146)
Change in fair value	(6,617)	6,687	—	70
Balance at June 30, 2017	$ 312,272	$ (311,410)	$ 95	$ 957

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)				
	Borrower Loans	Notes	Loans Held for Sale	Total
Balance at April 1, 2016	$ 303,243	$ (302,357)	$ 30	$ 916
Originations	54,044	(53,873)	426,591	426,762
Principal repayments	(41,390)	41,057	(131)	(464)
Borrower Loans sold to third parties	(525)	499	(421,784)	(421,810)
Other changes	(2)	(191)	—	(193)
Change in fair value	(5,336)	5,335	(1)	(2)
Balance at June 30, 2016	$ 310,034	$ (309,530)	$ 4,705	$ 5,209

The following table presents additional information about Level 3 servicing assets and liabilities recorded at fair value for the three months ended June 30, 2017 (in thousands).

	Servicing Assets	Servicing Liabilities
Fair Value at January 1, 2017	12,461	198
Additions	6,532	—
Less: Changes in fair value	(5,696)	(87)
Fair Value at June 30, 2017	13,297	111

	Servicing Assets	Servicing Liabilities
Fair Value at January 1, 2016	13,605	484
Additions	5,750	9
Less: Changes in fair value	(5,557)	(169)
Fair Value at June 30, 2016	13,798	324

	Servicing Assets	Servicing Liabilities
Fair Value at April 1, 2017	12,190	147
Additions	3,768	—
Less: Changes in fair value	(2,661)	(36)
Fair Value at June 30, 2017	13,297	111

	Servicing Assets	Servicing Liabilities
Fair Value at April 1, 2016	14,929	398
Additions	1,729	—
Less: Changes in fair value	(2,860)	(74)
Fair Value at June 30, 2016	13,798	324

The following table presents additional information about level 3 Loan Trailing Fee Liability measured at fair value on a recurring basis (in thousands):

Balance at January 1, 2017	665
Issuances	1,216
Cash payment of Loan Trailing Fee	(351)
Change in fair value	125
Balance at June 30, 2017	1,655

Significant Recurring Level 3 Fair Value Asset and Liability Input Sensitivity

Key economic assumptions and the sensitivity of the current fair value to immediate changes in those assumptions at June 30, 2017 for Borrower Loans, Loans Held for Sale and Notes funded are presented in the following table (in thousands, except percentages):

	Borrower Loans and Loans Held for Sale	Notes
Discount rate assumption:	7.55% *	7.55% *
Resulting fair value from:		
100 basis point increase	$ 309,203	$ 308,250
200 basis point increase	306,119	305,170
Resulting fair value from:		
100 basis point decrease	$ 315,614	$ 314,653
200 basis point decrease	318,948	317,984
Default rate assumption:	12.96% *	12.96% *
Resulting fair value from:		
100 basis point increase	$ 308,608	$ 307,645
200 basis point increase	304,984	304,015
Resulting fair value from:		
100 basis point decrease	$ 316,150	$ 315,200
200 basis point decrease	319,980	319,038

* Represents weighted average assumptions considering all credit grades.

Servicing Asset and Liability Fair Value Input Sensitivity:

The following table presents the estimated impact on Prosper Funding’s estimated fair value of servicing assets and liabilities, calculated using different market servicing rates and different default rates as of June 30, 2017 (in thousands, except percentages).

	Servicing Assets	Servicing Liabilities
Market servicing rate assumptions	0.625%	0.625%
Resulting fair value from:		
Market servicing rate increase to 0.65%	12,434	122
Market servicing rate decrease to 0.60%	14,160	100
Weighted average prepayment assumptions	20.09%	20.09%
Resulting fair value from:		
Applying a 1.1 multiplier to prepayment rate	13,112	109
Applying a 0.9 multiplier to prepayment rate	13,484	113
Weighted average default assumptions	12.18%	12.18%
Resulting fair value from:		
Applying a 1.1 multiplier to default rate	13,112	111
Applying a 0.9 multiplier to default rate	13,486	111

These sensitivities are hypothetical and should be evaluated with care. The effect on fair value of a 10% variation in assumptions generally cannot be determined because the relationship of the change in assumptions to the fair value may not be linear. Additionally, the impact of a variation in a particular assumption on the fair value is calculated while holding other assumptions constant. In reality, changes in one factor may lead to changes in other factors, which could impact the above hypothetical effects.

8. Commitments and Contingencies

Operating Commitments

Prosper has entered into an agreement with WebBank, under which all Borrower Loans originated through the marketplace are made by WebBank under its bank charter. Pursuant to the agreement, the marketing fee that Prosper receives in connection with the origination of each loan is partially reduced by an amount (the "Designated Amount") calculated as a percentage of the principal amount of such loan based on the aggregate principal amount of loans originated for the applicable month. To the extent the aggregate Designated Amount for all loans originated during any month is less than $143,500, Prosper is required to pay WebBank an amount equal to such deficiency. Accordingly, the minimum fee for the remaining nine months of 2017 is $1.3 million. The minimum fee is $1.7 million and $0.9 million for years 2018 and 2019, respectively.

Loan Purchase Commitments

Under the terms of Prosper Funding's agreement with WebBank, Prosper Funding is committed to purchase $40.9 million of Borrower Loans that WebBank originated during the last two business days of the quarter ended June 30, 2017 and first business day of the quarter ending September 30, 2017. Prosper Funding will purchase these Borrower Loans within the first three business days of the quarter ending September 30, 2017.

Repurchase and Indemnification Contingency

Under the terms of the loan purchase agreements between Prosper Funding and investors that participate in the Whole Loan Channel, Prosper Funding may, in certain circumstances, become obligated to repurchase a Borrower Loan from an investor. Generally, these circumstances include the occurrence of verifiable identity theft, the failure to properly follow loan listing or bidding protocols, or a violation of the applicable federal, state, or local lending laws. The fair value of the indemnification and repurchase obligation is estimated based on historical experience. Prosper Funding recognizes a liability for the repurchase and indemnification obligation when the Borrower Loans are issued. Indemnified or repurchased Borrower Loans associated with violations of federal, state, or local lending laws or verifiable identity theft are written off at the time of repurchase or at the time an indemnification payment is made. The maximum potential amount of future payments associated under this obligation is the outstanding balances of the Borrower Loans issued through the Whole Loan Channel, which at June 30, 2017 is $3,506 million. Prosper Funding had accrued $1.0 million and $0.6 million as of June 30, 2017 and December 31, 2016, respectively, in regard to this obligation.

9. Related Parties

Since inception, Prosper Funding has engaged in various transactions with its directors, executive officers and sole member, and immediate family members and other affiliates of its directors, executive officers and sole member. Prosper Funding believes that all of the transactions described below were made on terms no less favorable to Prosper Funding than could have been obtained from unaffiliated third parties.

Prosper Funding's executive officers and directors who are not executive officers participate in its marketplace by placing bids and purchasing Notes and Borrower Loans. The aggregate amount of the Notes and Borrower Loans purchased and the income earned by parties deemed to be related parties of Prosper Funding as of June 30, 2017 and December 31, 2016 are summarized below (in thousands):

Related Party	Aggregate Amount of Notes and Borrower Loans Purchased Six Months Ended June 30, 2017	2016	Interest Earned on Notes and Borrower Loans Six Months Ended June 30, 2017	2016
Executive officers and management	$ 10	$ 801	$ 81	$ 110
Directors (excluding executive officers and management)	—	—	—	—
Total	$ 10	$ 801	$ 81	$ 110

Related Party	Aggregate Amount of Notes and Borrower Loans Purchased — Three Months Ended June 30, 2017	2016	Interest Earned on Notes and Borrower Loans — Three Months Ended June 30, 2017	2016
Executive officers and management	$ 5	$ 396	$ 35	$ 61
Directors (excluding executive officers and management)	—	—	—	—
Total	$ 5	$ 396	$ 35	$ 61

Related Party	Note and Borrower Loan Balance as of June 30, 2017	December 31, 2016
Executive officers and management	$ 1,012	$ 1,620
Directors (excluding executive officers and management)	—	—
	$ 1,012	$ 1,620

Item 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

PROSPER MARKETPLACE, INC.

This management's discussion and analysis of financial condition and results of operations, or MD&A, contains forward-looking statements that involve risks and uncertainties. Please see "Forward-Looking Statements" in this Quarterly Report on Form 10-Q for a discussion of the uncertainties, risks and assumptions associated with these statements. This discussion should be read in conjunction with Prosper's historical condensed consolidated financial statements and related notes thereto and the other disclosures contained elsewhere in this Quarterly Report on Form 10-Q. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods, and Prosper's actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to those included in the "Risk Factors" sections and elsewhere in this Quarterly Report on Form 10-Q and Prosper's Annual Report on Form 10-K for the year ended December 31, 2016.

Overview

Prosper is a pioneer of online marketplace lending that connects borrowers and investors. Our goal is to enable borrowers to access credit at affordable rates and provide investors with attractive risk-adjusted rates of return.

We believe our online marketplace model has key advantages relative to traditional bank lending, including (i) an innovative marketplace model that efficiently connects qualified supply and demand of capital, (ii) online operations that substantially reduce the need for physical infrastructure and improve convenience, and (iii) data and technology driven automation that increases efficiency and improves the borrower and investor experience. We do not operate physical branches or incur expenses related to that infrastructure; instead, we use data and technology to drive automation and efficiency in our operation. As part of operating our marketplace, we verify the identity of borrowers and assess borrowers' credit risk profile using a combination of public and proprietary data. Our proprietary technology automates several loan origination and servicing functions, including the borrower application process, data gathering, credit scoring, loan funding, investing and servicing, regulatory compliance and fraud detection.

During the year ended December 31, 2016, our marketplace facilitated $2.2 billion in Borrower Loan originations, of which $2.0 billion were funded through our Whole Loan Channel, representing 90% of the total Borrower Loans originated through our marketplace during this period. From inception through June 30, 2017, our marketplace facilitated $9.7 billion in Borrower Loan originations, of which $8.4 billion were funded through our Whole Loan Channel, representing 86% of the total Borrower Loans originated through our marketplace during this period. In the three months ended June 30, 2017, our marketplace facilitated $774.7 million in Borrower Loan originations, up 32% from the previous quarter and up 73% from the same period in 2016. In the three months ended June 30, 2017, $725.0 million of the borrower loan originations originated through our marketplace were funded through our Whole Loan Channel, representing 94% of the total Borrower Loans originated through our marketplace during this period. In the six months ended June 30, 2017, our marketplace facilitated $1.4 billion in Borrower Loans originations, of which $1.3 billion were funded through our Whole Loan Channel, representing 92% of the total Borrower Loans originated through our marketplace during this period.

During the course of 2017 management has taken actions to reduce costs and as a result in the three months ended June 30, 2017, Prosper was able to generate positive cash flows from operations of $8.6 million and increased our cash and cash equivalents balance by $6.1 million.

As a credit marketplace, we believe our customers are more highly susceptible to uncertainties and negative trends, real or perceived, in the markets driven by, among other factors, general economic conditions in the United States and abroad. These external economic conditions and resulting trends or uncertainties could adversely impact our customers' ability or desire to participate in our marketplace as borrowers or investors, and consequently could negatively affect our business and results of operations.

Results of Operations

Key Operating and Financial Metrics (in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Loan Originations	$ 774,700	$ 445,300	$ 1,360,315	$ 1,423,443
Transaction Fees, Net	35,423	19,276	62,291	61,100
Whole Loans Outstanding (1)	3,557,914	4,062,786	3,557,914	4,062,786
Servicing Fees, Net	6,793	7,676	12,947	14,819
Net Loss	(41,405)	(35,628)	(65,426)	(53,092)
Adjusted EBITDA (2)	6,716	(11,619)	(2,336)	(21,125)
Net Cash Provided by (Used in) Operating Activities	8,579	(18,341)	(11,598)	(43,285)

(1) Balance as of June 30.

(2) Adjusted EBITDA is a non-GAAP Financial measure. For more information regarding this measure and a reconciliation of this measure to the most comparable GAAP measure, see "Non-GAAP Financial Measures"

Overview

The following tables summarize Prosper's net loss for the three and six months ended June 30, 2017 and 2016 (in thousands, except percentages):

	Three Months Ended June 30,			
	2017	2016	$ Change	% Change
Total Net Revenue	$ 31,447	$ 28,173	3,274	12 %
Total Expenses	72,755	63,696	9,059	14 %
Net Loss Before Taxes	(41,308)	(35,523)	(5,785)	16 %
Income Tax Expense	97	105	(8)	(8)%
Net Loss	$ (41,405)	$ (35,628)	(5,777)	16 %

	Six Months Ended June 30,			
	2017	2016	$ Change	% Change
Total Net Revenue	$ 62,292	$ 84,689	(22,397)	(26)%
Total Expenses	127,456	137,511	(10,055)	(7)%
Net Loss Before Taxes	(65,164)	(52,822)	(12,342)	23 %
Income Tax Expense	262	270	(8)	(3)%
Net Loss	$ (65,426)	$ (53,092)	(12,334)	23 %

Total net revenue for the three months ended June 30, 2017 increased $3.3 million, a 12% increase from the three months ended June 30, 2016, primarily due to increased Borrower Loan originations, which increased 74% on a dollar basis, this was offset by $16.9 million of rebates that were provided to members of the Consortium via the issuance of Convertible Preferred Stock Warrants that vested during the three months ended June 30, 2017. See below for an explanation of the increase in origination volume. Total expenses for the three months ended June 30, 2017 increased $9.1 million, a 14% increase from the three months ended June 30, 2016, primarily due to an increase in the fair value of the preferred stock warrant liability of $22.4 million in the three months ended June 30, 2017. This increase was offset by a reduction in restructuring costs of $13.4 million as Prosper underwent a restructuring in the three months ended June 30,

2016. Net loss for the three months ended June 30, 2017 decreased $5.8 million, primarily due to increases in revenues explained above.

Total net revenue for the six months ended June 30, 2017 decreased $22.4 million, a 26% decrease from the six months ended June 30, 2016, primarily due to decreased originations, which decreased 4% on a dollar basis and $20.2 million of rebates that were provided to members of the Consortium via the issuance of Convertible Preferred Stock Warrants that vested during the six months ended June 30, 2017. Total expenses for the six months ended June 30, 2017 decreased $10.1 million, a 7% decrease from the six months ended June 30, 2016, primarily due to a reduction in general and administration costs of $19.7 million and restructuring charges of $13.5 million. This was offset by an increase in the fair value of the preferred stock warrant liability of $22.8 million in the six months ended June 30, 2017. Net loss for the six months ended June 30, 2017 increased $12.3 million, primarily due to the decrease in revenues explained above.

Origination Volume

From inception through June 30, 2017, a total of 769,403 Borrower Loans, totaling $9.7 billion, were originated through Prosper's marketplace.

During the second quarter ended June 30, 2017, 61,355 Borrower Loans totaling $774.7 million were originated through Prosper's marketplace, compared to 32,984 Borrower Loans totaling $445.3 million during the second quarter ended June 30, 2016. This represented an increase of 86% in terms of the number of loans and a 74% increase in the dollar amount of loans. During the six months ended June 30, 2017, 107,717 Borrower loans totaling $1.36 billion were originated through Prosper's marketplace, compared to 105,326 borrower loans totaling $1.42 billion during the six months ended June 30, 2016. This represented an increase of 2% in terms of number of loans and a 4% decrease in the dollar amount of loans.

The origination increase experienced during the quarter ended June 30, 2017 versus the quarter ended June 30, 2016 is due to the fact that, beginning in the second quarter of 2016, a number of our largest investors paused or significantly reduced their purchases of Borrower Loans. As a result Prosper undertook a restructuring in May of 2016.

Prosper has taken a number of actions aimed at increasing the amount of capital committed to make purchases through its marketplace. On February 27, 2017, Prosper signed an agreement with a consortium of investors for the purchase of up to $5.0 billion of loans over two years (for more details please see note 16 to our condensed consolidated financial statements). As a result, the dollar amount of loans originated through Prosper's marketplace increased in the second quarter of 2017 by $189.1 million or 32% when compared to the first quarter of 2017.

Revenue

The following tables summarizes Prosper's revenue for the three and six months ended June 30, 2017 and 2016 (in thousands, except percentages):

	Three Months Ended June 30,			
	2017	**2016**	**$ Change**	**% Change**
Operating Revenues				
Transaction Fees, Net	$ 35,423	$ 19,276	16,147	84 %
Servicing Fees, Net	6,793	7,676	(883)	(12)%
Gain (Loss) on Sale of Borrower Loans	3,803	(687)	4,490	(654)%
Fair Value of Warrants Vested on the Sale of Borrower Loans	(16,887)	—	(16,887)	100 %
Other Revenues	1,415	816	599	73 %
Total Operating Revenues	30,547	27,081	3,466	13 %
Interest Income				
Interest Income on Borrower Loans	12,007	11,192	815	7 %
Interest Expense on Notes	(11,177)	(10,098)	(1,079)	11 %
Net Interest Income	830	1,094	(264)	(24)%
Change in Fair Value of Borrower Loans, Loans Held for Sale and Notes, Net	70	(2)	72	(3,600)%
Total Revenues	31,447	28,173	3,274	12 %

	Six Months Ended June 30,			
	2017	2016	$ Change	% Change
Operating Revenues				
Transaction Fees, Net	$ 62,291	$ 61,100	1,191	2 %
Servicing Fees, Net	12,947	14,819	(1,872)	(13)%
Gain on Sale of Borrower Loans	3,485	3,104	381	12 %
Fair Value of Warrants Vested on the Sale of Borrower Loans	(20,194)	—	(20,194)	100 %
Other Revenues	2,135	3,589	(1,454)	(41)%
Total Operating Revenues	60,664	82,612	(21,948)	(27)%
Interest Income				
Interest Income on Borrower Loans	23,507	21,975	1,532	7 %
Interest Expense on Notes	(21,855)	(19,819)	(2,036)	10 %
Net Interest Income	1,652	2,156	(504)	(23)%
Change in Fair Value of Borrower Loans, Loans Held for Sale and Notes, Net	(24)	(79)	55	(70)%
Total Revenues	62,292	84,689	(22,397)	(26)%

Transaction Fees, Net

Prosper earns a transaction fee upon the successful origination of all Borrower Loans facilitated through Prosper's marketplace. Prosper receives payments from WebBank as compensation for the activities Prosper performs on behalf of WebBank. Prosper's fee is determined by the term and credit grade of the Borrower Loans that Prosper facilitates on its marketplace and WebBank originates. We record the transaction fee revenue net of any fees paid by us to WebBank.

Transaction fees increased primarily due to higher origination volume through Prosper's marketplace during the three months ended June 30, 2017. The average transaction fee was 4.57% and 4.33% of the principal amount of originated loans facilitated through Prosper's marketplace for the three months ended June 30, 2017 and 2016, respectively. This increase was due to marketing fee increases implemented in the second quarter of 2016 for certain Prosper scores. The marketing fee increases were partially offset by the fair value of the loan trailing fee on loans originated on the platform during the period.

Transaction fees increased primarily due to a higher average transaction fee during the six months ended June 30, 2017. The average transaction fee was 4.58% and 4.29% of the principal amount of originated loans facilitated through Prosper's marketplace for the six months ended June 30, 2017 and 2016, respectively. This increase was due to marketing fee increases implemented in the second quarter of 2016 for certain Prosper scores. The marketing fee increases were partially offset by the fair value of the loan trailing fee on loans originated on the platform during the period and a decrease in the dollar amount of loans originated on the platform.

Servicing Fees, Net

Prosper earns a fee from investors who purchase Borrower Loans through the Whole Loan Channel for servicing such loans on their behalf. The servicing fee compensates us for the costs we incur in servicing the Borrower Loan, including managing payments from borrowers and payments to investors and maintaining investors' account portfolios. Historically, the servicing fee has been generally set at 1% per annum of the outstanding principal balance of the corresponding Borrower Loan prior to applying the current payment. For loans sold after August 1, 2016, the servicing fee has been set at 1.075% per annum of the outstanding principal balance of the corresponding Borrower Loan prior to applying the current payment. The decrease in servicing fees during the three months ended June 30, 2017 was due to the decrease in Borrower Loans being serviced as a result of the decrease in sales of Borrower Loans through the Whole Loan Channel in the past year.

The decrease in servicing fees during the six months ended June 30, 2017 was due to the decrease in Borrower Loans being serviced as a result of the decrease in sales of Borrower Loans through the Whole Loan Channel in the past year.

Gain (Loss) on Sale of Borrower Loans

Gain (Loss) on Sale of Borrower Loans consists of net gains and losses on Borrower Loans sold through the Whole Loan Channel. The increase was due to an increase in volume of such sales during the three months ending June 30, 2017 due to an increase in loans being originated through the platform as described above and $2.0 million less of rebates that were issued in the three months ended June 30, 2016. The increase was also the result of a 7.5 basis point higher servicing fee on borrower loans sold, increasing the gain on each loan sold.

Gain (Loss) on Sale of Borrower Loans consists of net gains and losses on Borrower Loans sold through the Whole Loan Channel. The increase during the six months ended June 30, 2017 was the result of a 7.5 basis point higher servicing fee on borrower loans sold, increasing the gain on each loan sold. The 7.5 basis point fee was introduced starting in August 2016.

Fair Value of Warrants Vested on the Sale of Borrower Loans

Fair Value of Warrants Vested on the Sale of Borrower Loans relates to warrants to purchase Series F Convertible Preferred Stock issued to the Consortium that vest when the Consortium purchases whole loans under the Consortium Purchase Agreement that was signed in February 2017. The charges of $16.9 million and $20.2 million recognized related to the fair value of warrants that vested during the three and six months ended June 30, 2017, respectively.

Other Revenue

Other revenues consist primarily of securitization fees and credit referral fees. Credit referral fees are where partner companies pay us an agreed upon amount for referrals of customers from our website. Securitization fees represent fees Prosper earns to facilitate securitizations for purchasers of borrower loans. The increase in other revenue for the three months ended June 30, 2017 was primarily the result of an increase in securitization fees as Prosper facilitated one securitization during the three months ended June 30, 2017 compared to no securitizations during the three months ended June 30, 2016.

The decrease in other revenue for the six months ended June 30, 2017 was primarily due to the fact that in the six months ended June 30, 2016, Prosper earned non-recurring revenues of $1.2 million that were earned in the period in relation to work performed for a BillGuard partner.

Interest Income on Borrower Loans and Interest Expense on Notes

Prosper recognizes interest income on Borrower Loans funded through the Note Channel using the accrual method based on the stated interest rate to the extent we believe it to be collectible. We record interest expense on the corresponding Notes based on the contractual interest rates. The interest rate charged on the Borrower Loans is generally 1% higher than the corresponding interest rate on the Note to compensate us for servicing the Borrower Loans.

Change in Fair Value of Borrower Loans, Loans Held for Sale and Notes, net

The fair value of Borrower Loans, Loans Held for Sale and Notes are estimated using discounted cash flow methodologies based upon a set of valuation assumptions. The main assumptions used to value such Borrower Loans, Loans Held for Sale and Notes include default rates derived from historical performance, and discount rates. Loans held for sale are primarily comprised of Borrower Loans held for short durations and are valued using the same approach as the Borrower Loans held at fair value.

The following table summarizes the fair value adjustments for the three and six months ended June 30, 2017 and 2016, respectively (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Borrower Loans	$ (6,617)	$ (5,336)	$ (10,822)	$ (12,934)
Loans held for sale	—	(1)	6	—
Notes	6,687	5,335	10,792	12,855
Total	$ 70	$ (2)	$ (24)	$ (79)

Expenses

The following tables summarize Prosper's expenses for the three months ended June 30, 2017 and 2016 (in thousands):

	Three Months Ended June 30,			
	2017	2016	$ Change	% Change
Expenses				
Origination and Servicing	$ 8,873	$ 8,833	40	— %
Sales and Marketing	20,131	12,303	7,828	64 %
General and Administrative -Research and Development	3,909	7,615	(3,706)	(49)%
General and Administrative - Other	14,849	20,884	(6,035)	(29)%
Change in Fair Value of Convertible Preferred Stock Warrants	22,416	—	22,416	100 %
Restructuring Charges	647	14,061	(13,414)	(95)%
Other Expenses	1,930	—	1,930	100 %
Total Expenses	$ 72,755	$ 63,696	$ 9,059	14 %

	Six Months Ended June 30,			
	2017	2016	$ Change	% Change
Expenses				
Origination and Servicing	$ 17,278	$ 19,282	(2,004)	(10)%
Sales and Marketing	39,687	45,023	(5,336)	(12)%
General and Administrative -Research and Development	8,083	15,286	(7,203)	(47)%
General and Administrative - Other	31,390	43,859	(12,469)	(28)%
Change in Fair Value of Convertible Preferred Stock Warrants	22,817	—	22,817	100 %
Restructuring Charges	572	14,061	(13,489)	(96)%
Other Expenses	7,629	—	7,629	100 %
Total Expenses	$ 127,456	$ 137,511	$ (10,055)	(7)%

As of June 30, 2017, Prosper had 363 full-time employees compared to 583 full-time employees as of June 30, 2016. The following table reflects full-time employees as of June 30, 2017 and 2016 by department:

	June 30, 2017	June 30, 2016
Origination and Servicing	162	191
Sales and Marketing	24	112
General and Administrative - Research and Development	74	138
General and Administrative - Other	103	142
Total Headcount	363	583

Origination and Servicing

Origination and servicing costs consist primarily of salaries, benefits and stock-based compensation expense related to Prosper's credit, collections, customer support and payment processing employees and vendor costs associated with facilitating and servicing Borrower Loans. The increase in the three months ending June 30, 2017 was primarily the result of an increased usage of outsourced services of $0.7 million and increased amortization costs for internal use software of $0.4 million. The increase was offset by a decrease in compensation costs of $0.9 million.

The decrease in the six months ended June 30, 2017 was the result of a decrease in compensation costs of $2.4 million. The decrease in compensation costs was the result of the reduction in personnel as part of our May 2016 restructuring. This was offset by an increase in amortization costs of internal use software of $0.8 million.

Sales and Marketing

Sales and Marketing costs consist primarily of affiliate marketing, search engine marketing, online and offline campaigns, email marketing, public relations, and direct mail marketing, as well as the compensation expenses such as wages, benefits and stock based compensation for the employees who support these activities. For the three months ended June 30, 2017, the increase was largely due to increased variable costs as Prosper increased its marketing efforts to increase demand from Borrowers and maintain marketplace equilibrium. These increases included a $6.8 million or 103% increase in direct mailing costs as Prosper increased the volume of its direct mail campaigns, a $2.4 million or 180% increase in partnership costs as Prosper significantly increased partnership activities and a $1.6 million or 241% increase in online marketing costs. These increases were offset by a $2.3 million or 78% decrease in compensation costs as Prosper significantly reduced its sales and marketing headcount with its restructuring that occurred in May 2016, including the closing of its Utah office which contained mainly sales employees.

For the six months ended June 30, 2017, the decrease was largely due to a $5.8 million or 78% decrease in compensation costs as Prosper significantly reduced its sales and marketing headcount with its restructuring that occurred in May 2016. This was offset by an increase in variable marketing costs as Prosper increased its marketing efforts to increase demand from Borrowers and maintain marketplace equilibrium. These increases included a $3.4 million or 14% increase in direct mailing costs as Prosper increased the volume of its direct mail campaigns, and a $0.9 million or 34% increase in online marketing costs. These were offset by decreases in certain variable marketing channels such as partnerships which decreased $1.1 million or 15%, trade shows which decreased $0.4 million or 96%, radio advertising which decreased $1.0 million or 100% as Prosper reallocated its market channel mix to gain greater efficiencies.

Research and Development

Research and development costs consist primarily of salaries, benefits and stock-based compensation expense related to engineering and product development employees and related vendor costs. The decrease for the three months ended June 30, 2017 was primarily due to a decrease in compensation costs of $2.8 million and a decrease of $0.5 million due to lower contractor usage. Compensation costs decreased as a result of the decrease in personnel since June 30, 2016. The total expenses incurred for the three months ended March 31, 2017 do not reflect the total investment in research and development activities as a portion of these costs are capitalized as internal use software projects, which are amortized in origination and servicing expense. Prosper capitalized internal-use software and website development costs in the amount of $1.0 million and $1.8 million for the three months ended June 30, 2017 and 2016, respectively.

Research and development costs consist primarily of salaries, benefits and stock-based compensation expense related to engineering and product development employees and related vendor costs. The decrease for the six months ended June 30, 2017 was primarily due to a decrease in compensation costs of $5.6 million and a decrease of $1.1 million due to lower contractor and consultant usage. Compensation costs decreased as a result of the decrease in personnel since June 30, 2016. The total expenses incurred for the six months ended June 30, 2017 do not reflect the total investment in research and development activities as a portion of these costs are capitalized as internal use software projects, which are amortized in origination and servicing expense. Prosper capitalized internal-use software and website development costs in the amount of $2.1 million and $3.6 million for the six months ended June 30, 2017 and 2016, respectively.

General and Administrative

General and administrative expenses consists primarily of salaries, benefits and stock-based compensation expense related to accounting and finance, legal, human resources and facilities employees, professional fees related to legal and accounting and facilities expense. The decrease for the three months ended June 30, 2017 was primarily the result of a decrease in compensation expense of $7.6 million and a decrease in rent and occupancy expenses of $0.7 million. The decrease in compensation expenses is the result of the reduction in headcount since June 30, 2016. Rent and occupancy related expenses have decreased as Prosper has ceased the use of or terminated a number of leases for office space since June 30, 2016.

General and administrative expenses consists primarily of salaries, benefits and stock-based compensation expense related to accounting and finance, legal, human resources and facilities employees, professional fees related to legal and accounting and facilities expense. The decrease for the six months ended June 30, 2017 was primarily the result of a decrease in compensation expense of $11.3 million and a decrease in rent and occupancy expenses of $1.3 million. The decrease in compensation expenses is the result of the reduction in headcount since June 30, 2016. Rent and occupancy related expenses have decreased as Prosper has ceased the use of or terminated a number of leases for office space since June 30, 2016.

Changes in the Fair Value of Convertible Preferred Stock Warrants

Changes in the Fair Value of Convertible Preferred Stock warrants increased $22.4 million and $22.8 million in the three and six months ended June 30, 2017 respectively over the comparable prior period. There were no such warrants outstanding in the three and six months ended June 30, 2016.

Restructuring Charges

Restructuring costs consist of personnel and facilities related costs related to the strategic restructuring of the business that Prosper announced on May 3, 2016. For the three months and six months ended June 30, 2017, the expenses relate to adjustments to fair value of the existing liabilities and accretion expense on the remaining liability. For the three and six months ended June 30, 2016 the expense relates to the restructuring that Prosper undertook in May 2016.

Other Expenses

Other expenses includes primarily impairment charges on assets held for sale. During the three months ended June 30, 2017, Prosper management continued to actively market the assets related to the Prosper Daily application and as a result the related assets were marked down to fair value less costs to sell, resulting in an additional impairment charge of $2.0 million. For the six months ended June 30, 2017 Prosper recorded an impairment charge on the assets held for sale was $6.3 million. Additionally, during the six months ended June 30, 2017 Prosper settled certain rebates related to the purchase of whole loans by members of the Consortium prior to the closing of the Consortium transaction via the issuance of Convertible Preferred Stock Warrants at a loss of $1.5 million over the cash settlement amount.

Non-GAAP Financial Measures

Adjusted EBITDA is a non-GAAP financial measure that we define as Net Loss adjusted for interest income on available for sale securities, cash and cash equivalents, income tax expense, depreciation and amortization, impairment of intangible assets, stock based compensation expense, fair value of warrants vested on the sale of borrower loans, restructuring charges, and fair value adjustments for warrant liabilities. The presentation of non-GAAP financial measures should not be considered in isolation or as a substitute for our financial results prepared in accordance with GAAP.

We consider Adjusted EBITDA to be a helpful indicator of the operational strength and performance of our business and a good measure of our historical operating trends. Management uses Adjusted EBITDA to, among other things, understand and compare operating results across accounting periods, evaluate our operations and financial performance, and for internal planning and forecasting purposes. Inclusion of Adjusted EBITDA is intended to provide investors insight into the manner in which management views the performance of the Company, enhance investors' evaluation of our operating results, and to facilitate meaningful comparisons of our results between periods. These non-GAAP financial measures should not be considered an alternative to, or more meaningful than, the GAAP financial information provided herein.

Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under US GAAP. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not consider the potentially dilutive impact of equity-based charges;
- Adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us; and
- other companies, including companies in our industry, may calculate Adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

The major non-GAAP adjustments, and our basis for excluding them, are outlined below:

- *Fair value of warrants vested on the sale of borrower loans and change in the fair value of convertible preferred stock warrants liability.* We exclude these charges primarily because they are non-cash charges and the fair value varies based on the fair value of the underlying stock, varying valuation methodologies and subjective assumptions. This makes the comparison of our current financial results to previous and future periods difficult to evaluate.
- S*tock-based compensation expense*. This consists of expenses for equity awards under our equity incentive plans. Although stock-based compensation is an important aspect of the compensation paid to our employees, the grant date fair value varies based on the stock price at the time of grant, varying valuation methodologies, subjective assumptions and the variety of award

types. This makes the comparison of our current financial results to previous and future periods difficult to evaluate; therefore, we believe it is useful to exclude stock-based compensation. We also excludes these expenses because they are non-cash.

- *Amortization or impairment of acquired intangible assets and impairment of goodwill*. We incur amortization or impairment of acquired intangible assets and goodwill in connection with acquisitions and therefore exclude these amounts from our non-GAAP measures. We exclude these items because management does not believe they are reflective of our ongoing operating results.
- *Restructuring charges* - We have incurred restructuring charges that are included in our GAAP financial statements, related to workforce reductions and estimated costs of exiting facility lease commitments due to our May 2016 restructuring. We exclude these items from our non-GAAP financial measures when evaluating our continuing business performance as such items do not reflect expected future operating expenses. In addition, these charges do not necessarily provide meaningful insight into the fundamentals of current or historical operations of our business.

The following table presents a reconciliation of Net Loss to Adjusted EBITDA for each of the periods indicated (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	**2016**	**2017**	**2016**
Net Loss	$ (41,405)	$ (35,628)	$ (65,426)	$ (53,092)
Fair Value of Warrants Vested on Sale of Borrower Loans	16,887	—	20,194	—
Depreciation expense:				
Servicing and Origination	1,357	981	2,637	1,864
General & Administration - Other	1,293	1,461	2,603	2,573
Amortization of Intangibles	177	1,007	1,030	1,975
Impairment of Intangibles	1,999	240	6,320	240
Stock-based Compensation	3,312	6,359	6,812	11,465
Restructuring Charges	647	14,061	572	14,061
Change in the Fair Value of Warrants	22,416	—	22,817	—
Interest Income on Available for Sale Securities, Cash and Cash Equivalents	(64)	(205)	(157)	(481)
Income Tax Expense	97	105	262	270
Adjusted EBITDA	$ 6,716	$ (11,619)	$ (2,336)	$ (21,125)

Expenses include the following amount of stock based compensation for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	**2016**	**2017**	**2016**
Origination and servicing	$ 328	$ 579	$ 545	$ 1,018
Sales and marketing	141	896	311	1,632
General and administrative	2,843	4,884	5,956	8,815
Total stock based compensation	$ 3,312	$ 6,359	$ 6,812	$ 11,465

Liquidity and Capital Resources

The following table summarizes Prosper's cash flow activities for the six months ended June 30, 2017 and 2016 (in thousands):

	Six Months Ended June 30,	
	2017	2016
Net Loss	$ (65,426)	$ (53,092)
Net cash used in operating activities	(11,598)	(43,285)
Net cash provided by (used in) investing activities	17,742	(19,382)
Net cash provided by financing activities	6,186	25,196
Net increase (decrease) in cash and cash equivalents	12,330	(37,471)
Cash and cash equivalents at the beginning of the period	22,337	66,295
Cash and cash equivalents at the end of the period	$ 34,667	$ 28,824

Net cash increased for the six months ended June 30, 2017 primarily due to the maturity and sales of $24.8 million in available for sale securities, offset by the $1.7 million loss, net of non-cash items, $3.7 million reduction in Accounts Payable and Accrued Liabilities, $4.6 million increase in prepaid expenses and a $3.0 million scheduled payment to reduce our settlement liability. Net cash used in investing primarily represents acquisitions of Borrower Loans (excluding acquisition of Borrower Loans sold to unrelated third parties, which is included in cash flow from operating activities along with the corresponding proceeds from sale of Borrower Loans), offset by repayment of Borrower Loans and the $24.8 million of available for sale securities that have been converted into cash. Net cash provided by financing activities primarily represents proceeds from the issuance of Notes, partially offset by payments on Notes.

The following table summarizes Prosper's cash flow activities for the three months ended June 30, 2017 and 2016 (in thousands):

	Three Months Ended June 30,	
	2017	2016
Net Loss	$ (41,405)	$ (35,628)
Net cash provided by (used in) operating activities	8,579	(18,341)
Net cash used in investing activities	(3,458)	(6,158)
Net cash provided by financing activities	1,011	12,362
Net increase (decrease) in cash and cash equivalents	6,132	(12,137)
Cash and cash equivalents at the beginning of the period	28,535	40,961
Cash and cash equivalents at the end of the period	$ 34,667	$ 28,824

Net cash increased for the three months ended June 30, 2017 primarily due to the $5.5 million net income, net of non-cash items. Net cash used in investing primarily represents acquisitions of Borrower Loans (excluding acquisition of Borrower Loans sold to unrelated third parties, which is included in cash flow from operating activities along with the corresponding proceeds from sale of Borrower Loans) and purchases of property and equipment. Net cash provided by financing activities primarily represents proceeds from the issuance of Notes, partially offset by payments on Notes.

Prosper also has available for sale securities that are available for its liquidity needs. The fair value of securities available for sale as of June 30, 2017 was $8.0 million. As a result the total cash, cash equivalents and available for sale investments available to Prosper at June 30, 2017 for its liquidity needs was $42.7 million. This represents an increase of $6.1 million from the total available at March 31, 2017. At June 30, 2017, the available for sale securities included US treasury securities and agency bonds. All securities were rated or carried implied ratings equal to investment grade (defined as a rating equivalent to a Moody's rating of "Baa3" or higher, or a Standard & Poor's rating of "BBB-" or higher) and there were no significant unrealized losses. These securities provided $0.1 million of interest income for the three months ending June 30, 2017. These securities continue to be available to meet liquidity needs.

Income Taxes

Prosper recognizes benefits from uncertain tax positions only if it believes that it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position.

Given Prosper’s history of operating losses, it is difficult to accurately forecast when and in what amounts future results will be affected by the realization, if any, of the tax benefits of future deductions for its net operating loss carry-forwards. Based on the weight of available evidence, which includes historical operating performance and the reported cumulative net losses in prior years, Prosper has recorded a full valuation allowance against its net deferred tax assets. The income tax expense relates to state income tax expense and the amortization of goodwill from the acquisition of PHL for tax purposes which gives rise to an indefinite-lived deferred tax liability.

Off-Balance Sheet Arrangements

As a result of retaining servicing rights on the sale of Borrower Loans, Prosper is a variable interest holder in certain special purposes entities that purchase these Borrower Loans. None of these special purpose entities are consolidated as Prosper is not the primary beneficiary.

Critical Accounting Policies

Certain of Prosper's accounting policies that involve a higher degree of judgment and complexity are discussed in Part II - Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operation - Critical Accounting Estimates in Prosper’s Annual Report on Form 10-K. There have been no significant changes to these critical accounting estimates during the first six months of 2017.

PROSPER FUNDING LLC

This management's discussion and analysis of financial condition and results of operations, or MD&A, contains forward-looking statements that involve risks and uncertainties. Please see "Forward-Looking Statements" in this Quarterly Report on Form 10-Q for a discussion of the uncertainties, risks and assumptions associated with these statements. This discussion should be read in conjunction with Prosper Funding's historical financial statements and related notes thereto and the other disclosures contained elsewhere in this Quarterly Report on Form 10-Q. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods, and Prosper Funding's actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to those included in the "Risk Factors" sections and elsewhere in this Quarterly Report on Form 10-Q and Prosper Funding's Annual Report on Form 10-K for the year ended December 31, 2016.

Prosper Funding was formed in the state of Delaware on February 17, 2012 as a limited liability company with its sole equity member being PMI. Prosper Funding was formed by PMI to hold Borrower Loans originated through the Note Channel and issue related Notes. Although Prosper Funding is consolidated with PMI for accounting and tax purposes, Prosper Funding has been organized and is operated in a manner that is intended to minimize the likelihood that it would be substantively consolidated with PMI in a bankruptcy proceeding. Prosper Funding's intention is to minimize the likelihood that its assets would be subject to claims by PMI's creditors if PMI were to file for bankruptcy, as well as to minimize the likelihood that Prosper Funding will become subject to bankruptcy proceedings directly. Prosper Funding seeks to achieve this by placing certain restrictions on its activities and implementing certain formal procedures designed to expressly reinforce its status as a distinct corporate entity from PMI.

PFL formed PAH on October 4, 2013 as a limited liability company with the sole equity member being PFL. PAH was formed to purchase certain Borrower Loans from PFL and, sell them to certain participants in the Whole Loan Channel. PFL formed Prosper Depositor LLC on March 29, 2017 as a limited liability company with the sole equity member being PFL.

As a credit marketplace, we believe our customers are more highly susceptible to uncertainties and negative trends, real or perceived, in the markets driven by, among other factors, general economic conditions in the United States and abroad. These external economic conditions and resulting trends or uncertainties could adversely impact our customers' ability or desire to participate on our marketplace as borrowers or investors, and consequently could negatively affect our business and results of operations.

Results of Operations

Overview

The following table summarizes Prosper Funding's net income for the three months ended June 30, 2017 and 2016 (in thousands, except percentages):

	Three Months Ended June 30,			
	2017	2016	$ Change	% Change
Total Net Revenue	$ 21,679	$ 14,746	$ 6,933	47 %
Total Expenses	20,135	17,568	2,567	15 %
Net Income (Loss)	$ 1,544	$ (2,822)	$ 4,366	(155)%

	Six Months Ended June 30,			
	2017	2016	$ Change	% Change
Total Net Revenue	$ 39,847	$ 42,090	$ (2,243)	(5)%
Total Expenses	37,855	39,762	(1,907)	(5)%
Net Income	$ 1,992	$ 2,328	$ (336)	(14)%

Total net revenue for the three months ended June 30, 2017 increased $6.9 million, a 47% increase from the three months ended June 30, 2016, primarily due to the increased number of loan listings on the marketplace during the quarter, which resulted in increased administration fee revenue for the listing driven portion of the administration fee. As well the administration fee increased due to increased administration fees in relation to rebates given purchasers of borrower loans. Total expenses for the three months ended June 30, 2017 increased $2.6 million, a 15% increase from the three months ended June 30, 2016, primarily due to higher corporate administration fees related to the listing driven portion during the current quarter.

Total net revenue for the six months ended June 30, 2017 decreased $2.2 million a 5% decrease from the six months ended June 30, 2016, primarily due to an decrease in servicing fees due to the decrease in Borrower Loans being serviced as a result of the decrease in sales of Borrower Loans through the Whole Loan Channel in the past year. Total expenses for the six months ended June 30, 2017 decreased $1.9 million, a 5% decrease from the six months ended June 30, 2016, primarily due to lower corporate administration fees related to the listing driven portion during the current period.

Revenue

The following tables summarize Prosper Funding's revenue for the three and six months ended June 30, 2017 and 2016 (in thousands, except percentages):

	Three Months Ended June 30,			
	2017	2016	$ Change	% Change
Revenues				
Operating Revenues				
Administration Fee Revenue - Related Party	$ 27,309	$ 6,930	20,379	294 %
Servicing Fees, Net	6,520	7,589	(1,069)	(14)%
Gain (Loss) on Sale of Borrower Loans	(13,084)	(687)	(12,397)	1,805 %
Other Revenues	34	26	8	31 %
Total Operating Revenues	20,779	13,858	6,921	50 %
Interest Income on Borrower Loans	12,007	10,988	1,019	9 %
Interest Expense on Notes	(11,177)	(10,098)	(1,079)	11 %
Net Interest Income	830	890	(60)	(7)%
Change in Fair Value on Borrower Loans, Loans Held for Sale and Notes, net	70	(2)	72	(3,600)%
Total Revenue	$ 21,679	$ 14,746	6,933	47 %

	Six Months Ended June 30,			
	2017	2016	$ Change	% Change
Revenues				
Operating Revenues				
Administration Fee Revenue - Related Party	$ 42,463	$ 22,348	20,115	90 %
Servicing Fees, Net	12,401	14,623	(2,222)	(15)%
Gain (Loss) on Sale of Borrower Loans	(16,709)	3,104	(19,813)	(638)%
Other Revenues	64	417	(353)	(85)%
Total Operating Revenues	38,219	40,492	(2,273)	(6)%
Interest Income on Borrower Loans	23,507	21,496	2,011	9 %
Interest Expense on Notes	(21,855)	(19,819)	(2,036)	10 %
Net Interest Income	1,652	1,677	(25)	(1)%
Change in Fair Value on Borrower Loans, Loans Held for Sale and Notes, net	(24)	(79)	55	(70)%
Total Revenue	$ 39,847	$ 42,090	(2,243)	(5)%

Administration Fee Revenue - Related Party

Prosper Funding primarily generates revenue through license fees it earns under its Administration Agreement with PMI. The Administration Agreement contains a license granted by Prosper Funding to PMI that entitles PMI to use the marketplace for and in relation to: (i) PMI's performance of its duties and obligations under the Administration Agreement, and (ii) PMI's performance of its duties and obligations to WebBank under the Loan Account Program Agreement. Effective July 1, 2016 the Administration Agreement was amended. The amendments included amending the License Fee to include a fixed monthly fee alongside a reduced variable fee and the introduction of a Rebates Fee related to rebates given to investors. The increase for the three months ended June 30, 2017 was the result of an increase in the listing driven portion of administration fees as a result of higher listings in the three months ended June 30, 2017 and the above changes in the administration agreement, which was designed to compensate Prosper Funding for any rebates offered to whole loan investors. The increase for the six months ended June 30, 2017 was the result of the above changes in the administration agreement, which was designed to compensate Prosper Funding for any rebates offered to whole loan investors.

Servicing Fee Revenue, Net

Prosper Funding earns a fee from investors who purchase Borrower Loans through the Whole Loan Channel for servicing such loans on their behalf. The servicing fee compensates Prosper Funding for the costs it incurs in servicing these Borrower Loans, including managing payments from borrowers, payments to investors and maintaining investors' account portfolios. Historically, the servicing fee has been generally set at 1% per annum of the outstanding principal balance of the corresponding Borrower Loan prior to applying the current payment. For loans sold after August 1, 2016, the servicing fee has been set at 1.075% per annum of the outstanding principal balance of the corresponding Borrower Loan prior to applying the current payment. The decrease in servicing fees was due to the decrease in Borrower Loans being serviced as a result of the decrease in loan originations in the past year.

Gain (Loss) on Sale of Borrower Loans

Gain (Loss) on Sale of Borrower Loans consists of net gains (losses) on Borrower Loans sold through the Whole Loan Channel. The increase in the loss for the three months ended June 30, 2017 was due to increase in rebates offered to certain whole loan investors to facilitate the sale of large volumes of Borrower Loans through the Whole Loan Channel. The increase in rebates of $14.8 million is primarily due to warrants issued by PMI in relation to the agreement with the Consortium that was reached in 2017 that results in warrants for convertible preferred stock vesting as loans are purchased by the Consortium.

The increase in the loss for the six months ended June 30, 2017 was due to increase in rebates offered to certain whole loan investors to facilitate the sale of large volumes of Borrower Loans through the Whole Loan Channel. The increase in rebates of $19.3 million is primarily due to warrants issued by PMI in relation to the agreement with the Consortium that was reached in 2017 that results in warrants for convertible preferred stock vesting as loans are purchased by the Consortium.

Other Revenue

Other revenue consists primarily of fees earned from assisting whole loan purchasers with securitizations of their holdings. The changes in other revenues were not considered to be material.

Interest Income on Borrower Loans and Interest Expense on Notes

Prosper Funding recognizes interest income on Borrower Loans funded through the Note Channel using the accrual method based on the stated interest rate to the extent Prosper Funding believes it to be collectable. Prosper Funding records interest expense on the corresponding Notes based on the contractual interest rates. The interest rate charged on a Borrower Loan is generally 1% higher than the interest rate on the corresponding Notes to compensate Prosper Funding for servicing the Borrower Loan. This is recorded in interest income.

Overall, the increase in net interest income for the periods above was primarily driven by the increase in volume of Borrower Loans funded through the Note Channel.

Change in Fair Value of Borrower Loans, Loans Held for Sale and Notes, net

The fair value of Borrower Loans, Loans Held for Sale and Notes are estimated using discounted cash flow methodologies based upon a set of valuation assumptions. The main assumptions used to value such Borrower Loans, Loans Held for Sale and Notes include default rates derived from historical performance, and discount rates. Loans Held for Sale are primarily comprised of Borrower Loans held for short durations and are recorded using the same approach as the Borrower Loans held at fair value.

The following table summarizes the fair value adjustments for the six months ended June 30, 2017 and 2016, respectively (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Borrower Loans	$ (6,617)	$ (5,336)	$ (10,822)	$ (12,934)
Loans held for sale	—	(1)	6	—
Notes	6,687	5,335	10,792	12,855
Total	$ 70	$ (2)	$ (24)	$ (79)

Expenses

The following tables summarize Prosper Funding's expenses for the three months and six ended June 30, 2017 and 2016 (in thousands, except percentages):

	Three Months Ended June 30,			
	2017	2016	$ Change	% Change
Expenses				
Administration Fee Expense – Related Party	$ 18,466	$ 15,652	2,814	18 %
Servicing	1,524	1,536	(12)	(1)%
General and Administrative	145	380	(235)	(62)%
Total Expenses	$ 20,135	$ 17,568	2,567	15 %

	Six Months Ended June 30,			
	2017	2016	$ Change	% Change
Expenses				
Administration Fee Expense – Related Party	$ 34,282	$ 36,258	(1,976)	(5)%
Servicing	3,255	2,767	488	18 %
General and Administrative	318	737	(419)	(57)%
Total Expenses	$ 37,855	$ 39,762	(1,907)	(5)%

Administration Fee Expense - Related Party

Pursuant to an Administration Agreement between Prosper Funding and PMI, PMI manages the marketplace on behalf of Prosper Funding. Accordingly, each month, Prosper Funding is required to pay PMI a Corporate Administration Fee, a fee for each Borrower Loan originated through the marketplace, a proportion of all servicing fees collected by or on behalf of Prosper Funding, and all nonsufficient funds fees collected by or on behalf of Prosper Funding. Effective July 1, 2016 the Administration Agreement was amended. The amendments included amending the Corporate Administration Fee to a fixed amount of $500,000 per month, increasing the Loan Platform Servicing Fee to $150 per Borrower Loan originated through the marketplace and reducing the Loan and Note Servicing Fee to 62.5% of all servicing fee collected by or on behalf of Prosper Funding. The decrease in fees for the three months ended June 30, 2017 was due to lower fees paid on the origination of borrower loans due to the decrease in origination volume. The decrease in fees for the six months ended June 30, 2017 was due to lower fees paid on the origination of borrower loans due to the decrease in origination volume.

Servicing

Servicing costs consists primarily of vendor costs and depreciation of internal use software costs associated with servicing Borrower Loans. The increase for the six months ended June 30, 2017 was primarily due to an increase in amortization of internal use software.

General and Administrative

General and administrative costs consist primarily of bank service charges and professional fees. The decreases for the three and six months ended June 30, 2017 was primarily due to an decrease in outsourced costs as Prosper made an effort to reduce its spending on outsourced services during the period.

Liquidity and Capital Resources

The following table summarizes Prosper Funding's cash flow activities for the six months ended June 30, 2017 and 2016 (in thousands):

	Six Months Ended June 30,	
	2017	2016
Net Income	$ 1,992	$ 2,328
Net cash provided by (used in) operating activities	7,205	$ (120)
Net cash used in investing activities	(7,982)	(32,942)
Net cash provided by financing activities	6,232	24,947
Net increase (decrease) in cash and cash equivalents	5,455	(8,115)
Cash and cash equivalents at the beginning of the period	6,929	15,026
Cash and cash equivalents at the end of the period	$ 12,384	$ 6,911

The net increase in Cash for the six months ended June 30, 2017, is primarily due to net income of $2.0 million and an increase in net related party payables of $3.8 million. Net cash used in investing primarily represents acquisitions of Borrower Loans (excluding acquisition of Borrower Loans sold to unrelated third parties which is included in cash flow from operating activities along with the corresponding proceeds from sale of Borrower Loans), offset by repayment of Borrower Loans. Net cash provided by financing activities primarily represents proceeds from the issuance of Notes, partially offset by payments on Notes.

Income Taxes

Prosper Funding incurred no income tax expense for the three months ended June 30, 2017 and 2016. Prosper Funding is a US disregarded entity for income tax purposes and the income and loss is included in the return of its parent, PMI. Given PMI's history of operating losses and inability to achieve profitable operations, it is difficult to accurately forecast how Prosper's and Prosper Funding's results will be affected by the realization and use of net operating loss carry forwards.

Off-Balance Sheet Arrangements

As a result of retaining servicing rights on the sale of Borrower Loans, Prosper Funding is a variable interest holder in certain special purposes entities that purchase these Borrower Loans. None of these special interest entities are consolidated as Prosper Funding is not the primary beneficiary. Otherwise as of June 30, 2017, Prosper Funding has not engaged in any off-balance sheet financing activities.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Prosper Marketplace, Inc.

Market risk is the risk of loss to future earnings, values or future cash flows that may result from changes in financial market prices and interest rates.

Because balances, interest rates and maturities of Borrower Loans are matched and offset by an equal balance of Notes with the exact same interest rates (net our servicing fee) and initial maturities, we believe that we do not have any material exposure to changes in the net fair value of the combined Borrower Loan and Note portfolios as a result of changes in interest rates. We do not hold or issue financial instruments for trading purposes.

The fair values of Borrower Loans, Loans Held for Sale and the related Notes are determined using discounted cash flow methodologies based upon a set of valuation assumptions. The fair value adjustments for Borrower Loans are largely offset by the fair value adjustments of the Notes due to the borrower payment dependent design of the Notes and due to the total principal balances of the Borrower Loans being very close to the total principal balances of the Notes.

Prosper had cash and cash equivalents of $34.7 million as of June 30, 2017, and $22.3 million as of December 31, 2016. These amounts were held in various unrestricted deposits with highly rated financial institutions and short-term, highly liquid marketable securities consisting primarily of money market funds, commercial paper, U.S. treasury securities and U.S. agency securities. Cash and cash equivalents are held for working capital purposes. Due to their short-term nature, Prosper believes that it does not have any material exposure to changes in the fair value of these liquid investments as a result of changes in interest rates. Decreases in short-term interest rates will not materially reduce interest income on these cash and cash equivalents because of the current low rate environment. Increases in short-term interest rates will moderately increase the interest income earned on these cash balances.

Interest Rate Sensitivity

Prosper holds available for sale investments. The fair value of Prosper's available for sale investment portfolio was $8.0 million and $32.8 million as of June 30, 2017 and December 31, 2016, respectively. These investments consisted of U.S. agency bonds and U.S. Treasury securities. To mitigate the risk of loss, Prosper's investment policy and strategy is focused first on the preservation of capital and supporting our liquidity requirements, and then maximizing returns. To manage this risk, Prosper limits and monitors maturities, credit ratings, and concentrations within the investment portfolio. Changes in U.S. interest rates affect the interest earned on Prosper's available for sale investments and the market value of those investments. A hypothetical 100 basis point increase in interest rates would result in a decrease of approximately $22 thousand in the fair value of Prosper's available for sale investments as of June 30, 2017, and of approximately $147 thousand in the fair value of Prosper's available for sale investments as of December 31, 2016. A hypothetical 100 basis point decrease in interest rates would result in an increase of approximately $22 thousand in the fair value of Prosper's available for sale investments as of June 30, 2017, and of approximately $134 thousand in the fair value of Prosper's available for sale investments as of December 31, 2016. Any realized gains or losses resulting from such interest rate changes would only be recorded if Prosper sold the investments prior to maturity and the investments were not considered other-than-temporarily impaired.

Prosper Funding LLC

Market risk is the risk of loss to future earnings, values or future cash flows that may result from changes in financial market prices and interest rates.

Because balances, interest rates and maturities of Borrower Loans are matched and offset by an equal balance of Notes with the exact same interest rates (net our servicing fee) and initial maturities, we believe that we do not have any material exposure to changes in the net fair value of the combined Borrower Loan and Note portfolios as a result of changes in interest rates. We do not hold or issue financial instruments for trading purposes.

The fair values of Borrower Loans, Loans Held for Sale and the related Notes are determined using discounted cash flow methodologies based upon a set of valuation assumptions. The fair value adjustments for Borrower Loans are largely offset by the fair value adjustments of the Notes due to the borrower payment dependent design of the Notes and due to the total principal balances of the Borrower Loans being very close to the total principal balances of the Notes.

Prosper Funding had cash and cash equivalents of $12.4 million as of June 30, 2017, and $6.9 million as of December 31, 2016. These amounts were held in various unrestricted deposits with highly rated financial institutions and short-term, highly liquid marketable securities consisting primarily of money market funds, commercial paper, U.S. treasury securities and U.S. agency securities. Cash and cash equivalents are held for working capital purposes. Due to their short-term nature, Prosper Funding believes that it does not have any material exposure to changes in the fair value of these liquid investments as a result of changes in interest rates. Decreases in short-term interest rates will not materially reduce interest income on these cash and cash equivalents because of the current low rate environment. Increases in short-term interest rates will moderately increase the interest income earned on these cash balances.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Registrants' disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) are designed to provide reasonable assurance that the information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in rules and forms adopted by the SEC, and that such information is accumulated and communicated to management, including to each of the Registrant's Principal Executive Officer (PEO) and the Principal Financial Officer (PFO), to allow timely decisions regarding required disclosures. The management of each Registrant, with the participation of such Registrant's PEO and PFO, has evaluated the effectiveness of such Registrant's disclosure controls and procedures as of June 30, 2017. Based on this evaluation, each Registrant's PEO and PFO have concluded that these disclosure controls and procedures were effective as of June 30, 2017.

Changes in Internal Control Over Financial Reporting

There were no changes in either Registrant's internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) during the three months ended June 30, 2017, that have materially affected, or are reasonably likely to materially affect, either Registrant's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

PFL is not currently subject to any material legal proceedings. PFL is not aware of any litigation matters which have had, or are expected to have, a material adverse effect on it.

PMI is not currently subject to any material legal proceedings. Except for the matters referenced in Note 17 ("Commitments and Contingencies") of PMI's Notes to Condensed Consolidated Financial Statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q, which information is incorporated into this Item by reference, PMI is not aware of any litigation matters that have had, or are expected to have, a material adverse effect on it.

This Item should be read in conjunction with the Legal Proceedings disclosures in our Annual Report on Form 10-K for the year ended December 31, 2016 (Part I, Item 3).

Item 1A. Risk Factors

You should carefully consider the risks and uncertainties described below, together with all information in this Quarterly Report on Form 10-Q, including the condensed consolidated financial statements and related notes, and the risks described in "Part I - Item 1A - Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2016.

RISKS RELATED TO PFL AND PMI, OUR MARKETPLACE AND OUR ABILITY TO SERVICE THE NOTES

Our systems and marketplace utilize complex programs, algorithms and inputs, and if they contain errors, our business could be adversely affected.

Our marketplace utilizes complex programs, algorithms and inputs. We depend on these programs, algorithms and inputs to store, retrieve, process and manage data, as well as to provide marketplace features such as the Prosper Rating, estimated loss rates, estimated returns, and individual note, note portfolio and platform wide performance data. Errors or other design defects within these programs, algorithms and inputs may result in a negative experience for borrowers and investors, delay introductions of new features or enhancements, impact the information displayed on our website, or result in negative publicity and unfavorable media coverage, harm to our reputation, litigation, regulatory inquiries or proceedings, loss of or damage to our relationships with borrowers or investors or loss of revenue or liability for damages, any of which could adversely affect our business and financial results. In April 2017, we became aware of an error in the manner in which we calculated the annualized net return and seasoned annualized net return numbers provided to note investors. The error did not affect any other part of note investors' accounts, nor did it affect any other aspects of the platform, including the receipt and distribution of loan payments, deposits, monthly statements or tax documentation, or the note and loan level information provided to investors.

Item 2. Unregistered Sale of Equity Securities and Use of Proceeds

None.

Information for this Item is not required for Prosper Funding because it meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q; Prosper Funding is therefore filing this Form with the reduced disclosure format.

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The exhibits listed on the accompanying Exhibit Index are filed or incorporated by reference as a part of this report and such Exhibit Index is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PROSPER MARKETPLACE, INC.
PROSPER FUNDING LLC

Date: August 11, 2017	/s/ David Kimball
	David Kimball Chief Executive Officer of Prosper Marketplace, Inc. Chief Executive Officer of Prosper Funding LLC (*Principal Executive Officer*)
Date: August 11, 2017	/s/ Usama Ashraf
	Usama Ashraf Chief Financial Officer of Prosper Marketplace, Inc. Treasurer of Prosper Funding LLC (*Principal Financial and Accounting Officer*)

EXHIBIT INDEX

Exhibit Number	Exhibit Description
3.1	Fifth Amended and Restated Limited Liability Company Agreement of PFL, dated October 21, 2013 (incorporated by reference to Exhibit 3.1 of the Post-Effective Amendment No. 3 to the Registration Statement on Form S-1, filed October 23, 2013 by PFL and PMI)
3.2	Amended and Restated Certificate of Incorporation of PMI (incorporated by reference to Exhibit 3.2 of PMI's and PFL's Annual Report on Form 10-K, filed on March 17, 2017)
3.3	PFL Certificate of Formation (incorporated by reference to Exhibit 3.2 of the Registration Statement on Form S-1/A, filed April 23, 2012 by PFL and PMI)
3.4	Bylaws of PMI, as amended by an Amendment No. 1 dated February 15, 2016 (incorporated by reference to Exhibit 3.2 of PMI's and PFL's Form 10-Q, filed on August 15, 2016)
4.1	Form of PFL Borrower Payment Dependent Note (included as Exhibit A in Exhibit 4.5)
4.2	Form of PMI Borrower Payment Dependent Note (included as Exhibit A in Exhibit 4.4)
4.3	Supplemental Indenture, dated January 22, 2013, between PMI, PFL and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 of PMI and PFL’s Current Report on Form 8-K, filed on January 28, 2013)
4.4	Indenture, dated June 15, 2009, between PMI and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.2 of Pre-Effective Amendment No. 5 to PMI’s Registration Statement on Form S-1 (File No. 333-147019), filed June 26, 2009)
4.5	Amended and Restated Indenture, dated January 22, 2013, between PFL and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.2 of PMI and PFL’s Current Report on Form 8-K, filed on January 28, 2013)
10.1	Form of PFL Borrower Registration Agreement (2)
10.2	Form of PFL Investor Registration Agreement (incorporated by reference to Exhibit 10.2 of PMI's and PFL's Annual Report on Form 10-K, filed on March 17, 2017)
10.3	Amendment No. 2 to Prosper Marketplace, Inc. 2015 Equity Incentive Plan (incorporated by reference to Exhibit 10.3 of PMI and PFL’s Form 10-Q, filed on August 15, 2016) (3)
10.4	Asset Sale Agreement, dated July 1, 2016, between PFL and WebBank (incorporated by reference to Exhibit 10.1 of PMI and PFL’s Current Report on Form 8-K/A, filed on March 7, 2017) (1)
10.5	Marketing Agreement, dated July 1, 2016, between PMI and WebBank (incorporated by reference to Exhibit 10.2 of PMI and PFL’s Current Report on Form 8-K/A, filed on March 7, 2017) (1)
10.6	Stand By Purchase Agreement, dated July 1, 2016, between PMI and WebBank (incorporated by reference to Exhibit 10.3 of PMI and PFL’s Current Report on Form 8-K filed on July 8, 2016) (1)

10.7	Amendment No. 3 to Administration Agreement between PFL and PMI, dated as of November 8, 2016 and made effective as of July 1, 2016 (incorporated by reference to Exhibit 10.8 of PMI's and PFL's Annual Report on Form 10-K, filed on March 17, 2017)
10.8	Loan Purchase Agreement, dated as of February 27, 2017, among PFL, PF LoanCo Funding LLC, and Wilmington Savings Fund Society, FSB, not in its individual capacity but solely in its capacity as trustee of PF LoanCo Trust (incorporated by reference to Exhibit 10.8 of PMI and PFL's Quarterly Report on Form 10-Q, filed on May 15, 2017) (1)
10.9	Warrant Agreement, dated as of February 27, 2017, among PMI, PF WarrantCo Holdings, LP, and, for certain limited purposes, New Residential Investment Corp (incorporated by reference to Exhibit 10.9 of PMI and PFL's Quarterly Report on Form 10-Q, filed on May 15, 2017) (1)

10.10	Back-Up Servicing Agreement (Note Channel), dated as of February 24, 2017, among PFL, PMI, and First Associates Loan Servicing, LLC (incorporated by reference to Exhibit 10.10 of PMI and PFL's Quarterly Report on Form 10-Q, filed on May 15, 2017) (1)
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to PMI's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017. (2)
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to PMI's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017. (2)
31.3	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to PFL's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017. (2)
32.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, with respect to PMI's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017. (2)
32.2	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, with respect to PFL's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017. (2)
101.INS	XBRL Instance Documents
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	Taxonomy Extension Calculation Linkbase Document
101.LAB	Taxonomy Extension Label Linkbase Document
101.PRE	Taxonomy Extension Presentation Linkbase Document
101.DEF	Taxonomy Extension Definition Linkbase Document

(1) Certain portions of this exhibit have been omitted and filed separately with the Commission pursuant to a request for confidential treatment under Rule 406 of the Securities Act.

(2) Filed herewith.

(3) Management contract or compensatory plan or arrangement.

Exhibit 10.1

Borrower Registration Agreement

This Borrower Registration Agreement (this “Agreement”) is made and entered into between you and Prosper Funding
LLC (“Prosper”).

The Prosper marketplace is an online credit platform (the “Platform”) operated by Prosper. Among other things, Prosper offers access to unsecured personal loans in the form of the promissory note attached hereto as Exhibit A (the “Promissory Note”). All loans originated through the Platform are made by WebBank, a Utah-chartered industrial bank (“WebBank” or “Bank”). A separate legal entity, Prosper Marketplace, Inc. (“PMI”), provides services to Bank in connection with the origination of such loans. Prosper services all loans made through the Platform, but has engaged certain third parties (including PMI) to act as agents of Prosper in the performance of such servicing. The following Agreement describes those services as well as your rights and obligations should you elect to register as a borrower on the Platform. Except for Section 22, when used in this Agreement “we” or “us” refers to Prosper, Bank and their respective agents and affiliates (including without limitation PMI in its capacity as agent of Prosper or Bank, and Prosper Healthcare Lending).

1. Registration as a Prosper Borrower. You are registering with Prosper as a borrower so that you can make loan requests or “listings” through the Platform. In entering into this Agreement, you are agreeing to comply with the Terms of Use for the Platform as well as any other rules or policies set forth on Prosper’s website (www.prosper.com), any of which may be amended from time to time by Prosper in its sole discretion (collectively, as amended, the “Prosper Terms and Conditions”). The Prosper Terms and Conditions are accessible via a link marked “Policies” at the bottom of each page of Prosper’s website. We reserve the right to restrict access to the Platform to individuals who meet minimum credit guidelines and other criteria, as determined by us in our sole discretion.

2. Authorization to Obtain Credit Report. By registering on the Platform as a borrower, you authorize us or our agents (including PMI), to obtain a credit report from **one or more** consumer credit reporting agencies. We may use the credit report for any purpose that would be authorized by applicable law in connection with a credit transaction involving you and involving the extension of credit to you or review or collection of your account, including but not limited to (i) for authentication purposes, to make sure you are who you say you are; (ii) to make credit decisions; (iii) for internal modeling and analysis purposes; (iv) to administer the sale of any Borrower Payment Dependent Notes (“Notes”) associated with your loan or the sale of your loan in its entirety; (v) to determine how much debt you currently have, in order to determine your debt-to-income ratio; (vi) to obtain your credit score and assign you a Prosper Rating based in part on that score; (vii) to obtain and display information and characteristics from your credit report from one or more consumer credit reporting agencies; and (viii) to obtain and display on a secondary trading platform certain information and characteristics from your credit report from one or more consumer credit reporting agencies at any time or times that a Note corresponding to your loan is offered for sale by investors holding such Notes. Information from your credit report will be displayed on the Prosper website with your listing. You authorize us to verify information in your credit report and your listing, and you agree that Prosper, Bank or PMI (in its capacity as agent of Prosper or Bank) may contact third parties without further notice to you to verify any such information. We may obtain your credit report each time you create a listing and at any other time in our sole discretion, including in connection with loan servicing or collection.

3. Listings. The Platform connects applicants who wish to obtain loans with investor members who wish to help fund them. To receive a loan, you, a borrower member, must submit a loan listing through the Platform. The listing is a request by you for a loan in the amount and at the interest rate specified in the listing. In order to submit a listing through the Platform, you must have a good faith intent to obtain and repay your loan, and your listing must be consistent with that intent. In order for your listing to become a loan, you must receive aggregate funding commitments from Prosper investor members that equal or exceed the minimum funding amount applicable to your listing. After you submit your listing and complete certain verification stages, Prosper will allocate your listing to one of three funding channels, based upon an allocation methodology determined by Prosper: (i) the first channel allows investor members to commit to purchase Notes from Prosper, the payments of which are dependent on the payments you make on your loan (the "Note Channel"); (ii) the second channel allows investor members to commit to purchase 100% of your loan directly from Prosper ("Active Loan Channel"); and (iii) the third channel reserves your loan for sale to an investor member who has already committed to purchase loans like yours from Prosper ("Passive Loan Channel"). Prosper may add or remove funding channels and modify the allocation process at any time in its sole discretion. If your listing receives sufficient commitments to fund, Bank will originate a loan to you in an amount equal to the total amount of those commitments. If your listing is allocated to Passive Loan Channel, it will automatically be considered to have received a commitment equal to the amount of the loan requested.

If your listing is allocated to the Note Channel, investor members who purchase Notes tied to your loan may resell those Notes to other investor members on a secondary trading platform. Prosper may add or remove secondary trading platforms at any time in its sole discretion.

Information Included in Listings. To submit a listing, you must provide the amount of the loan you are requesting as well as your annual income, occupation and employment status. The minimum and maximum loan amounts you may request are posted on the Prosper website and are subject to change by us at any time without notice. We reserve the right to restrict the submission of listings through the Platform to applicants who meet minimum credit guidelines and other criteria, as determined by us in our sole discretion.

You authorize and agree that we may include in your listing any information from the credit report we obtain pursuant to Section 2 above, including but not limited to the following information:
(i) Your Prosper Rating, which is calculated by us but based on information from your credit report;

(ii) Your debt-to-income ratio, expressed as a percentage, reflecting the ratio between the amount of your monthly non-mortgage debt, as compared to the amount of monthly income that you indicated when completing your listing;
(iii) The number of accounts on which you are currently late on a payment;

(iv) The total past-due amount you owe on all delinquent and charged-off accounts;

(v) The number of 90+ days past due delinquencies on your credit report;

(vi) The number of negative public records (e.g., bankruptcies, liens, and judgments) on your credit report over the last 24 months, and over the last 10 years;

(vii) The month and year the oldest account on your credit report (e.g., revolving, installment, or mortgage credit) was opened;

(viii) The total number of credit lines appearing on your credit report, along with the number that are open and current;

(ix) The total balance on all of your open revolving credit lines;

(x) Your bankcard utilization ratio, expressed as a percentage, reflecting the ratio of the total balance used, to the aggregate credit limit on, all of your open bankcards; and

(xi) The number of inquiries made by creditors to your credit report in the last six months.

In addition, you authorize and agree that we may display any of the above information in a listing for a Note corresponding to your loan on a secondary trading platform, and that we may display updated information from your credit report, as well as information about the payment history and status of your loan, in any such listing.

Listings displayed on either Platform may also include any information we ask you to provide. You authorize us to verify your residence, income, employment and any other information you provide in connection with a listing or your registration as a borrower, and you agree that we may contact third parties to verify information you provide. If any such information changes after you submit a listing but before the listing expires, you must either (i) promptly notify us of the change, or (ii) if possible withdraw your listing.

In creating your listing, or posting content anywhere on Prosper's website, you may not include (i) any personally identifiable information, including, without limitation, your name, address, phone number, email address, Social Security number, driver's license number, bank account number or credit card number, (ii) any information that reveals your race, color, religion, national origin, sex, marital status, age, sexual orientation, military status, source of income, or plans for having a family, and (iii) any information that is inconsistent with your obligations to refrain from engaging in any Prohibited Activities (as defined below) (any information of the type described in parts (i), (ii) or (iii) being, "Prohibited Information"). We may take remedial action with respect to any Prohibited Information you post on Prosper'sweb site, including without limitation canceling any listing containing Prohibited Information or deleting or modifying all or any portion of a listing description or other content that contains Prohibited Information; provided, however, that we are under no obligation to take any such action, and any posting of Prohibited Information by you on Prosper's web site is done solely at your own risk.

Listings Allocated to the Note Channel. Any person who visits the Prosper website will be able to view your listing and see your Prosper Rating as well as certain information about the loan you have requested; provided, however, information from your credit report will only be viewable by investor members.

We may elect in our sole discretion to give you a partial funding option, which means your loan will be funded if it receives commitments totaling less than the full amount of your requested loan but equal to or exceeding 70% of that amount (subject to the loan size minimum). Each loan listing related to a borrower who was offered the partial funding option will indicate the minimum amount required for the loan to fund. The current percentage threshold for partial funding is 70%, but we may change that threshold from time to time. Any such change will only affect listings created after the change is made.

Duration of Listings. A listing will expire at the earlier of (a) the time at which it has received commitments equal to the full amount of the loan requested (which could be immediately after being listed) or (b) if allocated to the Note Channel, 14 days after being allocated, unless the listing is withdrawn by you or cancelled by us prior to either of those events. If a listing is allocated to Active Loan Channel and does not receive commitments sufficient to fund within a reasonable amount of time determined in Prosper's sole discretion after being allocated, it will automatically be reallocated to the Note Channel.

WITHDRAWAL OF LISTINGS. YOU HAVE THE RIGHT TO WITHDRAW YOUR LISTING AT ANY TIME PRIOR TO THE EXPIRATION OF THE LISTING PERIOD AS DESCRIBED ABOVE. AFTER THE LISTING PERIOD EXPIRES, YOU WILL NO LONGER HAVE THE RIGHT TO WITHDRAW YOUR LISTING. IF A LOAN IS MADE TO YOU, YOU DO NOT HAVE ANY RIGHT TO RESCIND THE LOAN.

If you elect to withdraw your listing, the inquiry posted on your credit profile upon your acceptance of this Agreement will not be removed. We reserve the right, in our sole discretion, to limit the number of listings you submit or attempt to submit through the Platform.

Additional Loans. Additional loans are subject to additional restrictions. The guidelines and eligibility requirements for additional loans are posted on the Prosper website and are subject to change by us in our sole discretion at any time without notice. Subject to these requirements, you may have up to two loans outstanding at any one time, provided that the aggregate outstanding principal balance of your loans does not exceed the maximum loan amount then in effect. You may not submit a listing for a second loan unless you meet the eligibility requirements then in effect as of the date of such submission.

Prohibited Activities. You agree that you will not, in connection with any listings, investor commitments, loans or other transactions involving or potentially involving Prosper or Bank, (i) make any false, misleading or deceptive statements or omissions of material fact; (ii) misrepresent your identity, or describe, present or portray yourself as a person other than yourself; (iii) give to or receive from, or offer or agree to give to or receive from, any Prosper investor member or other person any fee, bonus, additional interest, kickback or thing of value of any kind, including in exchange for such person's commitment, or offer or agreement to make a commitment with respect to your listing; and (iv) represent yourself to any person as a director, officer or employee of Prosper, PMI or Bank, unless you are such director, officer or employee.

4. Right to Verify Information and Cancel Funding.

a. We reserve the right to verify the accuracy of all information provided by borrower and investor members in connection with listings, investor commitments and loans. We also reserve the right to determine in our sole discretion whether a registered user is using, or has used, the Prosper website illegally or in violation of any order, writ, injunction or decree of any court or governmental instrumentality, for purposes of fraud or deception, or otherwise in a manner inconsistent with the Prosper Terms and Conditions or any agreement between Prosper or Bank and such user. We may conduct our review at any time – before, during or after the submission of a listing, or before or after the funding of a loan. You agree to respond promptly to our requests for information in connection with any such review by us. We reserve the right to cancel your listing if we determine, under our sole discretion, that you have failed to respond to our requests for information in a timely manner in connection with our verification process.

b. In the event we determine, prior to funding a loan, that a listing, or an investor commitment for the listing, contains materially inaccurate information (including but not limited to inaccuracies related to the borrower's income, residence or creditworthiness, whether or not due to changes in circumstance) or was submitted illegally, in violation of any order, writ, injunction or decree of any court or governmental instrumentality, for purposes of fraud or deception, or otherwise in a manner inconsistent with the Prosper Terms and Conditions or any member agreement, or was generated in error or is otherwise inconsistent with the applicable credit policy and criteria, we may refuse to accept the listing or, if the listing has already been accepted, remove the listing from the Platform and cancel all investor commitments with respect to the listing.

c. When a listing receives commitments equal to or exceeding the minimum amount required for the loan to fund, we may conduct a "pre-funding" review prior to funding the loan. Loan funding occurs when loan proceeds are disbursed to or at the direction of the borrower. We may, at any time and in our sole discretion, delay funding of a loan (i) in order to enable us to verify the accuracy of information provided by borrower members, investor members in connection with the listing or investor commitments made with respect to the listing; (ii) to determine whether there are any irregularities with respect to the listing or the investor commitments; or (iii) if we become aware of information concerning the borrower member or the listing during our pre-funding review, as a result of which we determine, in our sole discretion, that the likelihood of the borrower not making payments on the loan is materially greater than would be expected based on the assigned Prosper Rating. We may cancel or proceed with funding the loan, depending on the results of our pre-funding review. If funding is cancelled, the listing will be removed from the Platform and all investor commitments against the listing will be cancelled. In the event we cancel funding of a loan, we will notify the borrower, and all investor members who made commitments with respect to the listing of such cancellation.

d. We may verify any of the information you provide in applying for a loan and creating a listing, and may require that you submit evidence sufficient to permit us to verify the information you provided or other information we deem necessary. We have sole discretion to determine what evidence suffices, and it is your obligation to provide that evidence. If you fail to do so within a reasonable timeframe within our discretion, we may cancel your listing. However, if we are able to obtain the information we require from other sources, or determine that the information is no longer necessary, your loan may originate even though you have not submitted the required documents.

5. Matching of Investor Commitments and Listings; Loan Funding.

a. If your listing is allocated to the Note Channel, Prosper investor members will be able to view your listing and commit funds to purchase Notes issued by Prosper, the payments on which will be dependent on payments Prosper receives from you on your loan. In other words, the Prosper investor members who committed funds will receive payments on their Notes only to the extent you make payments on your loan. If your listing is allocated to the Active Loan Channel or the Passive Loan Channel, Prosper investor members will commit funds to purchase from Prosper a Promissory Note evidencing the loan made by Bank to you.

b. A match of your listing with one or more investor commitments equal to or exceeding the minimum amount required for the loan to fund, will result in a loan from Bank to you, subject to our right to verify information as described above. The loan will be evidenced by a Promissory Note in the form set forth on the attached Exhibit A. Depending on the loan product you receive, loan proceeds are disbursed into your designated deposit account or they are paid directly to a merchant in satisfaction of your purchase of goods and/or services from that merchant. The loan may be sold by Bank to Prosper, and Prosper may hold the loan or sell it to one of its investor members. Prosper or its agents will service the loan on behalf of the loan's owner.

c. We do not warrant or guaranty that your listing will be matched with any investor commitments. Your listing must receive one or more investor commitments equal to or exceeding the minimum amount required for the loan to fund in order for a loan to be made.

d. To safeguard your privacy rights, your name and address will not be included in your listing. Only your Prosper screen name will appear on your listing, and only the screen name of the investor members will appear with investor commitments.

6. Compensation. If you receive a loan, you must pay Bank a non-refundable origination fee. The amount of the estimated origination fee is stated in the disclosures provided to you at the time you apply. This amount will decline if you've been offered a partial funding option and your loan is not 100% funded. Notwithstanding the foregoing, no amount of the finally determined fee is refundable. The finally determined fee will be stated in your Truth in Lending disclosure. This fee will be deducted from your loan proceeds, so the loan proceeds delivered to you or at your direction will be less than the full amount of your issued loan. You acknowledge that the origination fee will be considered part of the principal on your loan and is subject to the accrual of interest.

7. Making Your Loan Payments. At the time you register as a borrower, you must provide your bank account information to facilitate transfers of funds to and from your bank account. Your loan payments will be made by the payment method you choose. Prosper or its agents will act as the servicer for all loans you obtain through the Platform, and all communications regarding your loan must be made to Prosper or its agents.

8. Collection & Reporting of Delinquent Loans. In the event you do not make your loan payments on time, Bank or any subsequent owner of the loan will have all remedies authorized or permitted by the Promissory Note and applicable law. In addition, if you fail to make timely payments on your loan, your loan may be referred to a collection agency for collection. Prosper or its agents may report loan payment delinquencies in excess of thirty (30) days to one or more credit reporting agencies in accordance with applicable law. See the "Permission to Contact" section below for additional important information.

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9. No Guarantee. Neither Prosper nor Bank warrants or guarantees (1) that your listing will be matched with any investor commitments, or (2) that you will receive a loan as a result of submitting a listing.

10. Restrictions on Use. You are not authorized or permitted to use the Prosper website to obtain, or attempt to obtain, a loan for someone other than yourself. You are not authorized or permitted to use the Prosper website to obtain, or attempt to obtain, a loan for the purpose of (i) buying, carrying or trading in securities or for the purpose of buying or carrying any part of an investment contract security, (ii) paying for postsecondary educational expenses (i.e., tuition, fees, required equipment or supplies, or room and board) at a college/university/vocational school, as the term "postsecondary educational expenses" is defined in Bureau of Consumer Financial Protection Regulation Z, 12 C.F.R. 1026.46(b)(3), or (iii) engaging in any illegal activity or gambling, and you warrant, represent and agree that you will not use the proceeds of any loan for such purposes. You must be an owner of the deposit account you designate for electronic transfers of funds, with authority to direct that loan payments be made from the account. Although you are registering as a borrower member, you may also register and participate on the Platform as an investor member. If you participate on the Platform as an investor member, any amounts in your Prosper funding account are subject to set-off against any delinquent amounts owing on any loans you obtain as a Prosper borrower. You will not receive further notice in advance of our exercising our right to set-off amounts in your Prosper funding account against any delinquent amounts owing on any loans you obtain. If you obtain a loan and fail to pay your loan in full, whether due to default, bankruptcy or other reasons, you will not be eligible to submit any further listings or re-register with Prosper as a borrower or investor member. We may in our sole discretion, with or without cause and with or without notice, restrict your access to the Prosper website or Platform.

11. Authority. You warrant and represent that you have the legal competence and capacity to execute and perform this Agreement.

12. Termination of Registration. Prosper may, in its sole discretion, with or without cause, terminate this Agreement at any time by giving you notice as provided below. In addition, upon our determination that you committed fraud or made a material misrepresentation in connection with a listing, investor commitment or loan, performed any prohibited activity, or otherwise failed to abide by the terms of this Agreement or the Prosper Terms and Conditions, we may, in our sole discretion, immediately and without notice, take one or more of the following actions: (i) terminate or suspend your right to submit listings or otherwise participate on the Platform; or (ii) terminate this Agreement and your registration with Prosper. Upon termination of this Agreement and your registration with Prosper, any listings you have submitted through the Platform shall be cancelled, and will be removed from the Platform immediately. Any loans you obtain prior to the effective date of termination resulting from listings you had placed on the Platform shall remain in full force and effect in accordance with their terms.

13. Prosper's Right to Modify Terms. Prosper has the right to change any term or provision of this Agreement or the Prosper Terms and Conditions. Prosper will give you notice of material changes to this Agreement, or the Prosper Terms and Conditions, in the manner set forth in Section 15. You authorize us to correct obvious clerical errors appearing in information you provide to us, without notice to you, although we expressly undertake no obligation to identify or correct such errors. This Agreement, along with the Prosper Terms and Conditions, represents the entire agreement between you and Prosper regarding your participation as a borrower on the Platform, and supersedes all prior or contemporaneous communications, promises and proposals, whether oral, written or electronic, between you and Prosper with respect to your involvement as a borrower on the Platform.

14. Posting of Personal Information. You may not include or display any personally identifying information of any Prosper member anywhere on the Prosper website, including, without limitation, any Prosper member's name, address, phone number, email address, Social Security number, driver's license number, bank account number or credit card number.

15. Notices. All notices and other communications hereunder shall be given either by: (1) email to your registered email address; (2) message to your Prosper message inbox; (3) posting on your Prosper account's login, post-login, or home page; (4) posting to the History section (or one of its subsections) of your Prosper account; (5) posting on the Prosper website, (6) deposit with U.S. mail or other nationally recognized courier, and shall be deemed to have been duly given and effective upon transmission or posting, or (7) any other means authorized by you. It is your responsibility to monitor these areas. You can contact us by sending an email to support@prosper.com. You agree to notify Prosper if your registered email address changes, and you agree to update your registered residence address, mailing address and telephone number on the Prosper website if any of those items changes.

16. No Warranties. Except for the representations contained in this Agreement, Prosper does not make any representations or warranties to you or any other party with regard to your use of the Prosper website or the Platform, including, but not limited to, any implied warranties of merchantability or fitness for a particular purpose.

17. Limitation on Liability. In no event shall any party to this Agreement be liable to any other party for any lost profits or special, exemplary, consequential or punitive damages, even if informed of the possibility of such damages. Furthermore, neither party makes any representation or warranty to any other party regarding the effect that the Agreement may have upon the foreign, federal, state or local tax liability of the other.

18. STATE NOTICES

California Residents: Married registrants may apply for a separate account.

Maine Residents: NOTICE TO CONSUMER: Do not sign this agreement before you read it. You are entitled to a copy of this agreement. Maine law requires that the following disclosures be provided to you before any contract is signed with, and before any money is paid to, Prosper or to third parties. The agreement between you and Prosper must be in writing and signed, and must contain a description of the services to be performed, payment details, any guarantees, the time frame of the contract, and offers of full or partial refunds, as well as a notice informing you of the importance of reading the contract and retaining a copy. Prosper has a $25,000 consumer protection bond on file with the State of Maine. If you have a claim against Prosper that cannot be resolved through informal means, you may institute an action to recover your loss from that bond by filing a written complaint with the Superintendent, Bureau of Consumer Credit Protection, 35 State House Station, Augusta, Maine 04333-0035.

North Dakota Residents: NOTICE: MONEY BROKERS ARE LICENSED AND REGULATED BY THE DEPARTMENT OF FINANCIAL INSTITUTIONS, 2000 SCHAFER STREET, SUITE G, BISMARCK, NORTH DAKOTA 58501-1204. THE DEPARTMENT OF FINANCIAL INSTITUTIONS HAS NOT PASSED ON THE MERITS OF THE CONTRACT AND LICENSING DOES NOT CONSTITUTE AN APPROVAL OF THE TERMS OR OF THE BROKER'S ABILITY TO ARRANGE ANY LOAN. COMPLAINTS REGARDING THE SERVICES OF MONEY BROKERS SHOULD BE DIRECTED TO THE DEPARTMENT OF FINANCIAL INSTITUTIONS.

Ohio Residents: The Ohio laws against discrimination require that all creditors make credit equally available to all credit worthy customers, and that credit reporting agencies maintain separate credit histories on each individual upon request. The Ohio civil rights commission administers compliance with this law.

Texas Residents: For questions or complaints about this loan, contact Prosper Marketplace, Inc. at 1-866-615-6319 or support@prosper.com. Prosper Marketplace, Inc. is licensed and examined under Texas law by the Office of Consumer Credit Commissioner (OCCC), a state agency. If a complaint or question cannot be resolved by contacting Prosper Marketplace, Inc., consumers can contact the OCCC to file a complaint or ask a general credit-related question. OCCC address: 2601 N. Lamar Blvd., Austin, Texas 78705. Phone: (800) 538-1579. Fax: (512) 936-7610. Website: occc.texas.gov. E-mail: consumer.complaints@occc.texas.gov

Wisconsin Residents: No provision of a marital property agreement, a unilateral statement or a court decree adversely affects the interest of the creditor unless the creditor, prior to the time the credit is granted, is furnished a copy of the agreement, statement or decree or has actual knowledge of the adverse provision when the obligation to the creditor is incurred.

Please see the attached Promissory Note for additional important state notices.

19. Miscellaneous. You may not assign, transfer, sublicense or otherwise delegate your rights under this Agreement to another person without Prosper's prior written consent. Prosper may assign this Agreement at any time without your permission, unless prohibited by applicable law. Any such assignment, transfer, sublicense or delegation in violation of this Section 19 shall be null and void. This Agreement shall be governed by federal law and, to the extent that state law applies, the laws of the State of Delaware. Any waiver of a breach of any provision of this Agreement will not be a waiver of any other breach. Failure or delay by either party to enforce any term or condition of this Agreement will not constitute a waiver of such term or condition. If any part of this Agreement is determined to be invalid or unenforceable under applicable law, then the invalid or unenforceable provision will be deemed superseded by a valid enforceable provision that most closely matches the intent of the original provision, and the remainder of the Agreement shall continue in effect. Bank is not a party to this Agreement, but you agree that Bank is a third-party beneficiary and is entitled to rely on the provisions of this Agreement, including without limitation your representations, covenants and agreements herein. There are no third party beneficiaries to this Agreement other than Bank.

20. Performance by Prosper and Bank. You acknowledge and agree that any obligations of or actions by Prosper under this Agreement may be performed by PMI on behalf of Prosper in

PMI's capacity as servicer or agent of Prosper under any administrative services or similar agreement entered into between PMI and Prosper pursuant to which Prosper appoints PMI as servicer or agent to provide administrative, management, servicing or other services to Prosper. You also acknowledge and agree that any obligations of or actions by Bank under this Agreement may be performed by PMI on behalf of Bank in PMI's capacity as agent of Bank under any loan program or similar agreement entered into between PMI and Bank pursuant to which Bank appoints PMI as agent to provide services to Bank.

21. Separate Entities. Notwithstanding Section 20, you acknowledge and agree that Prosper, Bank and PMI are separate legal entities and that neither entity has guaranteed the performance by the other entity of its obligations hereunder.

22. Arbitration. RESOLUTION OF DISPUTES: YOU ACKNOWLEDGE THAT YOU HAVE READ THIS PROVISION CAREFULLY, AND UNDERSTAND THAT IT LIMITS YOUR RIGHTS IN THE EVENT OF A DISPUTE BETWEEN YOU AND US. YOU UNDERSTAND THAT YOU HAVE THE RIGHT TO REJECT THIS PROVISION, AS PROVIDED IN PARAGRAPH (i) BELOW.

(a) In this Resolution of Disputes provision:

(i) "You" and "your" mean the individual entering into this Agreement, as well as any person claiming through such individual;

(ii) "We" and "us" mean Bank and Prosper Funding LLC and each of their respective parents, subsidiaries, affiliates, predecessors, successors, and assigns, as well as the officers, directors, and employees of each of them;

(iii) "Claim" means any dispute, claim, or controversy (whether based on contract, tort, intentional tort, constitution, statute, ordinance, common law, or equity, whether pre-existing, present, or future, and whether seeking monetary, injunctive, declaratory, or any other relief) arising from or relating to this Agreement or the relationship between us and you (including claims arising prior to or after the date of the Agreement, and claims that are currently the subject of purported class action litigation in which you are not a member of a certified class), and includes claims that are brought as counterclaims, cross claims, third party claims or otherwise, as well as disputes about the validity or enforceability of this Agreement or the validity or enforceability of this Section 22.

(b) Any Claim shall be resolved, upon the election of either us or you, by binding arbitration administered by the American Arbitration Association or JAMS, under the applicable arbitration rules of the administrator in effect at the time a Claim is filed ("Rules"). **Any arbitration under this Agreement will take place on an individual basis; class arbitrations and class actions are not permitted.** If you file a claim, you may choose the administrator; if we file a claim, we may choose the administrator, but we agree to change to the other permitted administrator at your request (assuming that the other administrator is available). You can obtain the Rules and other information about initiating arbitration by contacting the American Arbitration Association at 1633 Broadway, 10th Floor, New York, NY 10019, (800) 778-7879, www.adr.org; or by contacting JAMS at 1920 Main Street, Suite 300, Irvine, CA 92614, (949) 224-1810, www.jamsadr.com. The address for serving any arbitration demand or claim on us is Prosper Marketplace, Inc., 221 Main Street, Suite 300, San Francisco, CA 94105, Attention: Compliance.

(c) Claims will be arbitrated by a single, neutral arbitrator, who shall be a retired judge or a lawyer with at least ten years' experience. We agree not to invoke our right to elect arbitration of an individual Claim filed by you in a small claims or similar court (if any), so long as the Claim is pending on an individual basis only in such court.

(d) We will pay all filing and administration fees charged by the administrator and arbitrator fees up to $1,000, and we will consider your request to pay any additional arbitration costs. If an arbitrator issues an award in our favor, you will not be required to reimburse us for any fees we have previously paid to the administrator or for which we are responsible. If you receive an award from the arbitrator, we will reimburse you for any fees paid by you to the administrator or arbitrator. Each party shall bear its own attorney's, expert's and witness fees, which shall not be considered costs of arbitration; however, if a statute gives you the right to recover these fees, or fees paid to the administrator or arbitrator, then these statutory rights will apply in arbitration.

(e) Any in-person arbitration hearing will be held in the city with the federal district court closest to your residence, or in such other location as you and we may mutually agree. The arbitrator shall apply applicable substantive law consistent with the Federal Arbitration Act, 9 U.S.C. 1-16, and, if requested by either party, provide written reasoned findings of fact and conclusions of law. The arbitrator shall have the power to award any relief authorized under applicable law. Any appropriate court may enter judgment upon the arbitrator's award. The arbitrator's decision will be final and binding except that: (1) any party may exercise any appeal right under the FAA; and (2) any party may appeal any award relating to a claim for more than $100,000 to a three-arbitrator panel appointed by the administrator, which will reconsider de novo any aspect of the appealed award. The panel's decision will be final and binding, except for any appeal right under the FAA. Unless applicable law provides otherwise, the appealing party will pay the appeal's cost, regardless of its outcome. However, we will consider any reasonable written request by you for us to bear the cost.

(f) YOU AND WE AGREE THAT EACH MAY BRING CLAIMS AGAINST THE OTHER ONLY IN OUR INDIVIDUAL CAPACITY, AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING. Further, unless both you and we agree otherwise in writing, the arbitrator may not consolidate more than one person's claims. The arbitrator shall have no power to arbitrate any Claims on a class action basis or Claims brought in a purported representative capacity on behalf of the general public, other borrowers, or other persons similarly situated. The validity and effect of this paragraph (f) shall be determined exclusively by a court, and not by the administrator or any arbitrator.

(g) If any portion of this Section 22 is deemed invalid or unenforceable for any reason, it shall not invalidate the remaining portions of this section. However, if paragraph (f) of this Section 22 is deemed invalid or unenforceable in whole or in part, then this entire Section 22 shall be deemed invalid and unenforceable. The terms of this Section 22 will prevail if there is any conflict between the Rules and this section.

(h) **YOU AND WE AGREE THAT, BY ENTERING INTO THIS AGREEMENT, THE PARTIES ARE EACH WAIVING THE RIGHT TO A TRIAL BY JURY OR TO PARTICIPATE IN A CLASS ACTION. YOU AND WE ACKNOWLEDGE THAT**

ARBITRATION WILL LIMIT OUR LEGAL RIGHTS, INCLUDING THE RIGHT TO PARTICIPATE IN A CLASS ACTION, THE RIGHT TO A JURY TRIAL, THE RIGHT TO CONDUCT FULL DISCOVERY, AND THE RIGHT TO APPEAL (EXCEPT AS PERMITTED IN PARAGRAPH (e) OR UNDER THE FEDERAL ARBITRATION ACT).

(i) You understand that you may reject the provisions of this Section 22, in which case neither us nor you will have the right to elect arbitration. Rejection of this Section 22 will not affect the remaining parts of this Agreement. To reject this Section 22, you must send us written notice of your rejection within 30 days after the date that this Agreement was made. You must include your name, address, and account number. The notice of rejection must be mailed to Prosper Marketplace, Inc., 221 Main Street, Suite 300, San Francisco, CA 94105, Attention: Legal Department. This is the only way that you can reject this Section 22.

(j) You and we acknowledge and agree that the arbitration agreement set forth in this Section 22 is made pursuant to a transaction involving interstate commerce, and thus the Federal Arbitration Act shall govern the interpretation and enforcement of this Section 22. This Section 22 shall survive the termination of this Agreement.

(k) This section shall not apply to covered borrowers as defined in the Military Lending Act.

23. Electronic Transactions. This Agreement includes your express consent to electronic transactions and disclosures, which consent is set forth in the section entitled "Consent to Doing Business Electronically" as disclosed in our Terms of Use on our website, the terms and conditions of which are expressly incorporated herein in their entirety. You expressly agree that each of (a) this Agreement and (b) any Promissory Note in the form set forth on the attached Exhibit A that we sign on your behalf, may comprise a "transferable record" for all purposes under the Electronic Signatures in Global and National Commerce Act and the Uniform Electronic Transactions Act.

24. Permission to Contact. When you give us your home and/or mobile phone number, we have your permission to contact you at that number or numbers, and any other number we believe we may reach you through (unless prohibited by applicable law), about your Prosper accounts. Your consent allows us to use text messaging, artificial or prerecorded voice messages and automatic dialing technology, for all purposes not prohibited by applicable law. Message and data rates may apply. You may revoke this consent at any time by contacting Prosper by emailing us at support@prosper.com or calling us at 1-866-615-6319. We may also send an email to any address where we reasonably believe we can contact you. Some of the purposes for calls and messages include: suspected fraud or identity theft; obtaining information; transactions on or servicing of your account; and collecting on your account. Our rights under this Section extend to our affiliates, subsidiaries, parents, agents, vendors, and anyone so affiliated with the owner of any note evidencing a loan you obtain. Notify us immediately of any changes to your contact information by changing your contact information on your Prosper account information – settings page.

25. Appointment of Limited Power of Attorney and Note Registrar. If your listing receives sufficient investor commitments to fund, and you do not withdraw your listing prior to expiration of the listing period, you hereby authorize each of Prosper and PMI(and their affiliates) to act

as your true and lawful Attorney-in-Fact and agent, with full power of delegation and substitution, for you in your name, place and stead, in any and all capacities, to complete and execute a Promissory Note containing the material terms set forth on the attached Exhibit A on your behalf in favor of Bank and reflecting the debt obligation reflected on your final Truth in Lending disclosure(s). You further authorize Prosper and PMI (and their affiliates) to (i) perform each and every act necessary to be done in connection with executing such Promissory Note as you might or could do in person and (ii) approve, execute and deliver the provisions of any instruments, documents, agreements, powers, releases and certificates related to the Promissory Note and to perform each and every actions regarding the same, including but not limited to, any legal or beneficial assignment of the Promissory Note. This Power of Attorney is limited to the purpose described above.

This Power of Attorney may be revoked by contacting Prosper by emailing us at support@prosper.com or calling us at 1-866-615-6319 and closing your account only if done prior to the origination of your loan and execution of the Promissory Note on your behalf. If you choose to revoke this Power of Attorney prior to execution, we will be unable to process your loan request and any pending loan request will be considered withdrawn. Any act or thing lawfully done hereunder prior to any revocation and within the powers herein by any attorney in fact shall be binding on you and your heirs, legal and personal representatives and assigns.

You further appoint Prosper as your authorized agent (in such capacity the “Note Registrar”) to maintain a book-entry system (the “Register”) identifying the owners of such Promissory Note and the owners’ addresses and payment instructions. The person or persons identified as owners of such Promissory Note in the Register shall be deemed to be the owner(s) of the Promissory Note for purposes of receiving payment of principal and interest on such Promissory Note and for all other purposes. Any transfer of such Promissory Note shall be effective only upon being recorded in the Register. The Note Registrar may retain the services of another party to fulfill its duties as Note Registrar. The Note Registrar’s recordkeeping obligations will be unaffected by any transfers of the Promissory Note.

26. Military Lending Act. The Military Lending Act provides specific protections for active duty service members and their dependents in consumer credit transactions. This Section includes information on the protections provided to covered borrowers as defined in the Military Lending Act.

(a) Statement of MAPR.

Federal law provides important protections to members of the Armed Forces and their dependents relating to extensions of consumer credit. In general, the cost of consumer credit to a member of the Armed Forces and his or her dependent may not exceed an annual percentage rate of 36 percent. This rate must include, as applicable to the credit transaction or account: The costs associated with credit insurance premiums; fees for ancillary products sold in connection with the credit transaction; any application fee charged (other than certain application fees for specified credit transactions or accounts); and any participation fee charged (other than certain participation fees for a credit card account).

(b) The following sections of this Agreement and the Promissory Note shall not be applicable to, and shall not be enforceable against, a covered borrower as defined in the Military Lending Act: Section 22 of this Agreement and Section 18 of the Promissory Note.

(c) Oral Disclosures. Please call 1-855-993-2967 to obtain oral disclosures, including the statement of MAPR and the payment schedule applicable to your loan, required under the Military Lending Act.

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EXHIBIT A

Promissory Note

Loan ID: ___________

Borrower Address: ____.

1. **Promise to Pay**. In return for a loan I have received, I promise to pay WebBank ("you") the principal sum of __________________ Dollars ($__________), together with interest thereon commencing on the date of origination at the rate of ____ percent (___%) per annum simple interest. I understand that references in this Promissory Note ("Note") to you shall also include any person to whom you transfer this Note.

2. **Payments**. I will pay the principal, interest, and any late charges or other fees on this Note when due. This Note is payable in ___ monthly installments of $___________ each, consisting of principal and interest, commencing on the ________ day of _____________, and continuing until the final payment of _________________ on ______________, which is the maturity date of this Note. Because of the daily accrual of interest on my loan and the effect of rounding, my final payment may be more or less than my regular payment. My final payment shall consist of the then remaining principal, unpaid accrued interest and other charges due under this Note. All payments will be applied first to any unpaid fees then due, whether they are incurred as a result of failed payments, as provided in Paragraph 11, payment processing fees assessed, or any late payments, as provided in Paragraph 4; then to any interest then due; and then to principal. However, if I am delinquent, the application of my payments may change. No unpaid interest, fees or charges will be added to principal. I further acknowledge that, if I make my payments after the scheduled due date, or incur a charge/fee, this Note will not amortize as originally scheduled, which may result in a substantially higher final payment amount.

3. **Interest**. Interest will be charged on unpaid principal until the full amount of principal has been paid. Interest under this Note will accrue daily, on the basis of a 365-day year. The interest rate I will pay will be the rate I will pay both before and after any default.

4. **Late Charge**. If the full amount of any monthly payment is not made by its due date, I will pay you a late charge of the greater of $15 or 5.00% of the unpaid portion of the monthly payment. I will pay this late charge when it is assessed but only once on each late payment.

5. **Claims and Defenses; Waiver of Defenses; Exception to Waiver**. Except as otherwise provided in this Note, you are not responsible or liable to me for the quality, safety, legality, or any other aspect of any property or services purchased with the proceeds of my loan. If I have a dispute with any person from whom I have purchased such property or services, I agree to settle the dispute directly with that person.

If and only if the proceeds of my loan will be applied in whole or part to purchase property or services from a person or entity that has entered into a contractual relationship with you

or Prosper related to financing of such property or services, the following notice may apply:

NOTICE

ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF GOODS OR SERVICES OBTAINED WITH THE PROCEEDS HEREOF. RECOVERY HEREUNDER BY THE DEBTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR HEREUNDER.

6. **Certification**.
I certify that the proceeds of my loan will not be applied in whole or in part to postsecondary educational expenses (i.e., tuition, fees, required equipment or supplies, or room and board) at a college/university/vocational school, as the term "postsecondary educational expenses" is defined in Bureau of Consumer Financial Protection Regulation Z, 12 C.F.R. § 1026.46(b)(3).

7. **Method of Payment**.
I may make payments (i) by electronic fund transfer from an account that I designate using an automated clearinghouse (ACH) or (ii) by check.

I understand that payments by check may incur an additional processing fee of up to $5.00 for each payment by check. Currently applicable fees are available at www.prosper.com or by calling 1-866-615-6319. I will make all checks payable to Prosper Funding LLC and send them to Prosper Marketplace, Inc., P.O. Box 396081, San Francisco, CA 94139-6081 in a manner so as to ensure that it is received with sufficient time to process prior to my scheduled payment due date. To ensure efficient processing of my check, I will reference my loan number on the check.

I recognize that if I have automated withdrawal enabled, it is my responsibility to ensure that all amounts I owe are paid when due, even if not debited from my account.

If I close my account or if my account changes or is otherwise inaccessible such that you are unable to withdraw my payments from that account or process my check, I will notify you at least three (3) business days prior to any such closure, change or inaccessibility of my account, and authorize you to withdraw my payments, or I will provide a check, from another account that I designate.

With regard to payments made by automatic withdrawals from my account, I have the right to (i) stop payment of a preauthorized automatic withdrawal, or (ii) revoke my prior authorization for automatic withdrawals with regard to all further payments under this Note, by notifying the financial institution where my account is held, orally or in writing at least three (3) business days before the scheduled date of the transfer. I agree to notify you orally or in writing, at least three (3) business days before the scheduled date of the transfer, of the exercise of my right to stop a payment or to revoke my prior authorization for further automatic withdrawals.

8. **Default and Remedies**. If I fail to make any payment when due in the manner required by Paragraph 7, I will be delinquent. If I (a) am delinquent, (b) file or have instituted against me a bankruptcy or insolvency proceeding or make any assignment for the benefit of creditors, or (c) in the event of my death, you may in your sole discretion deem me in default and accelerate the maturity of this Note and declare all principal,

interest and other charges due under this Note immediately due and payable. If you deem me in default due to delinquency and if you exercise the remedy of acceleration, you will use reasonable efforts to provide prior notice of acceleration.

9. **Prepayments**. I may prepay this Note in full or in part at any time without penalty. I acknowledge that partial prepayments will not change the due date or amount of my monthly payment.

10. **Waivers**. You may accept late payments or partial payments, even though marked "paid in full," without losing any rights under this Note, and you may delay enforcing any of your rights under this Note without losing them. You do not have to (a) demand of amounts due (known as "presentment"), (b) give notice that amounts due have not been paid (known as "notice of dishonor"), or (c) obtain an official certification of nonpayment (known as "protest"). I hereby waive presentment, notice of dishonor and protest. Even if, at a time when I am in default, you do not require me to pay immediately in full as described above, you will still have the right to do so if I am in default at a later time. Neither your failure to exercise any of your rights, nor your delay in enforcing or exercising any of your rights, will waive those rights. Furthermore, if you waive any right under this Note on one occasion, that waiver will not operate as a waiver as to any other occasion.

11. **Insufficient**
Funds Charge. If I attempt to make a payment, whether by automated withdrawal from my designated account or by other means, and the payment cannot be made due to (i) insufficient funds in my account, (ii) the closure, change or inaccessibility of my account without my having notified you as provided in Paragraph 7, or (iii) for any other reason (other than an error by you), I will pay you an additional fee of $15 for each returned or failed automated withdrawal or other item, unless prohibited by applicable law. I will pay this fee when it is assessed.

12. **Attorneys' Fees**.
To the extent permitted by law, I am liable to you for your legal costs if you refer collection of my loan to a lawyer who is not your salaried employee. These costs may include reasonable attorneys' fees as well as costs and
expenses of any legal action.

13. **Loan Charges**.
If a law that applies to my loan and sets maximum loan charges is finally interpreted so that the interest or other loan charges collected or to be collected in connection with my loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me that exceeded permitted limits will be refunded to me. You may choose to make this refund by reducing the principal I owe under this Note or by making a direct payment to me.

14. **Assignment**. I may not assign any of my obligations under this Note without your written permission. You may assign this Note at any time without my permission. Unless prohibited by applicable law, you may do so without telling me. My obligations under this Note apply to all of my heirs and permitted assigns. Your rights under this Note apply to each of your successors and assigns.

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15. **Notices**. All notices and other communications hereunder shall be given in writing and shall be deemed to have been duly given and effective (i) upon receipt, if delivered in person or by facsimile, email or other electronic transmission, or (ii) one day after deposit prepaid for overnight delivery with a national overnight express delivery service. Except as expressly provided otherwise in this Note, notices to me may be addressed to my registered email address or to my address set forth above unless I provide you with a different address for notice by giving notice pursuant to this Paragraph, and notices to you must be addressed to WebBank at legal@prosper.com or c/o Prosper Marketplace, Inc., 221 Main Street, Third Floor, San Francisco, CA 94105, Attention: Legal Department.

16. **Governing Law**.
This Note is governed by federal law and, to the extent that state law applies, the laws of the State of Utah.

17. **Miscellaneous**.
No provision of this Note shall be modified or limited except by an agreement signed by both you and me. The unenforceability of any provision of this Note shall not affect the enforceability or validity of any other provision of this Note.

18. **Arbitration**. **RESOLUTION OF DISPUTES: I HAVE READ THIS PROVISION CAREFULLY, AND UNDERSTAND THAT IT LIMITS MY RIGHTS IN THE EVENT OF A DISPUTE BETWEEN YOU AND ME. I UNDERSTAND THAT I HAVE THE RIGHT TO REJECT THIS PROVISION, AS PROVIDED IN PARAGRAPH (i) BELOW.**

(a) In this Resolution of Disputes provision:

(i) “I,” “me” and “my” mean the promisor under this Note, as well as any person claiming through such promisor;

(ii) “You” and “your” mean WebBank, any person servicing this Note for WebBank, any subsequent holders of this Note or any interest in this Note, any person servicing this Note for such subsequent holder of this note, and each of their respective parents, subsidiaries, affiliates, predecessors, successors, and assigns, as well as the officers, directors, and employees of each of them; and

(iii) “Claim” means any dispute, claim, or controversy (whether based on contract, tort, intentional tort, constitution, statute, ordinance, common law, or equity, whether pre-existing, present, or future, and whether seeking monetary, injunctive, declaratory, or any other relief) arising from or relating to this Note or the relationship between you and me (including claims arising prior to or after the date of the Note, and claims that are currently the subject of purported class action litigation in which I am not a member of a certified class), and includes claims that are brought as counterclaims, cross claims, third party claims or otherwise, as well as disputes about the validity or enforceability of this Note or the validity or enforceability of this Section

(b) Any Claim shall be resolved, upon the election of either you or me, by binding arbitration administered by the American Arbitration Association or JAMS, under the applicable arbitration rules of the administrator in effect at the time a Claim is filed (“Rules”). **Any arbitration under this arbitration agreement will take place on an individual basis; class arbitrations and**

class actions are not permitted. If I file a claim, I may choose the administrator; if you file a claim, you may choose the administrator, but you agree to change to the other permitted administrator at my request (assuming that the other administrator is available). I can obtain the Rules and other information about initiating arbitration by contacting the American Arbitration Association at 1633 Broadway, 10th Floor, New York, NY 10019, (800) 778-7879, www.adr.org; or by contacting JAMS at 1920 Main Street, Suite 300, Irvine, CA 92614, (949) 224-1810, www.jamsadr.com. Your address for serving any arbitration demand or claim is WebBank, c/o Prosper Marketplace, Inc., 221 Main Street, Third Floor, San Francisco, CA 94105, Attention: Legal Department.

(c) Claims will be arbitrated by a single, neutral arbitrator, who shall be a retired judge or a lawyer with at least ten years' experience. You agree not to invoke your right to elect arbitration of an individual Claim filed by me in a small claims or similar court (if any), so long as the Claim is pending on an individual basis only in such court.

(d) You will pay all filing and administration fees charged by the administrator and arbitrator fees up to $1,000, and you will consider my request to pay any additional arbitration costs. If an arbitrator issues an award in your favor, I will not be required to reimburse you for any fees you have previously paid to the administrator or for which you are responsible. If I receive an award from the arbitrator, you will reimburse me for any fees paid by me to the administrator or arbitrator. Each party shall bear its own attorney's, expert's and witness fees, which shall not be considered costs of arbitration; however, if a statute gives me the right to recover these fees, or fees paid to
the administrator or arbitrator, then these statutory rights will apply in arbitration.

(e) Any in-person arbitration hearing will be held in the city with the federal district court closest to my residence, or in such other location as you and we may mutually agree. The arbitrator shall apply applicable substantive law consistent with the Federal Arbitration Act, 9 U.S.C. § 1-16, and, if requested by either party, provide written reasoned findings of fact and conclusions of law. The arbitrator shall have the power to award any relief authorized under applicable law. Any appropriate court may enter judgment upon the arbitrator's award. The arbitrator's decision will be final and binding except that: (1) any party may exercise any appeal right under the FAA; and (2) any party may appeal any award relating to a claim for more than $100,000 to a three-arbitrator panel appointed by the administrator, which will reconsider de novo any aspect of the appealed award. The panel's decision will be final and binding, except for any appeal right under the FAA. Unless applicable law provides otherwise, the appealing party will pay the appeal's cost, regardless of its outcome. However, you will consider any reasonable written request by me for you to bear the cost.

(f) YOU AND I AGREE THAT EACH MAY BRING CLAIMS AGAINST THE OTHER ONLY IN OUR INDIVIDUAL CAPACITY, AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING. Further, unless both you and I agree otherwise in writing, the arbitrator may not consolidate more than one person's claims. The arbitrator shall have no power to arbitrate any Claims on a class action basis or Claims brought in a purported representative capacity on behalf of the general public, other borrowers, or other persons similarly situated. The validity and effect of this paragraph (f) shall be determined exclusively by a court, and not by the administrator or any arbitrator.

(g) If any portion of this Section 18 is deemed invalid or unenforceable for any reason, it shall not invalidate the remaining portions of this section. However, if paragraph (f) of this Section 18 is deemed invalid or unenforceable in whole or in part, then this entire Section 18 shall be deemed invalid and unenforceable. The terms of this Section 18 will prevail if there is any conflict between the Rules and this section.

(h) **YOU AND I AGREE THAT, BY ENTERING INTO THIS NOTE, THE PARTIES ARE EACH WAIVING THE RIGHT TO A TRIAL BY JURY OR TO PARTICIPATE IN A CLASS ACTION. YOU AND I ACKNOWLEDGE THAT ARBITRATION WILL LIMIT OUR LEGAL RIGHTS, INCLUDING THE RIGHT TO PARTICIPATE IN A CLASS ACTION, THE RIGHT TO A JURY TRIAL, THE RIGHT TO CONDUCT FULL DISCOVERY, AND THE RIGHT TO APPEAL (EXCEPT AS PERMITTED IN PARAGRAPH (e) OR UNDER THE FEDERAL ARBITRATION ACT).**

(i) I understand that I may reject the provisions of this Section 18, in which case neither you nor I will have the right to elect arbitration. Rejection of this Section 18 will not affect the remaining parts of this Note. To reject this Section 18, I must send you written notice of my rejection within 30 days after the date that this Note was made. I must include my name, address, and account number. The notice of rejection must be mailed to WebBank, c/o Prosper Marketplace, Inc., 221 Main Street, San Francisco, CA 94105, Attention: Legal Department. This is the only way that I can reject this Section 18.

(j) You and I acknowledge and agree that the arbitration agreement set forth in this Section 18 is made pursuant to a transaction involving interstate commerce, and thus the Federal Arbitration Act shall govern the interpretation and enforcement of this Section 18. This Section 18 shall survive the termination of this Note and the repayment of any or all amounts borrowed thereunder.

(k) This section shall not apply to covered borrowers as defined in the Military Lending Act.

19. **Electronic Transactions**. THIS NOTE INCLUDES YOUR EXPRESS CONSENT TO ELECTRONIC TRANSACTIONS AND DISCLOSURES, WHICH CONSENT IS SET FORTH IN THE PARAGRAPH ENTITLED “CONSENT TO DOING BUSINESS ELECTRONICALLY” AS DISCLOSED IN PROSPER’S TERMS OF USE ON PROSPER.COM, THE TERMS AND CONDITIONS OF WHICH ARE EXPRESSLY INCORPORATED HEREIN IN THEIR ENTIRETY. YOU EXPRESSLY AGREE THAT THIS NOTE MAY COMPRISE A “TRANSFERABLE RECORD” FOR ALL PURPOSES UNDER THE ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT AND THE UNIFORM ELECTRONIC TRANSACTIONS ACT.

20. **Registration of Note Owners**. I have appointed Prosper Funding LLC as my authorized agent (in such capacity, the “Note Registrar”) to maintain a book-entry system (the “Register”) for recording the beneficial owners of interests in this Note (the “Note Owners”). The person or persons identified as the Note Owners in the Register shall be deemed to be the owner(s) of this Note for purposes of receiving payment of principal and interest on such Note and for all other purposes. With respect to any transfer by a Note Owner of its beneficial interest in this Note, the right to payment of principal and interest on this Note shall not be effective until the transfer is recorded in the Register.

21. **State Notices**

California Residents

Married registrants may apply for a separate account. As required by law, I am hereby notified that a negative credit report reflecting on my credit record may be submitted to a credit reporting agency if I fail to fulfill the terms of my credit obligations.

Iowa Residents

NOTICE TO CONSUMER:
1. Do not sign this paper before you read it. 2. You are entitled to a copy of this paper. 3. You may prepay the unpaid balance at any time without penalty and may be entitled to receive a refund of unearned charges in accordance with law.

IMPORTANT: READ BEFORE SIGNING. The terms of this agreement should be read carefully because only those terms in writing are enforceable. No other terms or oral promises not contained in this written contract may be legally enforced. I may change the terms of this agreement only by another written agreement.

Kansas Residents

NOTICE TO CONSUMER:
1. Do not sign this agreement before you read it. 2. You are entitled to a copy of this agreement. 3. You may prepay the unpaid balance at any time without penalty.

Missouri Residents

Oral or unexecuted agreements or commitments to loan money, extend credit or to forbear from enforcing repayment of a debt including promises to extend or renew such debt are not enforceable. To protect me (borrower(s)) and you (creditor) from misunderstanding or disappointment, any agreements we reach covering such matters are contained in this writing, which is the complete and exclusive statement of the agreement between us, except as we may later agree in writing to modify it.

Nebraska Residents

A credit agreement must be in writing to be enforceable under Nebraska law. To protect you and me from any misunderstandings or disappointments, any contract, promise, undertaking, or offer to forebear repayment of money or to make any other financial accommodation in connection with this loan of money or grant or extension of credit, or any amendment of, cancellation of, waiver of, or substitution for any or all of the terms or provisions of any instrument or document executed in connection with this loan of money or grant or extension of credit, must be in writing to be effective.

New Jersey Residents

Because certain provisions of this Note are subject to applicable laws, they may be void, unenforceable or inapplicable in some jurisdictions. None of these provisions, however, is void, unenforceable or inapplicable in New Jersey.

Ohio Residents

The Ohio laws against discrimination require that all creditors make credit equally available to all credit worthy customers, and that credit reporting agencies maintain separate credit histories on each individual upon request. The Ohio civil rights commission administers compliance with this law.

Utah Residents

As required by Utah law, I am hereby notified that a negative credit report reflecting on my credit record may be submitted to a credit reporting agency if I fail to fulfill the terms of my credit obligations.

This Note is the final expression of the agreement between the parties and may not be contradicted by evidence of any alleged oral agreement.

Washington Residents

For primarily non-consumer purpose loans: Oral agreements or oral commitments to loan money, extend credit or to forbear from enforcing repayment of a debt are not enforceable under Washington law.

Wisconsin Residents

No provision of a marital property agreement, a unilateral statement or a court decree adversely affects the interest of the creditor unless the creditor, prior to the time the credit is granted, is furnished a copy of the agreement, statement or decree or has actual knowledge of the adverse provision when the obligation to the creditor is incurred.

22.**Military Lending Act.** The Military Lending Act provides specific protections for active duty service members and their dependents in consumer credit transactions. This Section includes information on the protections provided to covered borrowers as defined in the Military Lending Act.

(a) Statement of MAPR.

Federal law provides important protections to members of the Armed Forces and their dependents relating to extensions of consumer credit. In general, the cost of consumer credit to a member of the Armed Forces and his or her dependent may not exceed an annual percentage rate of 36 percent. This rate must include, as applicable to the credit transaction or account: The costs associated with credit insurance premiums; fees for ancillary products sold in connection with the credit transaction; any application fee charged (other than certain application fees for specified credit transactions or accounts); and any participation fee charged (other than certain participation fees for a credit card account).

(b) Section 18 of this Note shall not be applicable to, and shall not be enforceable against, a covered borrower as defined in the Military Lending Act.

(c) Oral Disclosures. Please call 1-855-993-2967 to obtain oral disclosures, including the statement of MAPR and the payment schedule applicable to your loan, required under the Military Lending Act.

23. By signing this Note, I acknowledge that I (i) have read and understand all terms and conditions of this Note, (ii) agree to the terms set forth herein, and (iii) acknowledge receipt of a completely filled-in copy of this Note.

Wisconsin Residents:
NOTICE TO CUSTOMER: (a) DO NOT SIGN THIS IF IT CONTAINS ANY BLANK SPACES. (b) YOU ARE ENTITLED TO AN EXACT COPY OF ANY AGREEMENT YOU SIGN. (c) YOU HAVE THE RIGHT AT ANY TIME TO PAY IN ADVANCE THE UNPAID BALANCE DUE UNDER THIS AGREEMENT AND YOU MAY BE ENTITLED TO A PARTIAL REFUND OF THE FINANCE CHARGE.

CAUTION --
IT IS IMPORTANT THAT YOU THOROUGHLY READ THE CONTRACT BEFORE YOU SIGN IT.

Date: _______________

By: Prosper Marketplace, Inc.

Attorney-in-Fact for:

_________________________________ [Borrower]

(Signed Electronically)
Last Updated: May 2017

Exhibit 10.8 Execution Version

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request. This text has been separately filed with the SEC.

LOAN PURCHASE AGREEMENT

dated as of February 27, 2017

among

PROSPER FUNDING LLC,
as Seller,

PF LOANCO FUNDING LLC,
as Beneficiary,

and

WILMINGTON SAVINGS FUND SOCIETY, FSB,
In its capacity as Trustee of PF LOANCO TRUST,
as Purchaser

(Unsecured Consumer Loans)

THIS LOAN PURCHASE AGREEMENT, dated as of February 27, 2017, is made by and among Prosper Funding LLC, a Delaware limited liability company, as seller (together with its successors and permitted assigns, "Seller"), PF LoanCo Funding LLC, a Cayman Islands limited liability company (together with its successors and assigns, "Beneficiary"), and Wilmington Savings Fund Society, FSB, not in its individual capacity but solely in its capacity as trustee (the "Trustee") of PF LoanCo Trust, a New York common law trust created pursuant to the Trust Agreement defined below (together with its successors and permitted assigns in such capacity, "Purchaser").

RECITALS

WHEREAS, from time to time, Seller purchases, without recourse, unsecured consumer loans from WebBank, a Utah chartered industrial bank (the "Bank");

WHEREAS, Seller wishes to sell to Purchaser for the benefit of Beneficiary, from time to time, certain of these unsecured consumer loans that Seller acquires from the Bank, and Seller and Beneficiary desire to set forth the terms and conditions under which Beneficiary will purchase such loans; and

WHEREAS, Beneficiary has established PF LoanCo Trust, a New York common law trust (the "Trust") pursuant to that certain Trust Agreement dated as of February 27, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "Trust Agreement") by and among Beneficiary, as Depositor and Administrator (each as defined therein) thereunder and the Trustee, and desires that the loans to be sold hereunder be acquired directly by the Purchaser to be held in trust pursuant to the Trust Agreement;

NOW, THEREFORE, in consideration of the foregoing and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, Seller, Beneficiary and Purchaser hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01 **Defined Terms**.

As used in this Agreement, the following defined terms shall have the meanings set forth below: [***]

"[***]% Test" has the meaning set forth in the Warrant Agreement.

"AAA" has the meaning specified in Section 7.03(d)(i).

"Active Loan Channel" means a channel of the Institutional Platform that allows lender members to commit to purchase whole loans from Seller after the related Loan Listings have been posted to the portion of the Website accessible for bid by all lender members who have entered into agreements with Seller to purchase whole loans on the Institutional Platform.

"Actual Knowledge" means, with respect to Seller, the actual (but not constructive or imputed) knowledge of any individual employed by Seller or PMI holding the job title of Senior Director (Grade 9) or higher.

"Affiliate" means, when used with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with, such Person. As used in this definition of Affiliate, the term "control" means the power, directly or indirectly, to direct or cause the direction of the management and policies of a Person, whether through ownership of such Person's voting securities, by contract or otherwise, and the terms "affiliated", "controlling" and "controlled" have correlative meanings.

"Agreement" means this Loan Purchase Agreement, dated as of February 27, 2017, by and among Seller, Beneficiary and Purchaser, and all exhibits and schedules attached hereto, as amended, restated, amended and restated, supplemented or otherwise modified from time to time.

"Aggregate Purchase Obligation" means five billion dollars ($5,000,000,000.00), minus (i) [***] which represents previously originated Loans sold to an Affiliate of a Consortium Member [***], which the Purchaser may purchase from such entity, and (ii) the aggregate purchase price for all loans purchased by the [***] pursuant to the [***], which amount shall not exceed [***].

"Allocation Breach" has the meaning set forth in Section 2.04(b).

[***]

"Allocation Damages" has the meaning set forth in Section 2.04(g)(ii).

[***]

[***]

"AML-BSA Laws" means, collectively, (i) the Bank Secrecy Act of 1970, as supplemented by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act, and any rules and regulations promulgated thereunder; (ii) OFAC's rules and regulations regarding the blocking of assets and the prohibition of transactions involving Persons or countries designated by OFAC; and (iii) any other Applicable Laws relating to customer identification, anti-money laundering or preventing the financing or terrorism and other forms of illegal activity, each as amended.

"Anticipated Origination Date" means, the date that is expected to be the Origination Date and will be the Origination Date if the Beneficiary funds the Purchase Price into the FBO Funding Account in accordance with Section 2.06(a) or would have been the Origination Date but for the Beneficiary's failure to fund the Purchase Price into the FBO Funding Account on such date in accordance with Section 2.06(a).

"Applicable Laws" means all federal, state and local laws, statutes, rules, regulations, court orders and decrees, administrative orders and decrees, and other legal requirements of any and every conceivable type applicable to any Purchased Loan (including, without limitation, the underwriting, marketing, origination, servicing (including all collection activities related thereto), ownership, holding, acquisition and sale of such Purchased Loan), and all requirements of any Regulatory Authority having jurisdiction over the Bank, Seller, Beneficiary or Purchaser as indicated by the context, as any such laws, statutes, regulations, orders, decrees or requirements may be amended and in effect and interpreted by relevant courts or regulatory agencies from time to time.

"Approved State" means each state in which under Applicable Law (a) the Bank is licensed, qualified, approved or otherwise authorized (including without limitation any exemption from licensing or qualification) to originate a Loan, and (b) Seller is licensed, qualified, approved or otherwise authorized (or exempt from such laws) to perform its activities relating to the acquisition and ownership of such Loan under the Bank Program, the sale of such Loan under this Agreement and the servicing of such Loan under the Servicing Agreement.

"Arbitration Period" has the meaning specified in Section 7.03(d).

"Backlog List" has the meaning set forth in Section 2.04(c).

"Backup Servicer" means, Wilmington Trust, National Association, or such other entity as the Purchaser notifies the Seller is its backup servicer.

"Bank" has the meaning set forth in the recitals to this Agreement.

"Bank Program" means the consumer installment loan program administered through Seller's website, www.prosper.com (or similar method, including but not limited to, the Prosper Daily application, other in-app applications, or other affiliated or third party sites via API or other method of integration), pursuant to which the Bank establishes consumer installment loan accounts for Borrowers into which the Bank disburses Loan proceeds pursuant to the Loan Documents.

"Bankruptcy Code" means Title 11 of the United States Code, 11 U.S.C. §§ 101 et. seq., as amended from time to time.

"Beneficiary" has the meaning set forth in the recitals to this Agreement.

"Beneficiary Operating Agreement" means the Amended and Restated Limited Liability Company Agreement of the Beneficiary, as the same may be amended, restated or otherwise modified.

"Beneficiary's Prosper Account" means the Prosper Account established by Beneficiary in the name of the Trust.

[***]

"Borrower" means, with respect to any Loan, collectively, each borrower and other obligor (including any co-signor or guarantor) of the payment obligation for such Loan.

"Borrower Payment Dependent Notes" means the borrower payment dependent notes issued and sold by Seller through its Retail Platform.

"Business Day" means any day other than (i) a Saturday, (ii) a Sunday, (iii) any day that is a legal holiday under the laws of the State of California, the State of Utah or, for purposes of commitments, notification and repurchase obligations under Sections 2.04, 2.05, 2.06, 2.12, 4.07 (a)(i), 7.03(d) and 9.01, the State of New York or (iv) any day on which a bank located in the State of California, the State of Utah or, for purposes of commitments, notification and repurchase obligations under Sections 2.04, 2.05, 2.06, 2.12, 4.07 (a)(i), 7.03(d) and 9.01, the State of New York, is authorized or permitted to close for business.

"Channel" or "Channels" means (a) individually, either the Active Loan Channel or the Passive Loan Channel and (b) collectively, both of the above.

"Charged Off Loan" has the meaning ascribed to such term in the Servicing Agreement.

"Closing Date" means February 27, 2017.

[***]

[***]

[***]

[***]

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[***]

[***]

[***]

[***]

[***]

[***]

"Commitment Breach" means any failure of Beneficiary to respond in writing to the Monthly Purchase Request by delivering a Monthly Purchase Acceptance specifying a Monthly Purchase Amount within [***] calendar weeks of the delivery of a Monthly Purchase Request as required under this Agreement or any Monthly Purchase Acceptance provided by Beneficiary as required under this Agreement that specifies a Monthly Purchase Amount that is less than the Minimum Monthly Purchase Amount.

"Compliance Review" has the meaning set forth in Section 4.05(h).

"Condition Precedent Pause Period" has the meaning set forth in [***].

"Confidential Information" means:

(i) information regarding Discloser's customers, capital structure, financial condition and results of operations, financial and risk models, projections, loss and return estimates, compliance and risk management systems, loan pricing, customer fees and charges, vendor pricing, organizational structure, employee compensation and benefits, stock and other deferred compensation plans, employee and stockholder agreements, as well as non-public information regarding pending or threatened litigation or regulatory matters involving Discloser;

(ii) information regarding Discloser's inventions, discoveries, developments, improvements, processes, systems, methods, devices, patents, patent applications, trademarks, intellectual property, know- how, trade secrets, instruments, materials, products, programs, techniques, designs, research/development activities and plans, data, specifications, computer programs/code (object or source), costs of production, promotional methods, marketing plans/ strategies, clinical plans, business opportunities, vendors, customer lists, including, without limitation, when Seller is the Discloser, new credit products, the Platform, the Website and Seller's credit policy;

(iii) with respect to Beneficiary or Purchaser as Discloser, any Customer NPPI;

(iv) any portions of this Agreement, the Servicing Agreement, [***] and the Warrant Agreement that are subject to confidential treatment and are not publicly available and any other documents, instruments or agreements entered into or delivered in connection herewith or therewith;

(v) information: (A) that is marked "Confidential", "Proprietary" or in some similar way; or (B) that Discloser identifies as Confidential Information when disclosed or within a reasonable time afterwards;

(vi) any third party information with respect to which Discloser is subject to restrictions on disclosure or use based on the confidential nature of such information and is either marked "Confidential," "Proprietary" or in some similar way or as to which Discloser has so informed Recipient; *provided, however*, that "Confidential Information" does not include, and therefore Article 6 shall not apply to, any information:

(A) that was publicly known or made generally available to the public prior to its disclosure hereunder;

(B) that becomes publicly known or is made generally available to the public following its disclosure hereunder through no act or omission in breach of Article 6 herein by Recipient or anyone to whom Recipient has disclosed such information;

(C) that Recipient or any of Recipient's Representatives rightfully possessed or knew prior to its disclosure hereunder;

(D) that was independently developed by Recipient or any of Recipient's Representatives without use of or reference to any information received by or on behalf of Recipient hereunder; or

(E) that Recipient or any of Recipient's Representatives rightfully obtained from a third party, where such third party was not subject to any restrictions on disclosure with respect to such information to Recipient's knowledge.

For the avoidance of doubt, once a Loan becomes a Purchased Loan, Beneficiary and Purchaser shall be the Discloser and Seller shall be the Recipient, with respect to any Confidential Information.

"Consortium Member" means each of [***], a Delaware limited partnership, [***], a Delaware limited liability company, [***], a Delaware limited liability company, and [***], a Delaware limited partnership.

"Credit Guidelines" means the Credit Guidelines for the Bank Program, a copy of which as in effect on the date hereof is attached as Exhibit C hereto, as they may be amended, restated, amended and restated, supplemented or otherwise modified by the Bank or Seller from time to time as permitted by this Agreement.

[***]

"Cure [***]% Test" has the meaning set forth in the Warrant Agreement.

"Cure Condition" has the meaning set forth in Section 2.02.

[***]

[***]

[***]

[***]

"Customer NPPI" means any Non-Public Personal Information of any actual or potential Borrower or other customer of Seller.

"Damages" has the meaning set forth in Section 5.01.

"Data Files" means the data files described on Exhibit B hereto.

"Debtor Relief Laws" means (i) the Bankruptcy Code and (ii) all other applicable liquidation, conservatorship, bankruptcy, moratorium, arrangement, receivership, insolvency, reorganization, suspension of payments, adjustment of debt, marshalling of assets or similar debtor relief laws of the United States, any state or any foreign country from time to time in effect affecting the rights of creditors generally.

"Defaulted Loan" shall mean as of any date of determination a Loan (i) for which the related Borrower is more than 120 calendar days past due on any payment required to be made thereunder, (ii) for which the related Borrower is the subject of any proceeding under any Debtor Relief Law or (iii) which constitutes a Charged Off Loan.

"Deficient Origination Period" has the meaning set forth in Section 2.05(b).

"Delinquent Loan" shall mean a Loan (a) for which all or a portion of any Scheduled Payment is thirty-one (31) or more days delinquent or (b) with respect to which Servicer shall have determined in good faith that the related Borrower will not resume making Scheduled Payments, and in the case of either of the foregoing clauses (a) and (b), that is not a Defaulted Loan.

"Discloser" has the meaning set forth in Section 6.01.

"Due Period" shall, mean for the first Measurement Date, the period from the date hereof to and including the last full day of the [***] full calendar month following the date hereof, and for each subsequent Measurement Date, the immediately preceding calendar month.

"Electronic Record" means a contract or other information record relating to a Loan that is created, generated, sent, communicated, received or stored by electronic means.

"Eligible Loan" means, as of the applicable Purchase Date, a Loan that satisfies each of the following conditions:

(1) such Loan has been originated by the Bank in accordance with the Bank Program using the Form Loan Documents and acquired by Seller in accordance with the Bank Program and the WebBank Agreements;

(2) such Loan satisfies the Credit Guidelines;

(3) such Loan has been originated in the ordinary course of business by the Bank in accordance with the Credit Guidelines in effect on the corresponding Origination Date;

(4) the applicable Borrower of such Loan is a natural Person;

(5) the applicable Borrower of such Loan is, at the time of loan origination, a resident of an Approved State, and is not a resident of the [***] unless Seller has received prior written consent from Purchaser to purchase Loans made to residents of the [***];

(6) neither the Loan nor the applicable Borrower is subject to or restricted by any receivership, insolvency or bankruptcy proceeding;

(7) Seller has not received any notice of (i) actual or imminent bankruptcy, insolvency or material impairment of the financial condition of the related Borrower under such Loan or (ii) actual or threatened litigation regarding the validity or enforceability of such Loan or the interest rate and fees applicable to such Loan;

(8) Seller or PMI, on the one hand, and the applicable Borrower, on the other hand, are not engaged in any litigation or arbitration whatsoever with respect to each other, and neither has threatened the other in writing with any litigation or arbitration;

(9) to the Actual Knowledge of Seller, the Bank, on the one hand, and the applicable Borrower, on the other hand, are not engaged in any litigation or arbitration whatsoever with respect to each other, and neither has threatened the other with any litigation or arbitration;

(10) the terms and conditions of such Loan have not been waived, altered, modified or amended in any respect;

(11) principal payments of, and interest payments on, such Loan are payable to the Bank and its successors and assigns as owner of such Loan in legal tender of the United States and are made by the applicable Borrower and not by the Bank, Seller or any of their respective Affiliates;

(12) the number of days between contractual payment dates of such Loan does not exceed 31 days;

(13) no monthly payment with respect to such Loan has at any time been contractually past due;

(14) such Loan does not contain any provisions (i) pursuant to which monthly payments are paid by any source other than the applicable Borrower or (ii) that may constitute a "buydown" provision;

(15) such Loan is not a graduated payment consumer loan, and does not have a shared appreciation or other contingent interest feature;

(16) such Loan is not a revolving line of credit or similar credit facility, has been fully disbursed and funded, and no obligation for making any future advance to the related Borrower exists or is contemplated with respect to such Loan;

(17) such Loan is a fully amortizing, simple interest loan with equal scheduled monthly installments with the exception of the final scheduled installment payment, which may

vary (in a non-material amount) from the regular scheduled monthly installment, without giving effect to any charges or fees due to delinquency;

(18) the funds disbursed to the Borrower in connection with the origination of such Loan were net of applicable Origination Fees;

(19) such Loan does not constitute a "transferable record" under Section 16 of the Uniform Electronic Transactions Act as in effect in the applicable jurisdiction or under Section 7021 of the Electronic Signatures in Global and National Commerce Act;

(20) the Loan was originated in accordance with and complies with Applicable Laws;

(21) the sale and transfer of the Loan to Purchaser under this Agreement complies with all Applicable Laws;

(22) the Loan was not obtained as a result of fraud or identity theft on the part of the Borrower;

(23) the Loan has been serviced in accordance with Applicable Laws, the Servicing Agreement (including the servicing standard therein) and the terms of such Loan;

(24) no security interest has been granted over the Loan (other than to Purchaser);

(25) any information provided by the Borrower and required to be verified by Seller in accordance with the Credit Guidelines is true and correct in all material respects;

(26) the Loan represents the legal, valid and binding obligation of the Borrower and is enforceable against the Borrower in accordance with its terms (except as such enforceability may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally and by general principles of equity);

(27) the Borrower had the legal capacity to enter into the related Loan Documents and to execute and deliver such Loan Documents, and such Loan Documents have been duly and properly executed and delivered by or on behalf of such Borrower;

(28) Seller has not done anything to prevent or impair the Loan from being valid, binding and enforceable against the applicable Borrower, and no instrument has been executed by Seller or the Bank that would result in any such release, satisfaction, cancellation or rescission of any Loan or any of the related Loan Documents;

(29) the Loan is in full force and effect in accordance with its terms and constitutes the legal, valid and binding obligation of the Borrower and the enforceability of such Loan is subject to no defense, counterclaim, offset, dispute, recoupment or right of setoff, and Borrower has not asserted any defense, counterclaim, offset, dispute or recoupment with respect to such Loan;

(30) the Loan is not a renewal or extension of any previously defaulted loan;

(31) the Purchase Information for each Loan is true, complete and correct;

(32) no notices to, or consents or approvals from, the Borrower or any other Person are required by the terms of such Loan or otherwise for the consummation of the sale,

transfer or assignment of such Loan or the rights and duties of the holder thereof under this Agreement to Purchaser and such Loan does not contain any provision that restricts the ability of Purchaser to sell such Loan to another Person;

(33) the Borrower is not deceased;

(34) such Loan has not been advanced and outstanding for more than [***] prior to the Purchase Date and no scheduled payment thereon has become due and payable;

(35) Seller has possession of the electronic records evidencing such Loan;

(36) neither Seller nor any of its Affiliates has advanced funds, or induced, solicited or knowingly received any advance of funds from any Person other than the applicable Borrower, directly or indirectly, for the payment of any amount required under such Loan;

(37) the original term of the Loan does not exceed 60 months; (38) [***];

(39) the Loan is in "registered form" for purposes of Internal Revenue Code sections 871(h) and 881(c) and Treasury Regulations section 1.871-14(c), and payments of interest and original issue discount (if any) by the Borrower thereon will be exempt from United States federal income tax withholding under Chapter 3 of the Internal Revenue Code, if applicable, as "portfolio interest" under Internal Revenue Code section 871(h) or 881(c), as applicable, provided that (i) the beneficial owner of the Loan is not a person described in section 881(c)(3) and (ii) the Servicer receives a statement which meets the requirements of Internal Revenue Code section 871(h)(5) that the beneficial owner of the Loan is not a United States person;

(40) the Loan is denominated in U.S. dollars and the address provided by the related Borrower and the related bank account used by such Borrower to make payments on such Loan in the form of ACH transfers are each located in the United States or a U.S. territory;

(41) the Loan constitutes an "account", a "payment intangible" or proceeds thereof and is not an "instrument", "chattel paper" or "electronic chattel paper" (each such term as defined in the UCC);

(42) the related Loan Documents evidencing the Loan are complete and accurate and represent the entire agreement between the Bank and Seller, on the one hand, and the Borrower, on the other hand;

(43) such Loan was originated on or after August 1, 2016;

(44) such Loan has a balance at origination of less than or equal to $35,000;

(45) the Borrower with respect to such Loan had a FICO Score equal to or greater than 640;

(46) the Loan's interest rate is less than 36% APR;

(47) such Loan has a Prosper Rating of at least "HR";

(48) [***]; and

(49) [***].

"Exchange Act" means, the Securities Exchange Act of 1934, as amended.

"FBO Funding Account" means a deposit account segregated from Seller's or its Affiliates' own funds and general assets titled "Prosper Funding LLC Funding Account for the benefit of PF LoanCo Trust" maintained by Seller at Wells Fargo Bank, National Association, or such other additional or replacement account or accounts segregated from Seller's or its Affiliates' own funds and general assets as may from time to time be maintained by Seller for the benefit of Purchaser.

"FICO Score" means the consumer credit risk score used to develop the WebBank-Prosper Credit Policy in effect from time to time; as of the Effective Date, the consumer credit risk score used for the WebBank-Prosper Credit Policy is the "FICO08" consumer credit risk score provided by TransUnion LLC.

"Financed Loan" means, a Purchased Loan that is financed under a Financing Facility.

"Financing Facility" has the meaning set forth in Section 4.05(f).

[***]

"Form Loan Documents" means, collectively, the forms of each of the documents listed on Exhibit A hereto that are attached hereto as Exhibit E, as such forms may be modified from time to time in accordance with the terms of this Agreement.

"FTC" means the Federal Trade Commission.

[***]

[***]

[***]

[***]

[***]

[***]

"Indemnified Party" has the meaning set forth in Section 5.03.

"Indemnified Purchaser Party" has the meaning set forth in Section 5.01.

"Indemnifying Party" has the meaning set forth in Section 5.03.

[***]

"Initial [***]% Test" has the meaning set forth in the Warrant Agreement.

"Initial Purchase Date" means March 1, 2017.

"Insolvency Event" means, with respect to any Person, if any of the following events shall occur:
(i) such Person shall file a petition or commence a Proceeding (A) to take advantage of any Debtor Relief Law or (B) for the appointment of a trustee, conservator, receiver, liquidator or similar official for or relating to such Person or all or substantially all of its property, or for the winding up or liquidation of its affairs,
(ii) such Person shall consent or fail to object to any such petition filed or Proceeding commenced against or with respect to it or all or substantially all of its property, or any such petition or Proceeding shall not have been dismissed or stayed within [***] days of its filing or commencement, or a court, agency or other supervisory authority with jurisdiction shall not have decreed or ordered relief with respect to such petition or Proceeding, (iii) such Person shall admit in writing its inability to pay its debts generally as they become due, (iv) such Person shall make an assignment for the benefit of its creditors, (v) such Person shall voluntarily suspend payment of its obligations or (vi) such Person shall take any action in furtherance of any of the foregoing.

"Inspection" has the meaning set forth in Section 4.05(h).

"Institutional Platform" means the online credit platform owned and operated by Seller, and any of its related systems and data for the purchase of Seller's Loans by institutional investors in the Active Loan Channel and the Passive Loan Channel.

"IRR" has the meaning set forth in Section 2.09(e).

[***]

"IRR Requirement" has the meaning set forth in Section 2.09(e).

[***]

"Lien" means any mortgage, deed of trust, hypothecation, collateral assignment, deed to secure debt, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or any lease in the nature thereof), or any other arrangement pursuant to which title to property is retained by or vested in some other Person for security purposes.

"Loan" means an unsecured consumer loan originated by the Bank through the Bank Program and acquired by Seller, which includes all right, title and interest with respect to such loan as a holder of both the beneficial and legal title to such loan, including without limitation (a) electronic copies of the related Loan Documents and Servicing File as well as of any related Data Files, (b) all proceeds from such loan including, without limitation any monthly payments, any prepayments, and any other proceeds, (c) all other rights, interests, benefits, proceeds, remedies and claims in favor or for the benefit of the lender (or its successors or assigns) arising from or relating to such Loan, including the Servicing Rights, and (d) all proceeds of any of the foregoing.

[***]

"Loan Documents" means, with respect to each Purchased Loan, the loan documents listed on Exhibit A hereto; it being understood and agreed that each such document is created and stored on the Platform in electronic form only and, therefore, that no single original of any such document exists.

"Loan List" has the meaning set forth in Section 2.06(a).

"Loan Listing" means a request for a Loan by a potential Borrower made through the Website.

"Loan Portfolio Concentration Limits" has the meaning specified in Section 2.09(d).

"Loan Registrar" means Seller or its designee.

"Loan Trailing Fee" has the meaning set forth in the Servicing Agreement.

[***]

[***]

"Material Adverse Change" means, with respect to a Person, any material adverse change in the business, financial condition, operations or properties of such Person.

"Material Adverse Effect" means, with respect to a Person, (a) a Material Adverse Change with respect to such Person or any of its Affiliates taken as a whole; (b) a material impairment of the ability of such Person to perform under this Agreement (which impairment cannot be timely cured, to the extent a cure period is applicable); or (c) a material adverse effect upon the legality, validity, binding effect or enforceability of this Agreement against such Person (which material adverse effect cannot be timely cured, to the extent a cure period is applicable).

"Material Amendments" means (1) with respect to changes to the [***], any new [***] (as specified in the [***]); or (2) with respect to the [***], any of the following: (a) any [***] that, if implemented, could be expected to result in any loss or yield changes whose individual or aggregate contribution to expected absolute investor return is greater than [***] on a static pool of applicants consisting of the last [***] months of applicants as of the point in time at which the policy impacts is being assessed; (b) [***] that, if implemented, when combined with any previous recommendations not included in clause (a) of this definition, could be expected to result in any loss or yield changes whose individual or aggregate contribution to expected absolute investor return is greater than [***] on a static pool of applicants consisting of the last [***] months of applicants as of the point in time at which the policy impacts is being assessed; or (c) any deletion of, or any amendment to, any of the [***] set forth in the [***], provided that in the case of any amendment, such amendment would result in less restrictive minimum requirements.

"Material Indebtedness" means any indebtedness having, individually or in the aggregate a principal amount greater than or equal to $[***], other than the Borrower Payment Dependent Notes.

"Maximum Monthly Purchase Amount" has the meaning set forth in Section 2.01(a).

[***]

"Minimum Monthly Purchase Amount" has the meaning set forth in Section 2.01(a).

"Minimum Monthly Purchase Test" has the meaning set forth in the Warrant Agreement.

"Measurement Date" means the [***] day of each month (or if such day is not a Business Day, then on the next succeeding Business Day) commencing in March, 2017.

"[***]" has the meaning set forth in Section 2.05(b).

"Month on Book" means, with respect to a Purchased Loan, the number of complete calendar months that have elapsed since calendar month in which the Origination Date of such Purchased Loan occurred, measured at the end of each calendar month.

"Monthly Purchase Acceptance" has the meaning set forth in Section 2.01(b).

"Monthly Purchase Amount" has the meaning set forth in Section 2.01(b).

"Monthly Purchase Request" has the meaning set forth in Section 2.01(b).

"Monthly Requested Purchase Amount" has the meaning set forth in Section 2.01(b).

"Monthly Shortfall" has the meaning set forth in the Warrant Agreement.

"Negative Court Ruling" means the occurrence, after the date hereof, of a ruling, decree, order or other legally binding determination by a court or other governmental authority in which a non-bank purchaser of consumer indebtedness from a federally insured depository institution is denied or not entitled to the benefit of the federal pre-emption applicable to such depository institution for state usury laws or other state laws imposing restrictions on interest or fees payable by the related borrower.

"Net Proceeds" has the meaning ascribed to such term in the Servicing Agreement.

"Non-Offered Loan" means a prospective Loan that the Bank does not originate because (a) the prospective Borrower withdraws or abandons his or her request for such Loan or otherwise fails to complete the underwriting or review process necessary to obtain such Loan or (b) Seller, PMI or their respective agents cancel the prospective Loan during the loan verification process based on their determination that a meaningful risk exists that the prospective Loan would not be an Eligible Loan.

"Non-Performing Roll Rate" shall mean, with respect to each Due Period, the percentage equivalent of a fraction, (x) the numerator of which is the aggregate outstanding balance of all Financed Loans (determined as of the beginning of such Due Period) that became Delinquent Loans or Defaulted Loans during such Due Period, even if such loans are no longer Financed Loans as of the end of such Due Period, and (y) the denominator of which is the aggregate outstanding balance of all Purchased Loans (determined as of the beginning of such Due Period) with respect to which at least one scheduled payment date thereunder had occurred prior to the beginning of such Due Period. Purchaser shall notify Seller of which Loans are Financed Loans as of the beginning of each Due Period.

"Non-Public Personal Information" has the meaning ascribed to such term in the FTC's Rule regarding Privacy of Consumer Financial Information (16 C.F.R. Part 313).

"OFAC" means Office of Foreign Assets Control of the U.S. Treasury Department.

"Officer's Certificate" means, with respect to Seller, a certification executed by Seller's Chief Executive Officer.

"Origination Date" means the date that a Loan is originated by the Bank.

"Originated Loan Damages" has the meaning set forth in Section 2.04(g)(i).

"Origination Fee" means, with respect to a Loan, the origination fee charged to the applicable Borrower by the Bank and paid from proceeds of such Loan.

"Origination Period" has the meaning set forth in Section 2.05(b).

"Outstanding Purchase Commitments" means a commitment made by Beneficiary for the Purchaser to purchase a prospective Loan in [***] or a Monthly Purchase Amount, except for those where
(i) Purchaser has already acquired the related Loan or (ii) such Loan has become a Non-Offered Loan.

"Party" means any of Seller, Beneficiary or Purchaser, and "Parties" means all of Seller, Beneficiary and Purchaser.

"Passive Loan Channel" means a channel of the Institutional Platform that reserves Loan Listings for direct sale to investor members who are passively allocated Loans and for which Seller will not post such Loan Listings for bid on the Retail Platform.

"Person" means any individual, corporation (including a business trust), partnership, joint venture, association, bank, limited liability company, joint-stock company, estate, trust, unincorporated organization, government or any agency or political subdivision thereof, or any other entity.

"Platform" means the online credit platform owned and operated by Seller, and any of its related systems and data, and includes Seller's Retail Platform and Institutional Platform.

"PMI" means Prosper Marketplace, Inc., a Delaware corporation and Seller's parent company.

"present", "presented" or "presenting" means, as it relates to Eligible Loans, collectively any of the following actions by Seller: (i) the sale of any Eligible Loans by Seller to Purchaser pursuant to this Agreement, (ii) the allocation of any Loan Listings that have subsequently expired or cancelled as a result of an Allocation Breach or [***] by Beneficiary pursuant to this Agreement; and (iii) the sale of any Eligible Loans by Seller to a third party [***] pursuant to [***].

"Privacy Laws" has the meaning set forth in Section 6.03(a).

"Proceeding" means any suit in equity, action at law or other judicial or administrative proceeding.

"Prosper Account" means an account established on the Platform for a prospective Loan purchaser
(i) that provides such purchaser with online access to the Platform, (ii) in which Seller posts activity relating to the commitments and purchases of Loans by such purchaser, and (iii) through which such purchaser funds its purchases of Loans and receives the related Net Proceeds.

"Prosper Rating" means, with respect to any Loan, the credit rating assigned by Seller to such Loan, in accordance with the "Loss Grid and Overlay" to the WebBank-Prosper Credit Policy, a copy of which has been provided to the Consortium.

"Prosper Reporting Event" means, that both of the following events have occurred:

(a) PMI or the Seller has filed a Form 8-K or other public filing after the Closing Date and such filing states that:

(i) there is a significant deficiency or material weakness in the internal control over financial reporting, in each case that has or reasonably could be expected to have a material adverse effect on the business, operations, properties, assets, liabilities or financial condition of PMI or the Seller,

(ii) there has been a material misstatement in the financial statements, or

(iii) there are adverse conditions or events that raise substantial doubt as to either entity's ability to continue as a "going concern" (as such term is defined in GAAP); and

(b) after the occurrence of the event described in clause (a), the Beneficiary has delivered a written notice, to Seller of the occurrence of a Prosper Reporting Event.

"Purchase Commitment" means a commitment made by the Beneficiary for the Purchaser to purchase a prospective Loan in an [***] or a Monthly Purchase Amount.

"Purchase Date" means, with respect to any Purchased Loan, the effective date of the sale by Seller, and the purchase by Purchaser, of such Purchased Loan.

"Purchase Information" means, with respect to any Loan, the description of such Loan provided to Beneficiary and/or Purchaser pursuant to Beneficiary's Prosper Account on the related Purchase Date, which shall be comprised of the following information: the Loan identification number, principal amount, Prosper Rating, term, interest rate, FICO range, Origination Date, number of payments, first payment date, maturity date, monthly payment amount and such other information mutually agreed between Seller and Beneficiary from time to time.

"Purchase Price" means, with respect to a Loan, the initial principal balance of such Loan plus any interest accrued through the Purchase Date.

"Purchased Loan" means any Loan that is purchased by Purchaser from Seller under the terms of this Agreement, excluding any such Loan that has been repurchased by Seller.

"Purchased Loan Collateral" has the meaning set forth in Section 3.02(a).

"Purchased Loan Confidential Information" means any Confidential Information contained in the Loan Documents or Data Files for a Purchased Loan.

"Purchased Loan Transferee" has the meaning set forth in Section 4.07(a).

"Purchaser" has the meaning set forth in the introduction.

"Purchaser Allocation Rejection Notice" has the meaning set forth in Section 2.04(b).

[***]

"Qualified Custodian" means a Person that meets the definition of a "Qualified Custodian" under the Custody Rule promulgated under the Investment Advisers Act of 1940, as amended (17 C.F.R. 275).

"Quarterly Cumulative Defaulted Loans Rate" means, with respect to any Quarterly Vintage and each Due Period from and after December 2016, the percentage equivalent of a fraction, (i) the numerator of which is the aggregate outstanding principal balance of all Purchased Loans in such Quarterly Vintage that were Eligible Loans and that have become Defaulted Loans at any time during or before the "Month on Book" immediately prior to the current "Month on Book" of the youngest Purchased Loans in such Quarterly Vintage, and (ii) the denominator of which is the original principal balance of the Purchased Loans in such Quarterly Vintage.

"Quarterly Cumulative Defaulted Loans Percentage" means, for each Quarterly Vintage as of the end of any Due Period, the percentage for such Quarterly Vintage set forth in the chart below:

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

Number of Due Periods:	Month on Book of the youngest Purchased Loans in a Quarterly Vintage:[1]	[***]
1		n/a
2		n/a
3		n/a
4	1	[***]%
5	2	[***]%
6	3	[***]%
7	4	[***]%
8	5	[***]%
9	6	[***]%
10	7	[***]%
11	8	[***]%
12	9	[***]%
13	10	[***]%
14	11	[***]%
15	12	[***]%
16	13	[***]%
17	14	[***]%
18	15	[***]%
19	16	[***]%
20	17	[***]%
21	18	[***]%

[1] Assumes continuous purchasing by Purchaser during the Term of this Agreement.

22	19	[***]%
23	20	[***]%
24	21	[***]%
25	22	[***]%
26	23	[***]%
27	24	[***]%
28	25	[***]%
29	26	[***]%
30	27	[***]%
31	28	[***]%
32	29	[***]%
33	30	[***]%
34	31	[***]%
35	32	[***]%
36	33	[***]%

"Quarterly Vintage" means for any calendar quarter, all Loans that were purchased by Purchaser and recorded in the Servicer's records as "Month on Book" zero at any point during such calendar quarter (whether or not repurchased hereunder).

[***]

"Register" means a book-entry system maintained by the Loan Registrar for recording the beneficial owners of interests in the Loans.

"Recipient" has the meaning set forth in Section 6.01.

"Regulatory Authority" means any federal, state or local regulatory agency or other governmental agency, department, court, commission, board, bureau, instrumentality or political subdivision thereof, or any entity or officer exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case, having jurisdiction over a Party, the Bank, PMI, any Loan or any Borrower.

[***]

"Repurchase Price" has the meaning set forth in Section 7.02.

"Retail Platform" means the online credit platform owned and operated by Seller, and any of its related systems and data for the purchase of Borrower Payment Dependent Notes by retail investors.

"Scheduled Payment" shall mean the scheduled weekly, bi-weekly, monthly or semi-monthly payment of principal and interest by or on behalf of a Borrower on a Loan.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

[***]

"Seller" has the meaning set forth in the recitals to this Agreement.

"Seller Financing Facility Default" means, the occurrence, and continuation, of any of the following:

(a) the Seller, Servicer or any of their respective Affiliates or any of their respective officers or key management personnel shall have been indicted or be under active investigation for a felony crime that has or reasonably could be expected to have a material adverse effect on the business, operations, properties, assets, liabilities or financial condition of PMI or the Seller;

(b) a suit, action or other proceeding, investigation or injunction, or final judgment relating thereto, is pending or threatened in writing before any court or governmental agency, seeking to restrain or prohibit or obtain damages or other relief in connection with this Agreement, the Servicing Agreement, any backup servicing agreement entered into by Servicer in connection with the servicing of the Purchased Loans or any multiparty agreement entered into by Seller or Servicer in connection with a [***], in each case other than a suit, action or other proceeding, investigation or injunction involving a dispute that would not, if adversely decided, reasonably be expected to result in a judgment in excess of $[***] in the aggregate and which could not reasonably be expected to have a material adverse effect on the business, operations, properties, assets, liabilities or financial condition of PMI or the Servicer;

(c) the [***] or the [***] have been amended or otherwise modified in any material manner without the consent of the Beneficiary except (i) as may be required by law, regulation or governmental guidance applicable to PMI or Seller or to Bank or (ii) changes that are immaterial or clerical in nature;

(d) a [***] has occurred with respect to the Seller or Servicer;

(e) the Servicer fails to cause computer files relating to each Purchased Loan pledged under a [***] to indicate that such Purchased Loan has been pledged to the applicable party;

(f) a Prosper Reporting Event;

(g) a material breach by Seller or Servicer of any backup servicing agreement entered into by Servicer in connection with the servicing of the Purchased Loans or any multiparty agreement entered into by Seller or Servicer in connection with a [***];

(h) there shall be a misappropriation of funds to be delivered pursuant to any multiparty agreement entered into by Seller or Servicer in connection with a [***];

(i) Servicer shall fail to provide Beneficiary with any information necessary to prepare monthly collateral reports under its [***];

(j) any event that, with the giving of notice or passage of time, would constitute a Termination Event; or

(k) any other substantially similar provisions in any [***] not described in clauses (a) through (j) above, provided Purchaser has provided written notice of such provisions to Seller.

"Servicing Agreement" means that certain Servicing Agreement, dated as of even date herewith, by and among Beneficiary, Purchaser and Servicer, pursuant to which Seller will act as servicer of the Purchased Loans, as may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

"Servicer" has the meaning ascribed to such term in the Servicing Agreement.

"Servicer Default" has the meaning ascribed to such term in the Servicing Agreement.

"Servicing Fees" has the meaning ascribed to such term in the Servicing Agreement.

"Servicing File" has the meaning ascribed to such term in the Servicing Agreement.

"Servicing Rights" means, with respect to any Loan, the rights and interests to service and administer such Loan and the responsibility for performing the servicing functions for such Loan.

"Standard Product" means Seller's loan products which meet the Bank's standard credit guidelines.

"Stockholder Agreement" has the meaning set forth in the Warrant Agreement.

"Term" means the period of time commencing on the Initial Purchase Date and continuing until this Agreement terminates or is terminated pursuant to any provision in Article 8.

"Terms of Use" means, collectively, (i) the general Terms of Use for Seller's Website (www.prosper.com/legal/terms-of-use/) and (ii) the Terms of Use for Seller's Application Programming Interface (API) (www.prosper.com/tools/APITermsOfUse.aspx).

"Three-Month Rolling Average Non-Performing Roll Rate" shall mean, with respect to any Due Period, the percentage equivalent of a fraction, (x) the numerator of which is equal to the sum of the Non- Performing Roll Rate for such Due Period and the Non-Performing Roll Rate for each of the two immediately preceding Due Periods; and (y) the denominator of which is three (3); provided, however, that during the first Due Period following the Closing Date, it shall be the Non-Performing Roll Rate for such Due Period and during the second Due Period following the Closing Date, it shall be the average of the Non-Performing Roll Rate for such Due Period and the immediately preceding Due Period.

"Trust" has the meaning set forth in the recitals to this Agreement.

"Trust Agreement" has the meaning set forth in the recitals to this Agreement.

"Trustee" has the meaning set forth in the recitals to this Agreement.

"Truth in Lending Act" means the federal Truth in Lending Act of 1968 as amended from time to time.

"UCC" means the Uniform Commercial Code as in effect from time to time in each applicable jurisdiction, as applicable to the respective actions of Seller relating to the creation, perfection, priority, validity and/or enforcement of the sale of the Purchased Loan Collateral or the backup security interest granted by Seller to Purchaser hereunder.

"Unoriginated Loan Damages" has the meaning set forth in Section 2.04(g)(ii).

"Verification Agent" means DV01, Inc.

"Warrant" means the warrants issued to WarrantCo pursuant to the Warrant Agreement.

"Warrant Agreement" means the Warrant Agreement dated as of the date hereof by and between PMI and WarrantCo.

"WarrantCo" means PF WarrantCo Holdings, LP, a Delaware limited partnership.

"WebBank Agreements" means each of (a) the Asset Sale Agreement dated as of July 1, 2016 by and between the Bank and Seller, (b) the Asset Servicing Agreement dated as of July 1, 2016 between PMI, as servicer, and the Bank, (c) the Marketing Agreement dated as of July 1, 2016 between the Bank and PMI and (d) the Stand By Purchase Agreement dated as of July 1, 2016 between the Bank and PMI, in each case as amended from time to time in accordance with the terms of this Agreement.

"WebBank-Prosper Credit Policy" means the Credit Policy attached as Exhibit B to the Marketing Agreement dated as of July 1, 2016 by and between the Bank and PMI, as amended from time to time.

"Website" means www.prosper.com, any related landing pages or similar or successor sites operated in connection with the online credit marketplace of Seller or any of its Affiliates and any other consumer credit platform operated by Seller or any of its Affiliates.

"Weighted Average Term Limits" has the meaning set forth in Section 2.09(d).

Section 1.02 **Rules of Construction**.

(a) As used in this Agreement: (i) all references to the masculine gender shall include the feminine gender (and vice versa); (ii) all references to "include," "includes," or "including" shall be deemed to be followed by the words "without limitation"; (iii) references to any law or regulation refer to that law or regulation as amended from time to time and include any successor law or regulation; (iv) references to another agreement, instrument or other document means such agreement, instrument or other document as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, unless explicitly stated to the contrary; (v) references to "dollars" or "$" shall be to United States dollars unless otherwise specified herein; (vi) unless otherwise specified, all references to days, months or years shall be deemed to be calendar days, months or years; (vii) all references to "quarter" shall be deemed to mean calendar quarter; and (viii) unless otherwise specified, all references to an article, section, subsection, exhibit or schedule shall be deemed to refer to, respectively, an article, section, subsection, exhibit or schedule of or to this Agreement.

(b) The fact that any Party provides approval or consent shall not mean or otherwise be construed to mean that: (i) either Party has performed any due diligence with respect to the requested or required approval or consent, as applicable; (ii) either Party agrees that the item or information for which the other Party seeks approval or consent complies with any Applicable Laws; (iii) either Party has assumed the other Party's obligations to comply with all Applicable Laws arising from or related to any requested or required approval or consent; or (iv) except as otherwise expressly set forth in such approval or consent, either Party's approval or consent impairs in any way the other Party's rights or remedies under the Agreement, including indemnification rights for any failure to comply with all Applicable Laws.

ARTICLE II
BENEFICIARY COMMITMENT AND PURCHASE OF LOANS

Section 2.01 **Procedures for Offer and Commitment**.

(a) Subject to the terms and conditions hereof, including the Aggregate Purchase Obligation, (i) during the first twelve (12) month period following the Initial Purchase Date, Seller shall commit to sell to Purchaser (on behalf of Beneficiary) and Purchaser (on behalf of Beneficiary) shall commit to purchase from Seller, on a monthly basis, Eligible Loans with an aggregate initial principal balance of no less than $[***] and no more than $[***], in each calendar month, (ii) beginning on the thirteenth (13th) month following the Initial Purchase Date and all months thereafter during the Term of this Agreement, Seller shall commit to sell to Purchaser and Purchaser shall commit to purchase from Seller, on a monthly basis, Eligible Loans with an aggregate initial principal balance of no less than $[***] and no more than $[***], in each calendar month, subject to adjustment pursuant to Section 2.17 in the event of a [***]. The minimum and maximum monthly commitments to purchase Eligible Loans described herein are referred to, respectively, as the "Minimum Monthly Purchase Amount" and the "Maximum Monthly Purchase Amount".

(b) Seller shall provide Beneficiary with a written request delivered by email pursuant to and at the address specified in Section 9.01 for a binding commitment by Purchaser (on behalf of Beneficiary) to purchase (during the applicable calendar month set forth in such written request) the initial principal balance of Eligible Loans set forth in such written request no earlier than [***] before the first day of each calendar month preceding the month of purchase of Eligible Loans and no later than [***] before the first day of each calendar month preceding the month of purchase of such Eligible Loans (each, a "Monthly

Purchase Request", and the initial principal balance of Eligible Loans set forth in such Monthly Purchase Request, the "Monthly Requested Purchase Amount"), subject to the applicable Maximum Monthly Purchase Amount in the applicable month and the Aggregate Purchase Obligation, and upon receipt of the Monthly Purchase Request, Beneficiary may provide Seller with written notice of its acceptance in whole or in part (each a "Monthly Purchase Acceptance") delivered by email pursuant to and at the address specified in Section 9.01 of its binding commitment to acquire such Monthly Requested Purchase Amount (or a portion thereof) (such amount specified in the Monthly Purchase Acceptance, the "Monthly Purchase Amount") not later than [***] after such receipt of the Monthly Purchase Request. Each Monthly Purchase Acceptance shall constitute a binding commitment by Purchaser (on behalf of Beneficiary) to purchase the Monthly Purchase Amount of Eligible Loans as is set forth therein during such applicable calendar month.

(c) For the avoidance of doubt, Seller may only submit one Monthly Purchase Request with respect to each calendar month during the Term, unless Beneficiary has not responded in writing to a Monthly Purchase Request (or has committed to purchase less than the Monthly Requested Purchase Amount pursuant to its Monthly Purchase Acceptance), and Seller is acting pursuant to Beneficiary's right to cure under this Agreement. The Seller and Beneficiary may mutually agree in writing to increase the Monthly Purchase Amount during any calendar month and such higher agreed upon amount shall serve as the Monthly Purchase Amount for that calendar month (including for purposes of the [***]% Test and the Minimum Monthly Purchase Test).

(d) Notwithstanding the foregoing procedures in this Section 2.01, for each of the calendar months of March, 2017 and April, 2017, the Parties have agreed to the Monthly Purchase Amount in respect of each such calendar month as set forth on Schedule 1. The procedures set forth in this Section 2.01 (other than the foregoing sentence) shall apply to funding in each subsequent calendar month commencing on May 1, 2017.

Section 2.02 **Commitment Breach**. To the extent that Beneficiary has first provided Seller with written notice that either (1) [***] or (2) [***] (each a "Cure Condition"), then the following provisions below shall be applicable:

(a) [Reserved]

(b) In the event of a Commitment Breach, Beneficiary [***]. Other than as set forth in the preceding sentence, Beneficiary shall not have any further right to cure such Commitment Breach. Upon receipt of the [***], if any, Beneficiary and Seller shall mutually agree to a timeline and funding schedule for the [***] which shall be a binding commitment of Purchaser (on behalf of Beneficiary) to purchase such Eligible Loans in accordance with [***].

(c) If (i) [***] or (ii) [***], then such actions set forth in each of clause (i) and clause (ii) shall have the respective effects set forth in Section 9.01 of the Warrant Agreement (which for avoidance of doubt shall be Purchaser's and Beneficiary's sole and exclusive remedy in respect of Seller's failure identified in clause (ii) immediately above). [***]

(d) [***]

Section 2.03 **Conditions Precedent**

(a) The obligation of Purchaser to make the initial purchase under this Agreement shall be subject to the satisfaction or waiver of the following conditions on the Initial Purchase Date with respect to each Eligible Loan:

(i) This Agreement, the Servicing Agreement, [***] and all agreements, certificates, and instruments required to be delivered hereunder and thereunder have been executed by all relevant parties and received by Beneficiary and Purchaser;

(ii) Opinions of in-house and outside counsel to the Seller, in form and substance reasonably acceptable to the Beneficiary;

(iii) A secretary's certificate of each of Seller and PMI attaching its organizational documents, authorizing resolutions, incumbency certificates and a certificate of good standing dated as of a date within five (5) Business Days of the Initial Purchase Date;

(iv) A secretary's certificate of PMI attaching the WebBank-Prosper Credit Policy, which includes the [***] that is effective through and including March 1, 2017 and the [***] that will become effective on March 2, 2017;

(v) An Officer's Certificate of Seller that all conditions precedent under this Section 2.03(a) have been satisfied; and

(vi) [***]

(b) The obligation of Purchaser to make each purchase under this Agreement (including on the Initial Purchase Date) shall be subject to the satisfaction or waiver of the following conditions on each Origination Date and Purchase Date with respect to each Eligible Loan:

(i) Each representation and warranty specified in Section 4.01 shall be true and correct as of such Origination Date and Purchase Date, and each representation and warranty specified in Section 4.02 shall be true and correct with respect to the Loan to be purchased as of such Purchase Date;

(ii) There has been no breach of the [***] in the calendar month preceding such Purchase Date that has not been cured within [***] of the occurrence of such breach;

(iii) Beneficiary has not notified Seller that any of its [***] have been suspended, revoked or terminated as a result of any [***];

(iv) [***]; and

(v) No Termination Event has occurred.

For the avoidance of doubt, the loss of [***] shall not result in a failure of the condition precedent described in clause (iii) above.

(c) In the event that any Loan shall be sold by Seller and purchased by Purchaser during the Term in the absence of the satisfaction of any of the above conditions precedent as of the applicable Origination Date and Purchase Date, [***].

Section 2.04 [***]

(a) [***]

(b) *Acceptance or Rejection*. By 5:00 pm New York time on the [***] prior to the applicable [***] in an [***] (which date shall be no sooner than the [***] Business Day after delivery of such [***]), Beneficiary shall provide to Seller written notice of its decision to accept or reject all or any portion of the Loan Listings for the applicable [***] (any such notice of rejection, a "Purchaser Allocation Rejection Notice"), and in the event no such notice is received by Seller by such time, Beneficiary shall be deemed to have irrevocably accepted the full amount set forth in the applicable [***]. Any rejection by Beneficiary of all or any part of [***] the Loan Listings for [***] set forth in the [***] (or to the extent applicable, [***]) shall constitute an "Allocation Breach" in respect of such Loan Listings. In the event of any Allocation Breach with respect to all Loan Listings for the applicable [***], Seller shall cease any applicable allocations specified in the [***] for which Beneficiary has provided a Purchaser Allocation Rejection Notice. For the avoidance of doubt, delivery a Purchaser Allocation Rejection Notice due to the failure of Seller to satisfy the conditions precedent specified in [***] shall not constitute an Allocation Breach.

(c) *Cure Right for Allocation Breach.* [***]

(d) [***]

(e) *Treatment of Loans Not Purchased* [***]. If the Seller does not provide the Purchaser with the opportunity to cure an Allocation Breach for the length of the [***], then [***].

(f) [***]

(g) *Allocation Damages;* [***]. With respect to any Loan Listings on the [***] that are made available to Purchaser for cure for [***] but are not actually cured pursuant to Section 2.04(c), Beneficiary shall pay to Seller either:

(i) if such Loan Listing(s) result in the origination of Loans, the dollar amount equal to the difference between (A) [***] and (B) [***], in each case within [***] Business Days of the date of notification by Seller to Purchaser of the sale and related difference in [***] (the "Originated Loan Damages"); or

(ii) if such Loan Listing(s) do not result in the origination of Eligible Loans as a result of such Allocation Breach and not because such [***], the variable [***] equal to [***] percent ([***]%) of the [***] of such [***] within [***] Business Days of the date of notification by Seller to Purchaser of the cancellation and/or expiration of such Loan Listings and the related [***] (the "Unoriginated Loan Damages" and together with the Originated Loan Damages, the "Allocation Damages").

Subject to the remedies of loss of Warrants or loss of enhanced voting rights set forth in the Warrant Agreement or the Stockholder Agreement, [***].

Section 2.05 [***] **Cash Drag**

(a) Seller shall use commercially reasonable efforts to minimize Beneficiary's cash drag [***].

(b) As used in this Section 2.05 the following terms shall have the following meanings:

"Origination Period" means the [***] calendar day period during which Loans are expected to be originated beginning on each [***].

"Deficient Origination Period" means any Origination Period in respect of which (i) the amount of Eligible Loans presented by Seller to Purchaser for purchase during such Origination Period is [***].

[***]

[***]

Section 2.06 **Funding Request;** [***]

(a) *Funding Request* [***]. [***], Seller shall send to Beneficiary a funding request specifying the Loan Listings to be originated or that would have been originated by Bank on such Origination Date or Anticipated Origination Date, as applicable, and the Purchase Price for such Loans (the "Loan List"), subject to the applicable [***] and the applicable Monthly Purchase Amount (or to the extent applicable, [***]). Beneficiary shall wire the specified Purchase Price for such Loans to the FBO Funding Account by [***] am Pacific time on the [***]. [***]. To the extent that Beneficiary commits a [***] that [***] in accordance with [***], any such Loan Listing with respect to such Eligible Loan may be immediately cancelled by Seller in its sole discretion. [***]

(b) [***]

(c) [***]

(d) *Treatment of Loans Purchased Pursuant* [***].

(e) [***] *Damages;* [***]. With respect to any Loan Listings on the Loan List that are not originated as a result of a [***] and not [***], Beneficiary shall pay to Seller either:

(i) if such Loan Listing(s) result in the origination of Loans, the dollar amount equal to the difference between (A) [***] and (B) [***], in each case within [***] Business Days of the date of notification by the Seller to Purchaser of the sale and the related difference in [***] (the "[***]"); or

(ii) if such Loan Listing(s) do not result in the origination of Eligible Loans as a result of such [***] and not [***], the [***] equal to [***] percent ([***]%) of the [***] to Seller within [***] Business Days of the date of notification by Seller to Purchaser of the cancellation and/or expiration of such Loan Listings and [***].

Subject to the remedies of loss of Warrants or loss of enhanced voting rights set forth in the Warrant Agreement or the Stockholder Agreement, [***].

Section 2.07 **Verification, Origination and Purchase**

(a) At least [***] hours prior to [***] Pacific time on the Origination Date for a Loan, Seller shall provide the Verification Agent access to the information and documents in the "Borrower Data File" information as set forth on Section E of Exhibit B hereto necessary to allow the Verification Agent to verify whether such Loan is an Eligible Loan. In the event a Loan is determined not to be an Eligible Loan, then Purchaser shall not be required to purchase such Loan. For the avoidance of doubt, (i) the failure to purchase any Loans due to the failure to satisfy a condition precedent for such purchase specified in Section 2.03(b) shall not constitute an Allocation Breach or a [***], and (ii) the verification or failure to verify any such loan prior to purchase of such loan [***].

(b) Following receipt of the Purchase Price on any Origination Date, Seller will request that the Bank originate all related Loan Listings that have successfully completed verification.

(c) Two (2) Business Days after the Origination Date (such date being the Purchase Date), Seller will purchase such originated Loans from Bank and will sell such Loans to Purchaser.

Section 2.08 **Effect of Beneficiary's Payment of Damages**.

If Beneficiary (a) commits an Allocation Breach or a [***] and (b) pays the Allocation Damages as specified in Section 2.04(g) above (in the case of an Allocation Breach) or the [***] as specified in Section 2.06(e) above (in the case of a [***]), then, [***]. Notwithstanding the foregoing sentence, if, in any calendar month, the sum of [***], then Seller shall be deemed to have sold sufficient Loans for purposes of the Initial [***]% Test and/or Cure [***]% Test for such calendar month, as applicable. [***]

Section 2.09 **Purchases and Loan Allocations**

(a) *Purchases; Random Allocations*. Purchaser hereby delegates to Seller the authority to execute the purchases of Eligible Loans on behalf of Purchaser (for the benefit of Beneficiary) through Beneficiary's Prosper Account in accordance with this Agreement. On each day during the Term, Seller shall (i) in the case of any day Purchaser is the only purchaser of Eligible Loans allocated to the Passive Loan Channel, allocate all such Eligible Loans to Beneficiary on such day, or (ii) in the case of any day there is one or more purchasers of Eligible Loans allocated to the Passive Loan Channel in addition to Purchaser allocate all such Eligible Loans on such day to all such purchasers (including Purchaser) on a random basis, in each case under clauses (i) and (ii), subject to the [***], it being understood, in addition, that not all Loan Listings submitted on a given day will be scheduled to be posted on the Website on that day if Seller reasonably determines that [***]. With respect to each Eligible Loan, Seller shall not, and shall not agree to, sell, pledge or otherwise transfer such Eligible Loan or any interest therein to any Person prior to making such random allocation across the two Channels. Upon allocation of an Eligible Loan in accordance with Article 2, Seller commits to offer to Purchaser, and Beneficiary (through the Purchaser) hereby commits to purchase, such Eligible Loan, subject to the terms of this Agreement; *provided, however*, that any Non-Offered Loans shall be released and removed from any Purchase Commitment.

(b) *No Adverse Selection*. When selecting Loans that satisfy the criteria to be Eligible Loans to be sold to Purchaser under this Agreement, Seller shall not utilize any selection procedures intended and designed to provide Purchaser with a lower quality of Eligible Loans (that have been assigned a specific Prosper Rating) as compared to otherwise Eligible Loans (that have been assigned the same such Prosper Rating) provided to any other similarly situated purchaser of such Eligible Loans or otherwise retained by Seller. Among the Eligible Loans purchased by Purchaser under this Agreement in a given calendar month, except as specified in Section 2.09 (c), (d) and (e) below and as may be mutually agreed by Beneficiary and

Seller from time to time, the relative proportions of Eligible Loans by loan term and the Prosper Rating will reflect the relative proportions of otherwise Eligible Loans by loan term and Prosper Rating originated through the Platform as a whole during such calendar month, subject to such Loans meeting the agreed upon criteria to qualify as Eligible Loans and not being in excess of the [***].

(c) *Concentration Limits*. Notwithstanding the foregoing, in no event shall the percentage of Purchased Loans (based on outstanding principal balance) purchased by Purchaser that are outstanding (based on outstanding principal balance) conflict with the below:

(i) a Prosper Rating lower than AA, not to exceed [***]%;

(ii) a Prosper Rating lower than A, not to exceed [***]%;

(iii) a Prosper Rating of C, not to exceed [***]%;

(iv) a Prosper Rating of D, not to exceed [***]%;

(v) a Prosper Rating of E, not to exceed [***]%;

(vi) a Prosper Rating of HR, not to exceed [***]%;

(vii) an original term to maturity greater than [***] months, not to exceed [***]%;

(viii) an original term to maturity of greater than [***] months for any Eligible Loans within a single Prosper Rating, not to exceed [***]%;

(ix) Borrowers located in the State with the largest concentration of Borrowers, not to exceed [***]%;

(x) Borrowers located in the State with the second largest concentration of Borrowers, not to exceed [***]%;

(xi) Borrowers located in the State with the third largest concentration of Borrowers, not to exceed [***]%;

(xii) weighted average FICO Score of Borrowers, shall exceed [***]; or

(xiii) weighted average gross coupon, fails to exceed the following percentages for each Prosper Rating:

Grade	Term	Minimum Gross WAC
AA	36 month	[***]%
A	36 month	[***]%
B	36 month	[***]%
C	36 month	[***]%
D	36 month	[***]%
E	36 month	[***]%
HR	36 month	[***]%
AA	60 month	[***]%
A	60 month	[***]%
B	60 month	[***]%
C	60 month	[***]%
D	60 month	[***]%
E	60 month	[***]%

The portfolio composition shall be measured on the [***] of each calendar week (for the period of each calendar week from [***] through [***]) and the [***] day of each calendar month. [***]

(d) *Weighted Average Term Limit*. Notwithstanding the foregoing, the origination dollar weighted average term to maturity for all of the outstanding Eligible Loans purchased under this Agreement shall not exceed [***] months (the "Weighted Average Term Limits"). The origination dollar weighted average term to maturity shall be measured on the [***] of each calendar week (for the period of each calendar week from [***] through [***]) and the [***] day of each calendar month. If the weighted average term to maturity exceeds [***] months, Seller shall have [***]. The Weighted Average Term Limits and the [***] are referred to in this Agreement as the "Loan Portfolio Concentration Limits."

(e) *Net Rate of Return*. The expected net rate of return of the Eligible Loans, at Origination Date, sold to Purchaser during each calendar quarter (the "IRR") will be at least [***] percent ([***]%) in Seller's standard base case loss scenario which is based upon standard base case assumptions (e.g., Seller's reasonable expectation for losses based upon the current macroeconomic environment) and at least [***] percent ([***]%) in a stress scenario where unit losses are simulated to be [***] times higher than the base case assumptions for the entire duration of the loan portfolio's life (such requirements, the "IRR Requirement"). [***]

Section 2.10 **Sale and Conveyance of Purchased Loans**.

(a) Immediately upon receipt by Seller of the Purchase Price on the Purchase Date (i) Seller shall and hereby does sell, transfer, assign, set over and convey to Purchaser, without recourse except as provided herein, all rights, title and interest of Seller in and to such Purchased Loans, and (ii) Purchaser shall and as of such Purchase Date hereby does become, for all purposes, the owner of such Purchased Loan, in each case irrespective of (and without impairing in any way Beneficiary's or Purchaser's rights and remedies with respect to) the failure of any other conditions precedent to purchase being satisfied; *provided, however*, that each of Beneficiary and Purchaser acknowledges and agrees that Seller will retain on the Platform electronic copies of (A) the Loan Documents for such Purchased Loan as well as (B) any data or information that comprise any Data Files for such Purchased Loan; *provided, further*, that Seller will retain the right (subject to the confidentiality provisions of this Agreement) (X) to use and permit its Affiliates to use the same in the performance of its obligations hereunder and in the conduct of its and its Affiliates' businesses generally (subject to the confidentiality provisions of this Agreement), including without limitation to facilitate the origination, acquisition and sale of Loans to persons other than Purchaser, and to fulfill the reporting obligations of Seller and its Affiliates with respect to any such sales, and (Y) to use, deliver or release copies of any such data, information or documents, and permit its Affiliates to use, deliver or release copies thereof, to its or their accountants, counsel or advisors, to regulators or other Regulatory Authorities of competent jurisdiction, or to other Persons to the extent necessary and appropriate to respond to subpoenas or other appropriate demands therefor in connection with any action, proceeding, arbitration or investigation in any forum of or before any Regulatory Authority.

(b) On each Purchase Date, Seller shall provide the "Borrower Data Files" as set forth on Section E of Exhibit B hereto in XML format to the Beneficiary's Verification Agent, the Backup Servicer and to any trustee or other agent who is a Qualified Custodian. In addition, Seller shall provide to Beneficiary's Verification Agent and such other recipients as Beneficiary shall request a borrower funding notice in the form of Exhibit F hereto.

(c) On each Purchase Date, Seller shall provide access to data regarding the Purchased Loans identifying which Loans have become Purchased Loans.

(d) With respect to each Loan sold by Seller hereunder, Beneficiary shall pay to Seller on an ongoing basis the Loan Trailing Fee in the same manner and at the same time as the Servicing Fee, as set forth in the Servicing Agreement.

(e) The Parties acknowledge and agree that the Purchase Price for each Loan reflects an arms- length negotiation, resolution and transaction. The Parties acknowledge and agree that the loan balance of each Purchased Loan includes the Origination Fee.

Section 2.11 **Terms of Use**. By entering into this Agreement, each of Beneficiary and Purchaser accepts and agrees to comply with the Terms of Use, as they may be modified by Seller from time to time with the prior consent of Beneficiary (such consent not to be unreasonably withheld, delayed or conditioned), other than (i) as may be required by law, regulation or governmental guidance applicable to PMI, Seller or its subsidiary or the Bank, or (ii) changes that are immaterial or clerical; *provided, however*, that if any provision of the Terms of Use conflicts with any provision of this Agreement or the Servicing Agreement, the applicable provisions of this Agreement or the Servicing Agreement shall govern.

Section 2.12 **Modification of Loan Documents**. Seller shall not, and shall not permit any other Person to, modify, amend or waive any term or condition of a Loan between the date on which Seller has provided information with respect to such Loan to Beneficiary on the Loan List and the Purchase Date. If any of the Loan Documents for a Purchased Loan are modified, amended, or replaced by Seller in a manner other than as contemplated by the Loan Documents prior to the Purchase Date, then Seller shall notify Beneficiary in writing of such modifications, amendments, or replacement documents at least [***] prior to such Purchase Date. Beneficiary shall not be obligated to cause Purchaser to purchase any Loan if Beneficiary does not agree, or has not previously agreed in writing to such modifications, amendments or replacement documents for such Loan.

will retain the right (subject to the confidentiality provisions of this Agreement) (X) to use and permit its Affiliates to use the same in the performance of its obligations hereunder and in the conduct of its and its Affiliates' businesses generally (subject to the confidentiality provisions of this Agreement), including without limitation to facilitate the origination, acquisition and sale of Loans to persons other than Purchaser, and to fulfill the reporting obligations of Seller and its Affiliates with respect to any such sales, and (Y) to use, deliver or release copies of any such data, information or documents, and permit its Affiliates to use, deliver or release copies thereof, to its or their accountants, counsel or advisors, to regulators or other Regulatory Authorities of competent jurisdiction, or to other Persons to the extent necessary and appropriate to respond to subpoenas or other appropriate demands therefor in connection with any action, proceeding, arbitration or investigation in any forum of or before any Regulatory Authority.

(b) On each Purchase Date, Seller shall provide the "Borrower Data Files" as set forth on Section E of Exhibit B hereto in XML format to the Beneficiary's Verification Agent, the Backup Servicer and to any trustee or other agent who is a Qualified Custodian. In addition, Seller shall provide to Beneficiary's Verification Agent and such other recipients as Beneficiary shall request a borrower funding notice in the form of Exhibit F hereto.

(c) On each Purchase Date, Seller shall provide access to data regarding the Purchased Loans identifying which Loans have become Purchased Loans.

(d) With respect to each Loan sold by Seller hereunder, Beneficiary shall pay to Seller on an ongoing basis the Loan Trailing Fee in the same manner and at the same time as the Servicing Fee, as set forth in the Servicing Agreement.

(e) The Parties acknowledge and agree that the Purchase Price for each Loan reflects an arms-length negotiation, resolution and transaction. The Parties acknowledge and agree that the loan balance of each Purchased Loan includes the Origination Fee.

Section 2.11 **Terms of Use**. By entering into this Agreement, each of Beneficiary and Purchaser accepts and agrees to comply with the Terms of Use, as they may be modified by Seller from time to time with the prior consent of Beneficiary (such consent not to be unreasonably withheld, delayed or conditioned), other than (i) as may be required by law, regulation or governmental guidance applicable to PMI, Seller or its subsidiary or the Bank, or (ii) changes that are immaterial or clerical; provided, however, that if any provision of the Terms of Use conflicts with any provision of this Agreement or the Servicing Agreement, the applicable provisions of this Agreement or the Servicing Agreement shall govern.

Section 2.12 **Modification of Loan Documents**. Seller shall not, and shall not permit any other Person to, modify, amend or waive any term or condition of a Loan between the date on which Seller has provided information with respect to such Loan to Beneficiary on the Loan List and the Purchase Date. If any of the Loan Documents for a Purchased Loan are modified, amended, or replaced by Seller in a manner other than as contemplated by the Loan Documents prior to the Purchase Date, then Seller shall notify Beneficiary in writing of such modifications, amendments, or replacement documents at least [***] prior to such Purchase Date. Beneficiary shall not be obligated to cause Purchaser to purchase any Loan if Beneficiary does not agree, or has not previously agreed in writing to such modifications, amendments or replacement documents for such Loan.

Section 2.13 **Limitation on Purchase Obligation**. Purchaser shall have no obligation to purchase, nor shall Beneficiary have any obligation to cause Purchaser to purchase, any Loan at any time after the termination of this Agreement.

Section 2.14 **Loan Documents, Data Files and Other Documents**. Beneficiary hereby agrees that, unless and until Loan Documents and Data Files are transferred to Purchaser or its designee in accordance with this Agreement, Seller shall hold and maintain such Loan Documents and Data Files at all times while such Purchased Loan is outstanding on behalf of and for the benefit of the Purchaser. To the extent not received by Beneficiary or its designee under the Servicing Agreement, Beneficiary may reasonably request Seller to, and upon such request Seller shall, transmit to Beneficiary or its designee any documents received by Seller with respect to a Purchased Loan after the related Purchase Date to the extent related to the pre-payment, payment or delinquency of such Purchased Loan. Beneficiary or its designee may elect to receive copies of the Loan Documents, the Data Files and any additional documents described in this Section 2.14 for each Purchased Loan electronically via secure FTP or such other method as may be acceptable to Seller and Beneficiary, subject to the requirements of Section 6.03 regarding the custody of Customer NPPI.

Section 2.15 **Books and Records**. Ownership of each Purchased Loan as of the related Purchase Date shall be vested in the Purchaser. To the extent that record title is deemed to remain with Seller in any respect, Seller hereby disclaims any beneficial or economic ownership in the Purchased Loans. In connection with the sale and conveyance of the Purchased Loans, Seller agrees to indicate, or cause to be indicated, in its books, records and computer files, that the Purchased Loans have been sold to Purchaser. All rights arising out of the Purchased Loans including, but not limited to, all funds received by Seller in connection with a Purchased Loan after the related Purchase Date for such Purchased Loan, shall be vested in Purchaser and all such funds shall be received and held by Seller in trust for the benefit of Purchaser as the owner of the Purchased Loans pursuant to the terms of this Agreement and paid promptly over to Purchaser.

Section 2.16 **Purchases of Borrower Payment Dependent Notes Not Covered**. This Agreement does not cover any bidding for or purchases of Borrower Payment Dependent Notes by Beneficiary on the Retail Platform. The Loans originated and offered for sale by Seller pursuant to this Agreement will be offered through the Institutional Platform that is, and is identified on the Website as being, separate from the Retail Channel through which Seller originates and offers Borrower Payment Dependent Notes. The Purchased Loans do not comprise collateral securing any Borrower Payment Dependent Notes.

Section 2.17 [***]. In the event of [***], the term of this Agreement shall be extended by up to three (3) months and Seller shall offer Eligible Loans to Purchaser on a monthly basis with an initial principal amount to be determined by Seller, provided that such monthly initial principal amount shall be
(i) at least the lesser of (a) $[***] and (b) the remaining [***], and (ii) no greater than $[***], until the aggregate [***] has been offered to Purchaser pursuant to this Agreement; *provided, however,* that in the event that the [***] is not known to Seller at the time a related Monthly Purchase Request is required to be given by Seller, Seller shall make a good faith estimate of such amount [***]. For the avoidance of doubt, any extension of the term of this Agreement due to [***] shall run coterminously with any extension of the term due to an [***].

Section 2.18 [***]. [***]

[***]

ARTICLE III
TRUE SALE; GRANT OF SECURITY INTEREST; ENFORCEMENT

Section 3.01 **True Sale**.

Each of Seller, Beneficiary and Purchaser agree that the transactions contemplated hereby are intended to be and shall constitute and be construed as, absolute and irrevocable sales of the Purchased Loans transferred pursuant to Article 2 above, and are not intended to be financings or loans by Purchaser or Beneficiary to Seller, and shall provide Purchaser with the benefits of ownership of the Purchased Loans, conveying good title free and clear of any liens or rights of others, such that any interest in and title to the Purchased Loans would not be property of Seller's estate in the event Seller becomes a debtor in a case under Debtor Relief Laws. The Parties shall treat such transactions as sales for tax, accounting and all other purposes. The sale of each Loan pursuant to Article 2 above transfers to Purchaser all of Seller's right, title and interest in and to such Loan, and Seller will not retain any residual rights with respect to any Purchased Loan.

Section 3.02 **Grant of Security Interest**.

(a) Notwithstanding the intent of the Parties, in the event that the transactions contemplated hereby are construed to be financings or loans made by Purchaser to Seller or the Purchased Loans are otherwise determined or held to be property of Seller, then (i) Seller hereby grants to Purchaser a present and continuing security interest in and to the following, whether now existing or hereafter created: all Purchased Loans (including all property described in the definition of "Loan"), and all proceeds (as defined in the UCC) of such Purchased Loans (collectively, the "Purchased Loan Collateral"); (ii) this Agreement shall also be deemed to be a security agreement within the meaning of Article 9 of the UCC; (iii) the transfers of the Purchased Loans provided for herein shall be deemed to be a grant by Seller to Purchaser of a first priority lien upon and security interest in all of Seller's right, title and interest in and to the Purchased Loan Collateral to secure Seller's obligations hereunder and under the Servicing Agreement, including the obligation to pay over to Purchaser collections on the Purchased Loans, (iv) the possession by Purchaser or its custodian of the Purchased Loan Collateral and such other items of property as constitute instruments, chattel paper, money, negotiable documents, general intangibles or accounts shall be deemed to be "possession by the secured party" for purposes of perfecting the lien or security interest pursuant to the UCC, including Section 9-305 of the UCC; (v) each of Beneficiary and Purchaser is hereby authorized to take all necessary or appropriate actions to perfect Purchaser's security interest in the Purchased Loan Collateral, including without limitation authorization to file financing statements on form UCC-1 naming Purchaser as secured party and Seller as debtor, and identifying the Purchased Loan Collateral as collateral therein, and any amendments thereto; and (vi) notifications to Persons holding such property and acknowledgments, receipts or confirmations from Persons holding such property, shall be deemed notifications to, or acknowledgments, receipts or confirmations from, financial intermediaries, bailees or agents (as applicable) of Purchaser for the purpose of perfecting such lien or security interest under the UCC. Any assignment of the interests of Purchaser in the Purchased Loans pursuant to any provision hereof shall also be deemed to be an assignment of any lien or security interest created hereby in the Purchased Loan Collateral.

(b) Seller shall not create or permit any security interest arising through or under Seller or Bank in Purchased Loan Collateral, except in favor of Purchaser, and, if necessary, shall modify any previously executed loan or security agreement to eliminate any security interest granted in the Purchased Loan Collateral that has not been or will not be released at or prior to the effective time of transfer of the related Purchased Loan to Purchaser, including without limitation any security interest in such Purchased Loan Collateral as proceeds or as after acquired property.

(c) To the extent consistent with this Agreement, Seller, Purchaser and Beneficiary shall take such actions as may be deemed reasonably necessary or appropriate such that, if this Agreement were deemed to create a lien upon or security interest in the Purchased Loan Collateral and all such reasonably necessary or appropriate actions had been taken, such lien or security interest would be deemed to be a perfected security interest of first priority under applicable law and will be maintained as such throughout the term of this Agreement, including, without limitation, the execution and delivery by Seller to Purchaser of all assignments, security agreements, financing statements and other documents Purchaser or Beneficiary reasonably requests, in form and substance reasonably satisfactory to Purchaser or Beneficiary.

Section 3.03 **Servicing Arrangements**.

At the same time Beneficiary, Purchaser and Seller enter into this Agreement, and as a condition to Seller's execution and delivery of this Agreement, Beneficiary, Purchaser and Seller will enter into the Servicing Agreement, which sets forth the terms on which Seller will service the Purchased Loans.

ARTICLE IV
REPRESENTATION, WARRANTIES AND COVENANTS

Section 4.01 **Seller Representations and Warranties**.

As of the Closing Date and as of each Purchase Date or such other applicable date as is specified below, Seller hereby covenants, represents and warrants to Beneficiary and Purchaser, with respect to itself and the Purchased Loans, where applicable, purchased on such Purchase Date, that, except as expressly and specifically modified in the Company Schedule of Exceptions as defined in and delivered pursuant to the Warrant Agreement:

(a) Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has all licenses necessary to carry on its business as now being conducted, and is licensed, qualified and in good standing in each state where the laws of such state require licensing or qualification in order to conduct business of the type conducted by Seller, except to the extent that the failure to obtain or maintain any such license could not reasonably be expected to have a Material Adverse Effect with respect to Seller, and in any event Seller is in compliance with all Applicable Laws to the extent necessary to ensure the enforceability of the terms of this Agreement and its ability to perform its obligations hereunder.

(b) Seller has the full limited liability company power and authority to execute and deliver this Agreement and to perform in accordance herewith; the execution, delivery and performance of this Agreement (including all instruments of transfer to be delivered pursuant to this Agreement) by Seller, and the consummation of the transactions contemplated hereby have been duly and validly authorized; this Agreement evidences the valid, binding and enforceable obligation of Seller (except as such enforceability may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally and by general principles of equity) and all requisite limited liability company action has been taken by Seller to make this Agreement valid and binding upon Seller in accordance with its terms.

(c) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated by this Agreement (assuming receipt of all necessary consents), nor compliance with its terms and conditions, (i) will result in the creation or imposition of any Lien upon the Purchased Loans (other than any security interest granted pursuant to Section 3.02(a)) or (ii) conflicts with or results in the breach of, or constitutes a default under, any Purchased Loan or any material contract, agreement or other instrument to which Seller is a party or which may be applicable to Seller or its assets.

(d) Assuming full and complete performance by Beneficiary and Purchaser of its covenants and obligations hereunder, Seller does not believe, nor does it have any reason or cause to believe, that it cannot perform its covenants and obligations contained in this Agreement.

(e) No consent, approval, license, registration, authorization or order of any Regulatory Authority is required for the execution, delivery and performance by Seller of, or compliance by Seller with, this Agreement, or if required, such consent, approval, license, registration, authorization or order has been obtained prior to the related Purchase Date for such Loan, in each case except to the extent that the failure to obtain any such consent, approval, license, registration, authorization or order could not reasonably be expected to have a Material Adverse Effect with respect to Seller or adversely affect the validity, enforceability or collectability of such Purchased Loan.

(f) There are no judgments, proceedings or investigations pending against Seller or, to Seller's Actual Knowledge, threatened against Seller, before any Regulatory Authority having jurisdiction over Seller or its properties: (i) asserting the invalidity of this Agreement or any Purchased Loans; (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement; or (iii) seeking any determination or ruling that could reasonably be expected to have a Material Adverse Effect with respect to Seller.

(g) To Seller's Actual Knowledge, there are no judgments, proceedings or investigations pending or threatened against the Bank, before any Regulatory Authority having jurisdiction over the Bank or its properties: (i) asserting the invalidity of this Agreement or any Purchased Loans; or (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement.

(h) Seller is solvent and no voluntary or involuntary bankruptcy petition has been commenced by or against Seller, nor has Seller made an offer of assignment or compromise for the benefit of creditors. Seller will not be rendered insolvent by the consummation of the transactions contemplated hereby. Seller is not transferring any Purchased Loan with any intent to hinder, delay or defraud any of its creditors.

(i) The consummation of the transactions contemplated by this Agreement is in the ordinary course of business of Seller, and the transfer, assignment and conveyance of the Purchased Loans by Seller pursuant to this Agreement are not subject to bulk transfer or any similar statutory provisions.

(j) Seller is in compliance with all Applicable Laws in all material respects.

(k) Seller is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(l) Seller is in compliance with this Agreement in all material respects and no Servicer Default or event which, with the giving of notice or lapse of time or both, would constitute a Servicer Default, has occurred and is continuing.

(m) The Credit Guidelines set forth on Exhibit C hereto as of the date of this Agreement are true, correct and complete as of such date. No material amendments, changes or modifications to such Credit Guidelines have been made since the date of this Agreement without the prior approval of Beneficiary except (i) as may be required by law, regulation or governmental guidance applicable to PMI or Seller or to Bank or (ii) changes that are immaterial or clerical in nature.

(n) As of their respective filing dates, none of Seller's SEC Exchange Act filings contain any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances they were made, not misleading.

(o) [***]

(p) The Credit Guidelines, WebBank Agreements, WebBank-Prosper Credit Policy and Form Loan Documents furnished by Seller to Beneficiary prior to the date of this Agreement are true, correct, and complete as of the date of this Agreement. No material amendments, changes or modifications to the Credit Guidelines or WebBank Agreements (excluding the WebBank Prosper Credit Policy) furnished by Seller to Beneficiary prior to the date of this Agreement have been made without the prior written consent of Beneficiary, other than (i) as may be required by law, regulation or governmental guidance applicable to PMI, Seller or its subsidiary or the Bank, or (ii) changes that are immaterial or clerical. No material changes to the WebBank-Prosper Credit Policy or the Form Loan Documents furnished by Seller to Beneficiary prior to the date of this Agreement have been made without prior written notification to Beneficiary, other than (i) as may be required by law, regulation or governmental guidance applicable to PMI, Seller or the Bank, or (ii) changes that are immaterial or clerical in nature.

(q) The chief place of business and chief executive office of the Seller are located at the address set forth in Section 9.01 (or at such other locations, notified to Beneficiary in accordance with Section 9.01, in jurisdictions where all action necessary to maintain Beneficiary's first priority perfected security interest in the Purchased Loans have been taken and contemplated) and have been located at such location at all times for the last five years except as specified in Schedule 3. The exact legal name of Seller is set forth on the signature pages hereto. Seller has not changed its name, changed its organizational structure, changed its jurisdiction of organization or used any name other than its exact legal name at any time since its formation, except as may be notified to Beneficiary in accordance with the terms of this Agreement.

Section 4.02 **Purchased Loan Representations and Warranties**.

Seller hereby represents, warrants and covenants to Beneficiary and Purchaser as of the related Purchase Date with respect to each Purchased Loan acquired on such date that:

(a) Such Purchased Loan is an Eligible Loan.

(b) Immediately prior to the sale thereof to Purchaser, Seller is the sole owner of such Purchased Loan and has good and marketable title thereto, free and clear of any interest, including any and all Liens, and has the right to assign, sell and transfer such Purchased Loan to Purchaser free and clear of any Lien, other than any security interest granted pursuant to Section 3.02(a), and Seller has not sold, assigned or otherwise transferred any right or interest in or to such Purchased Loan and has not pledged such Purchased Loan as collateral for any debt or other purpose, other than any security interest granted pursuant to Section 3.02(a). Immediately following the transfer of each Purchased Loan to Purchaser hereunder, Purchaser will own such Loan free and clear of any Lien (other than any security interest granted pursuant to Section 3.02(a)), and subject to Section 4.07, will have the right to assign, sell, transfer and pledge such Loan to any Person in connection with a Financing or otherwise.

(c) The collection and servicing practices used by Seller or its agent with respect to such Purchased Loan have been in all respects legal, proper, prudent and customary in the consumer loan origination and servicing industry, and are in accordance with Applicable Law as well as the terms of such Purchased Loan.

(d) [Reserved]

(e) Other than any security interest granted to Purchaser pursuant to Section 3.02(a), and any security interest that has been or will be fully released prior to or concurrently with the transfer thereof to Purchaser, Seller has not pledged, assigned, sold, granted a security interest in or otherwise conveyed such Purchased Loan. Seller has not authorized the filing of and is not aware of any financing statements against Seller that include a description of collateral covering any portion of such Purchased Loan other than any financing statement relating to any security interest granted to Purchaser pursuant to Section 3.02(a). The promissory note or other record that constitutes or evidences such Loan does not have any marks or notations indicating that it has been pledged, assigned or otherwise conveyed to any Person other than Purchaser that will not be removed or appropriately updated, amended or superseded to reflect that any such pledge, assignment or conveyance has been terminated and any related Lien fully released prior to or concurrently with the transfer thereof to Purchaser.

(f) Seller has not done anything to prevent or impair such Loan from being valid, binding and enforceable against the applicable Borrower, and no instrument has been executed by Seller, PMI or Bank that would result in any such release, satisfaction, cancellation or rescission of any Loan Document.

(g) Such Loan has not been originated in, and, as of any date of determination, is not subject to the laws of, any jurisdiction under which the sale, transfer, assignment, setting over, conveyance or pledge of such Loan would be unlawful, void or voidable. None of the Bank or Seller, as of any date of determination, has entered into any agreement with the related Borrower that prohibits, restricts or conditions the assignment of such Loan.

(h) Each Purchased Loan is readily identifiable by its respective loan identification number and loan listing number indicated in "C. Positions File" of the Data Files and no other loan owned by, or in possession or control of Seller, Servicer or PMI, at any time, has the same loan identification number or loan listing number as such Purchased Loan.

(i) The sale, transfer and conveyance of each Purchased Loan to Purchaser as and in the manner contemplated by this Agreement are sufficient (i) to fully transfer to Purchaser all right, title and interest of Seller thereto and (ii) to the extent that Seller retains an interest in such Loan despite such sale, transfer and conveyance, to grant to Purchaser the security interest referred to in this Agreement.

(j) The Loan Trailing Fee (as defined in the Servicing Agreement) related to such Purchased Loan is no greater than the "Loan Trailing Fee" contained in the Asset Sale Agreement, dated as of July 1, 2016 by and between the Bank and the Seller.

Section 4.03 **Beneficiary Representations and Warranties**.

As of the Closing Date and as of each Purchase Date, Beneficiary hereby represents and warrants to Seller that:

(a) Beneficiary is duly formed, validly existing and in good standing under the laws of the Cayman Islands and has all licenses necessary to carry on its business as now being conducted, and is licensed, qualified and in good standing in each state where the laws of such state require licensing or qualification in order to conduct business of the type conducted by Beneficiary, except to the extent that the failure to obtain or maintain any such license would not reasonably be expected to have a Material Adverse Effect with respect to Beneficiary, and in any event Beneficiary is in compliance with all

Applicable Law to the extent necessary to ensure the enforceability of the terms of this Agreement, and its ability to perform its obligations hereunder.

(b) Beneficiary has the full power and authority to execute and deliver this Agreement and to perform in accordance herewith; the execution, delivery and performance of this Agreement by Beneficiary, and the consummation of the transactions contemplated hereby have been duly and validly authorized; this Agreement evidences the valid, binding and enforceable obligation of Beneficiary (except as such enforceability may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally and by general principles of equity) and all requisite action has been taken by Beneficiary to make this Agreement valid and binding upon Beneficiary in accordance with its terms.

(c) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated by this Agreement (assuming receipt of all necessary consents), nor compliance with its terms and conditions, conflicts with or results in the breach of, or constitutes a default under, any material contract, agreement or other instrument to which Beneficiary is a party or which may be applicable to Beneficiary or its assets.

(d) Assuming full and complete performance by Seller of its covenants and obligations hereunder, Beneficiary does not believe, nor does it have any reason or cause to believe, that it cannot perform its covenants and obligations contained in this Agreement.

(e) No consent, approval, license, registration, authorization or order of any Regulatory Authority is required for the execution, delivery and performance by Beneficiary of, or compliance by Beneficiary with, this Agreement, or if required, such consent, approval, license, registration, authorization or order has been obtained prior to the date hereof, in each case except to the extent that the failure to obtain any such consent, approval, license, registration, authorization or order would not reasonably be expected to have a Material Adverse Effect with respect to Beneficiary.

(f) There are no judgments, proceedings or investigations pending against Beneficiary or, to the best of Beneficiary's knowledge, threatened against Beneficiary, before any Regulatory Authority having jurisdiction over Beneficiary or its properties: (i) asserting the invalidity of this Agreement; (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement; or (iii) seeking any determination or ruling that would reasonably be expected to have a Material Adverse Effect with respect to Beneficiary.

(g) Beneficiary is solvent and no voluntary or involuntary bankruptcy petition or winding up petition has been commenced by or against Beneficiary, nor has Beneficiary made an offer or assignment or compromise for the benefit of creditors.

(h) Beneficiary: (i) is an "accredited investor" within the meaning of Regulation D, Rule 501(a), promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended and (ii) is acquiring interests in the Purchased Loans for investment only and not with a view to, or for resale in connection with, any distribution to the public or public offering thereof. Beneficiary acknowledges that the Purchased Loans have not been registered under the securities laws of any jurisdiction and cannot be disposed of unless they are subsequently registered under or sold pursuant to an applicable exemption under applicable securities laws and the provisions of this Agreement have been complied with. Beneficiary acknowledges that the Purchased Loans were not offered to Beneficiary by means of general solicitation or general advertising.

(i) Neither the facilities through which Beneficiary will acquire Purchased Loans hereunder nor the individuals acting on Beneficiary's behalf with respect to any such acquisition are located in the State of Alabama or the State of Indiana.

(j) Beneficiary is fully compliant with all applicable provisions of the AML-BSA Laws and the Foreign Corrupt Practices Act of 1977, as amended, and is subject to policies and procedures reasonably designed to ensure its ongoing compliance with such laws.

(k) Beneficiary: (i) has knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in the Purchased Loans and making an informed investment decision with respect thereto; (ii) has reviewed and evaluated all information necessary to assess the merits and risks of its investment in the Purchased Loans; (iii) is able to bear the economic and financial risk of an investment in the Purchased Loans for an indefinite period of time; (iv) has made its determination to cause Purchaser to purchase the Purchased Loans independent of any other purchaser of any Loans and independent of any statements or opinions as to the advisability of such purchase, which may have been made or given by any other Person or by any agent or employee thereof; (v) has been afforded by Seller access to, and has conducted its own due diligence, searches, inspections and investigations of and with respect to, the Purchased Loans (including the Loan Documents and Data File) to the extent it has desired to do so; (vi) has been assisted and advised by its own legal, accounting, and business advisers in connection with the acquisition of the Purchased Loans; (vii) except for the representations and warranties of Seller in Article 4, Beneficiary has relied solely upon its independent investigations and knowledge, and is fully familiar with the Purchased Loans; and (viii) except for the representations and warranties of Seller in Article 4, Beneficiary has not relied on, and in entering into this Agreement, Beneficiary does not rely on any representation or statement made by Seller or any of Seller's officers, managers, directors, shareholders, employees, agents or attorneys.

(l) Beneficiary acknowledges and agrees that the Purchased Loans are not guaranteed or otherwise subject to any guaranty, surety, indemnity, subsidy or support of any kind by any Person, including without limitation, any Regulatory Authority. Beneficiary further acknowledges and agrees that Seller has not made and does not herein make any representation or warranty of any kind or nature with respect to the dischargeability, non-dischargeability or any other outcome of any bankruptcy or insolvency involving any Borrower or any other obligor of any of the Purchased Loans.

(m) Beneficiary acknowledges and agrees that Seller makes no representation or warranty as to (i) the fitness of any Purchased Loan for any particular use or business purpose of Beneficiary, (ii) the accuracy or the appropriateness of the methodology used by Beneficiary to assess and evaluate Purchased Loans or (iii) the amount Beneficiary ultimately will recover as payments or proceeds of any Purchased Loan or the timing of its receipt of any such amounts.

(n) Beneficiary acknowledges and agrees that (i) the representations and warranties made by Seller in Article 4 are the exclusive representations and warranties made by Seller in this Agreement, (ii) except for Seller's representations and warranties set forth in Article 4 and in the Servicing Agreement, Seller is not making any express or implied representation or warranty whatsoever regarding the transactions contemplated by this Agreement or any other matter, and (iii) without limiting any of Seller's representations or warranties set forth in Article 4, Seller shall not be liable or bound in any manner by any express or implied representation, warranty, guarantee, statement, promise or information made or furnished by any agent or representative of Seller or by any other Person acting as agent of, representing or purporting to be an agent of or represent Seller or any of its Affiliates.

Section 4.04 **Purchaser Representations and Warranties**

Subject to Section 9.16, Purchaser hereby makes the following representations and warranties to Seller and Beneficiary as of the date hereof and as of each Purchase Date:

(a) Trustee is a federal savings bank duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation. The execution, delivery and performance by Purchaser of this Agreement and the transactions contemplated hereby are within its powers and have been duly authorized by all necessary action. This Agreement has been duly executed and delivered by Purchaser and constitutes the legal, valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium and/or other similar laws and general equitable principles.

(b) The execution, delivery and performance by Purchaser of this Agreement and the transactions contemplated hereby do not and will not violate, materially conflict with or result in a material breach or default under the organizational documents of Purchaser, any Applicable Law applicable to Purchaser, or any agreement or other document to which Purchaser is a party or by which it is bound.

(c) No authorization, approval, consent or other action by, and no notice to or filing with, any governmental authority or regulatory body or other Person is or will be required to be obtained or made by Purchaser of the execution, delivery and performance of this Agreement and the transactions contemplated hereby, except to the extent the failure to obtain such authorization, approval, consent or other action, or to make any such notice or filing, would not have a material adverse effect on Purchaser's ability to perform its obligations under this Agreement.

(d) There is no litigation or administrative proceeding before any court, tribunal or governmental body presently pending or, to the knowledge of Purchaser, threatened against Purchaser, which would have a material adverse effect on Purchaser's ability to perform its obligations under this Agreement.

(e) Purchaser is fully compliant with all applicable provisions of the AML-BSA Laws and the Foreign Corrupt Practices Act of 1977, as amended, and is subject to policies and procedures reasonably designed to ensure its ongoing compliance with such laws.

Section 4.05 **Seller Covenants**.

Seller hereby covenants and agrees with Beneficiary and Purchaser as follows:

(a) Information. Seller acknowledges and agrees that Purchaser shall be the owner of all data and information relating to the Purchased Loans and the related Borrowers, including credit file information, servicing and collection history, and other books and records, and that all such information shall constitute "Confidential Information" subject to Section 6.02.

(b) Ownership. Seller will take all action necessary to effect and maintain Purchaser's ownership interest in the Purchased Loans.

(c) Seller Obligations. Seller will do, execute and perform all such other acts, deeds and documents as Purchaser may from time to time reasonably require in order to carry out the intent of this Agreement.

(d) No Liens, Etc. Against Consumer Loans. Seller hereby covenants and agrees not to create or suffer to exist (by operation of law or otherwise) any lien arising through or under Seller or Bank (other than Purchaser's security interest under Section 3.02(a)) upon or with respect to, any of the Purchased Loans or any of its interest therein. Seller shall immediately notify Beneficiary of the existence of any lien arising through or under Seller or Bank (other than Purchaser's security interest under Section 3.02(a)) on any of the Purchased Loans of which Seller has knowledge and Seller shall defend the right, title and interest of Purchaser in, to and under the Purchased Loans, against all claims of third parties arising through or under Seller or Bank.

(e) Books and Records. Seller shall maintain accounts and records as to each Purchased Loan hereunder accurately and in sufficient detail to permit the reader thereof to know at any time the status of such Purchased Loan. Seller shall maintain its computer records so that Seller's master computer records (including any back-up archives) that refer to any Purchased Loan indicate that such Purchased Loan is owned by Purchaser.

(f) Financing Facility Cooperation. Seller acknowledges that it is the intention of Beneficiary to enter into one or more financing facilities (directly or indirectly) to finance purchases of Eligible Loans (each such financing facility, the "Financing Facility"). In connection with any Financing Facility, Seller shall:

(i) cooperate with respect to all reasonable requests and reasonable due diligence procedures, including, without limitation, participating in meetings with potential lenders;

(ii) deliver to Beneficiary or to any person designated by Beneficiary (A) such information regarding Seller, PMI, loan delinquency, collection experience and such other information regarding the Loans as may be required by a potential lender as is customarily provided to purchasers or investors in the [***] or as is reasonably requested by Beneficiary, and (B) such other documents as may be reasonably requested by a potential lender; and

(iii) make any commercially reasonable amendments to this Agreement and the Servicing Agreement requested by a potential lender in order to facilitate such Financing Facility.

In connection with each Financing Facility, Seller may be required (depending on the identity of the third party financing source) to execute a commercially reasonable multi-party agreement with the financing party and Seller may also be required to allow such financing party to be a third party beneficiary of the Servicing Agreement and this Agreement. [***]

(g) UCC Filing Information. Without providing at least [***] prior written notice to Beneficiary and completing all actions required or reasonably requested by Beneficiary to maintain Purchaser's first priority perfected security interest in the Purchased Loans and other Purchased Loan Collateral, Seller will not change any of: its name, mailing address, organizational identification number, its type of organization, jurisdiction of organization or legal structure.

(h) Compliance Review. Not less than once per calendar year, and in conjunction with any reviews, audits or inspections performed under the Servicing Agreement, Beneficiary (and its agents, professional advisors, financing providers and other designees, including the Verification Agent) may at Beneficiary's sole expense perform a compliance review in order to confirm Seller's performance with the terms hereunder (a "Compliance Review") with [***] Business Days' prior written notice to Seller, which Compliance Review shall occur during normal business hours to (i) verify the compliance by Seller with this Agreement, (ii) verify the compliance by Seller with Applicable Laws and other legal compliance related to the Purchased Loans, (iii) verify compliance of the Purchased Loans and other Loans subject to Purchase Commitments hereunder with the criteria under the definition of "Eligible Loan" and the representations and warranties in Section 4.02, (iv) inspect Seller's and its Affiliates' books and records (including electronic records) related to the Purchased Loans and (v) review and verify such other material information relating to Purchased Loans that Beneficiary reasonably requests. Seller will cooperate with all reasonable requests and provide Beneficiary (and its agents, professional advisors, financing providers and other designees) with all necessary assistance and information in connection with each such Compliance Review. In connection with each Compliance Review, Beneficiary (and its agents, professional advisors, financing providers and other designees) shall have the right to visit locations used by Seller and its Affiliates (each, an "Inspection"), at Beneficiary's expense. During each Inspection, Seller will provide representatives of Beneficiary (and its agents, professional advisors, financing providers and other designees) with reasonable access to Seller's personnel (at Seller's own expense) as reasonably necessary for Beneficiary (and its agents, professional advisors, financing providers and other designees) to perform a Compliance Review. In connection with any Compliance Review and/or Inspection, Beneficiary agrees to make reasonable efforts to minimize the impact on the business operations, resources and personnel of Seller. Except after the occurrence and during the continuation of Seller's failure to perform or observe any obligation, covenant or agreement contained in this Agreement or a Compliance Review required by a lender to Beneficiary or a rating agency, if Beneficiary (and/or its agents, professional advisors and other designees) conducts a Compliance Review and/or Inspection more often than once per calendar year, Beneficiary agrees to pay to Seller an amount equal to $[***] for each such Compliance Review and/or Inspection conducted in addition to the annual Compliance Review and/or Inspection, in order to cover the salaries and other expenses of Seller's personnel and the loss of revenue experience by Seller as a result of diverting its resources from its business to attend to any such additional Compliance Review and/or Inspection. For the avoidance of doubt, any information obtained or disclosed to Beneficiary (and its agents, professional advisors, financing providers and other designees) in connection with any such Compliance Review and/or Inspection shall be treated as Confidential Information of Seller in accordance with Section 6.02.

(i) [***]

(j) Material Amendments. Without the prior written consent of Beneficiary, Seller shall not make any material amendments, changes or modifications to the [***] or the [***] on or after the date of this Agreement, except as (i) may be required by law, regulation or governmental guidance applicable to PMI, Seller or the Bank or (ii) that are immaterial and clerical in nature.

(k) Prior Notice of Changes. Without providing prior written notice to Beneficiary, Seller shall not make any:

(i) Material Amendments to [***] furnished by Seller to Purchaser prior to the date of this Agreement, except (A) as may be required by law, regulation or governmental guidance applicable to [***] or (B) any such amendments that are immaterial and clerical in nature; or

(ii) material amendments, changes or modifications to any [***] attached to this Agreement, except (A) as may be required by law, regulation or governmental guidance applicable to PMI, Seller or WebBank or (B) any such amendments that are immaterial and clerical in nature; or

(iii) Material Amendments to the [***], except (A) as may be required by law, regulation or governmental guidance applicable to PMI, Seller, or WebBank or (B) any such amendments that are immaterial and clerical in nature.

(l) Copies of Changes. In the event that any material amendments, changes or modifications under Section 4.05(j) or Section 4.05(k) above are required by law, regulation or governmental guidance applicable to PMI, Seller or Bank to be made, or any changes occur that are immaterial and clerical in nature, Seller shall promptly (and in any event within [***] Business Days of the occurrence of such amendments, changes or modifications) provide a copy of such changes to Beneficiary.

(m) [***]

(n) [***]

(o) [***]

(p) Notices. Seller shall notify Beneficiary via electronic mail in accordance with Section 9.01 promptly (and in any event within [***] Business Days of Actual Knowledge) of the occurrence of any of the following:

(i) A Termination Event or an event that with the giving of notice or passage of time, or both, would constitute a Termination Event.

(ii) A breach of a representation and warranty of Seller in this Agreement.

(iii) The failure to satisfy any conditions precedent specified in Section 2.03(b).

(iv) [***]

(v) A default or event of default under Material Indebtedness.

(vi) Any written action, suit, claim, investigation or proceeding commenced or, to the Actual Knowledge of Seller, threatened in writing against Seller, which if decided adversely to Seller would result in the payment of an amount greater than or equal to $[***].

(vii) Any actual or threatened in writing claim, investigation, regulatory action, proceeding or order of a governmental authority or regulator relating to Seller or PMI, solely to the extent legally permitted to provide such notice, to the extent any such action could be reasonably likely to materially impair Seller's ability to perform its obligations under this Agreement.

(viii) The failure to maintain, violation or suspension of any licenses, approvals, qualifications or authorizations to service loans in any relevant jurisdiction of Seller or PMI to the extent any such failure could be reasonably likely to materially impair Seller's ability to perform its obligations under this Agreement.

(ix) A change of Seller's principal business address or name.

(q) Licensing Updates. After the Closing, on the [***] of each calendar month during the Term, Seller shall provide to Beneficiary information regarding any updates with respect to the jurisdictions in which Seller or PMI holds licenses, approvals, qualifications or authorizations (servicing, lending or otherwise) as well as the jurisdictions in which Seller or PMI has submitted with the applicable governmental or regulatory authority an application to seek licenses, approvals, qualifications or authorizations.

(r) [***]

(s) Tax Treatment.

(i) Except as set forth in this Section 4.05(s), Seller will not take a position for U.S. federal income tax purposes other than (A) Bank (or Seller) is the party that originates the Purchased Loans, and (B) such origination is not on behalf of any other party, including, without limitation, Purchaser or Beneficiary.

(ii) Not more frequently than once per year, Seller may, upon the determination by a nationally recognized law firm or accounting firm that a position other than that set forth in Section 4.05(s)(i)(A) or (B) is required under Applicable Law, provide written notice to Beneficiary of such firm's determination. Seller shall not be required to comply with the applicable covenant provided in Section 4.05(s)(i)(A) or (B) that is identified in the written notice unless, within [***] of the delivery of such notice, Beneficiary provides Seller an opinion from a nationally recognized law or accounting firm at a "should" level of comfort that the position set forth in Seller's written notice is not required under Applicable Law.

(iii) Seller shall control any proceeding before the Internal Revenue Service or any state or local taxing authority, or resulting litigation, involving a challenge or questioning of Seller's use of the tax treatment described in Section 4.05(s)(i). Beneficiary shall have the right, through counsel or other representative of its choosing and at Beneficiary's sole expense, to observe the conduct of such proceeding, and Seller shall keep Beneficiary reasonably informed regarding the progress of such proceeding and shall consult in good faith with Beneficiary in connection with such proceeding, including by discussing substantive strategy and approach of the Seller, giving Beneficiary a reasonable opportunity to review any correspondence from or submissions to the taxing authority or tribunal, and considering in good faith any comments or suggestions by Beneficiary (in all cases only to the extent such proceeding relates to the tax treatment described in Section 4.05(s)(i) and subject to the execution of a confidentiality agreement reasonably satisfactory to Seller). Seller will not take a position in such proceeding at variance with Beneficiary's tax position that all activities related to the conduct of Beneficiary's business in the United States are carried out by an independent agent within the meaning of Article V(6) of the Income Tax Treaty between the United States and Ireland, or successor provision of Applicable Law. For the avoidance of doubt, it shall not be a breach of this Section 4.05(s) for Seller to take a position that is required by a "determination" within the meaning of Section 1313(a) of the Internal Revenue Code (or similar provision of state or local law), either for the period covered by such determination or in any preceding or succeeding year.

(t) Requests. [***]

(u) [***]

(v) Credit Reporting. With respect to each Purchased Loan, to the extent not furnished by the Servicer under the Servicing Agreement, Seller will fully furnish, or cause to be so furnished, in accordance with the Fair Credit Reporting Act and its implementing regulations, accurate and complete information (e.g., favorable and unfavorable) on its borrower credit files to Experian and Trans Union Credit Information Company (two of the credit repositories) on a monthly basis.

(w) [***]

Section 4.06 **Beneficiary and Purchaser Covenants and Acknowledgements**.

(a) During the Term, Beneficiary shall not enter into any funding agreement or arrangement with [***], including any such funding agreement similar to the transactions contemplated by this Agreement, or invest in any products of any kind [***] or its affiliates, *provided, that*, the restrictions in this Section 4.06 shall not include (A) any restriction on purchasing any [***] products on the secondary market; or (B) any restriction on purchasing publicly registered equity in or assets (other than products) of, or entering into any lending arrangement (other than the purchase of products) with, [***]. Notwithstanding the previous sentence, if PMI, the Seller or any Affiliate thereof merges with or becomes an Affiliate of [***], the restrictions set forth in this Section 4.06(a) shall be of no further force and effect.

(b) Each of Beneficiary and Purchaser hereby acknowledges and agrees that (i) each purchase and sale of a Purchased Loan hereunder is an arms-length transaction between Beneficiary and Purchaser, on the one hand and Seller on the other hand; (ii) Seller is not acting as Beneficiary's or Purchaser's agent or fiduciary in connection with any such purchase and sale, except to the extent of any independent contractual relationship established hereby; (iii) Seller assumes no advisory or fiduciary responsibility with respect to Beneficiary or Purchaser in connection with any such purchase and sale; (iv) Seller has not provided Beneficiary or Purchaser with any legal, accounting, regulatory or tax advice with respect to any Loan; and (v) each of Beneficiary and Purchaser has consulted its own legal, accounting, regulatory and tax advisors with respect to the Purchased Loans to the extent it has deemed appropriate.

(c) Beneficiary and Purchaser will provide a single point of contact (the "Purchaser Contact") for discussion and determination of all issues surrounding this Agreement and the Servicing Agreement with Seller. Such Purchaser Contact shall initially be [***] of [***], whose contact information is as follows: [***], Facsimile number [***], and (i) at [***] with respect to [***], (ii) with respect to [***] delivered pursuant to [***], an email address to be provided by the Beneficiary prior to the initial delivery of such a [***] and (iii) at [***] with respect to all other matters, in each case until further notice in writing from Beneficiary to Seller.

(d) The covenants and undertakings contained in [***] relate to matters which are of a special, unique and extraordinary character and a violation of any of the terms of [***] may cause irreparable injury to Seller, the amount of which may be impossible to estimate or determine and which may not be adequately compensated. Accordingly, the remedy at law for any breach of [***] may be inadequate. [***] The rights and remedies provided by this Section 4.06(d) are cumulative and in addition to any other rights and remedies which Seller may have hereunder or at law or in equity.

Section 4.07 **Transfers of Purchased Loans; Whole Loan Sale Cooperation**.

(a) Purchaser will not transfer, and Beneficiary will not permit the transfer of, ownership of a Purchased Loan to any other Person (a "Purchased Loan Transferee") unless the following conditions have been satisfied:

(i) Beneficiary provides written notice of the intended transfer to the Loan Registrar at least [***] Business Days prior to such transfer;

(ii) the Purchased Loan Transferee satisfies the Seller's requirements to open a Prosper Account and opens such an account; and

(iii) so long as such sale occurs prior to a Servicer Default, the Purchased Loan Transferee enters into a servicing agreement with respect to such loans with Seller on substantially similar terms to the Servicing Agreement (unless the Purchased Loan Transferee has already entered into a servicing agreement with the Seller in relation to other Loans and Seller agrees to service such transferred loans under such existing servicing agreement).

(b) Seller shall cooperate and assist the prospective purchaser with satisfying all such requirements, and Seller shall not deny the prospective purchaser from opening an account on the Platform other than as required by Applicable Law, including laws related to "know your customer" requirements, tax requirements and AML-BSA Laws. In connection with any such sale of Purchased Loans, Seller agrees that Purchaser and Beneficiary may assign the representations and warranties made by Seller to Beneficiary and Purchaser along with any accompanying remedies under this Agreement to the buyer in any whole loan sale pursuant to this Section 4.07.

(c) Additionally, upon written request, in connection with any sale of Purchased Loans pursuant to this Section 4.07, [***].

(d) Any transfer of ownership of a Purchased Loan shall require written notification, which may be in electronic form, to the Loan Registrar. The Loan Registrar shall record in the Register any transfer for which it receives such notification, and any such transfer shall be effective only upon being recorded in the Register.

(e) In connection with any whole loan sale prior to a Servicer Default, if the Servicer and the Purchased Loan Transferee have not already entered into a servicing agreement that the Purchased Loan Transferee and the Servicer agree would govern the servicing of any such loans to be sold to the Purchased Loan Transferee, the Seller agrees to negotiate a servicing agreement with the Purchased Loan Transferee in good faith and on substantially similar terms to those set forth in the Servicing Agreement.

(f) Notwithstanding the foregoing, in no event shall Purchaser or Beneficiary or any of its successors as owners of a Purchased Loan [***]; *provided, however,* that this restriction shall not prevent Purchaser from [***].

(g) For the avoidance of doubt, the provisions of this Section 4.07 shall apply to any transfers of Purchased Loans [***].

(h) Notwithstanding anything to the contrary hereunder, Seller hereby consents to the transfer of any Purchased Loans to [***], and upon notification to Seller of the transfer of any such Purchased Loans to [***], Seller shall promptly (and in any event within [***]) note such transfer on its books and records. Notwithstanding anything to the contrary hereunder, Seller hereby consents to the grant of a security interest in any Purchased Loans acquired by [***] to secure its obligations [***], and upon notification to Seller of the grant of such security interest, Seller shall promptly note such grant on its books and records. Seller agrees and acknowledges that with respect to Loans sold to [***], each of [***] and the [***] under the [***] shall have the right to require Seller to repurchase a Purchased Loan if any of the Seller's representations and warranties under this Agreement as to such Purchased Loan are breached, to the same extent as Beneficiary has such rights under Section 7.01 of this Agreement.

Section 4.08 [***] **Cooperation.**

(a) Seller acknowledges and agrees [***]. In connection with any such [***], Seller agrees to negotiate in good faith the terms and conditions of [***], which terms and conditions shall, at a minimum enable [***].

(b) Any such [***] shall be subject to the conditions and requirements included in Seller's agreements with the Bank, including without limitation [***] between [***] and [***] as in effect on the date hereof and as amended from time to time [***].

(c) In connection with any [***], Seller shall:

(i) cooperate with respect to all reasonable requests and [***],

(ii) deliver to Beneficiary or to any person designated by Beneficiary (including, without limitation, [***]) (A) such information regarding PMI, Seller, loan delinquency, collection experience and such other information regarding the loans [***], (B) such statements and audit letters of reputable certified public accountants pertaining to information provided by PMI or Seller and [***] and (C) such other information or documents as may be necessary for the purposes of compliance with [***],

(iii) deliver a [***],

(iv) deliver a [***], and

(v) [***].

(d) [***]

(e) On the [***], Beneficiary shall pay or cause to be paid to Seller the amount of reasonable out-of-pocket legal expenses incurred by the Seller in connection [***]; *provided,* that, if the applicable [***], then Beneficiary shall reimburse or cause to be reimbursed, Seller with respect to such [***] for all of Seller's reasonable out-of-pocket legal expenses incurred by Seller in connection [***].

(f) [***]

ARTICLE V
INDEMNITY; REMEDIES

Section 5.01 **Seller's Indemnification**.

Subject to the limits on indemnification set forth in Section 5.02, Seller hereby agrees to indemnify, defend and hold harmless the Trustee, Beneficiary and Purchaser and their respective trustees, directors, officers, employees, members, managers, representatives, stockholders, limited and general partners and agents (each, an "Indemnified Purchaser Party", and hereinafter collectively referred to as the "Indemnified Purchaser Parties") from and against any third party claims, losses, reasonable out-of-pocket attorneys' fees, damages, liabilities, costs, expenses, or suits for injury to any person, damage to or loss of property, or any other claim (collectively, "Damages") directly arising out of and to the extent attributable to (a) any willful act or omission that violates the terms of this Agreement or any negligent act or omission of Seller or its employees, or agents in connection with this Agreement or any Eligible Loan, (b) the breach of any covenant or agreement made by Seller or the incorrectness or inaccuracy of any representation or warranty of Seller contained in this Agreement, or any instrument, or document executed by Seller in connection herewith, (c) any theft or misappropriation of funds by Seller or any party acting on its behalf, (d) fraud committed by Seller, or (e) any litigation, proceeding or investigation initiated by a Borrower or any third party or by any governmental authority asserting a violation of Applicable Law by Seller, PMI or the Bank; *provided*, that in no event shall Seller be required to indemnify any Indemnified Purchaser Party in respect of any unused line fee or similar fee owed under the Financing Facility due to the failure of the Seller to present Eligible Loans to the Purchaser for purchase under Article 2 hereof. The provisions of this Section 5.1 shall survive the full payment, performance, and discharge of the obligations of Seller hereunder and the termination of this Agreement, and shall continue thereafter in full force and effect.

Purchaser is bearing the risk of credit loss on any Purchased Loans, and the foregoing indemnity does not apply to credit losses on the Purchased Loans.

Section 5.02 **Limits on Indemnification**.

Any provision to the contrary notwithstanding, (i) Seller shall not be obligated to indemnify, defend or hold any Person harmless under this Article 5 from and against any Damages to the extent such Damages result from such Person's gross negligence, bad faith or willful misconduct and (ii) no indemnification is provided by any Party hereunder in relation to punitive or exemplary damages, any actual or purported lost profits, costs of cover or other special damages, or any punitive, exemplary, remote, consequential, incidental or indirect damages of any Indemnified Party (as defined below).

Section 5.03 **Notice of Claims**.

A Party seeking indemnification under this Article 5 (the "Indemnified Party") shall give prompt written notice to the other Party (the "Indemnifying Party") of any claim for which it may seek indemnity (a "Third Party Claim"); provided, however, that the failure of the Indemnified Party to give timely notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Article 5, except to the extent the Indemnifying Party is materially prejudiced thereby. From and after receipt of notice of a Third Party Claim pursuant to this Section 5.03, the Indemnifying Party shall have the right, exercisable by written notice to the Indemnified Party within [***] days of receipt of notice of a Third Party Claim to assume and conduct the defense of such Third Party Claim with counsel selected by the Indemnifying Party (with respect to the Trustee, such counsel as shall be reasonably acceptable to the Trustee). If the Indemnifying Party has assumed such defense as provided in this Section 5.03, the Indemnifying Party will not be liable for any legal expenses subsequently incurred by any Indemnified Party in connection with the defense of such claim. In the event that the Indemnifying Party elects to assume the defense of a Third Party Claim as contemplated herein, the Indemnified Party shall be entitled to participate in (but not control) the defense of such claim and to employ counsel of its choice for such purpose at its sole expense (at the expense of the Trust in the case of the Trustee), provided, however, that such defense will be at the sole expense of the Indemnifying Party if (i) the Indemnifying Party has agreed in writing to pay such fees and expenses, or (ii) the named parties to any such action, suit or proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and the Indemnified Party has been advised by its counsel that (a) there may be one or more legal defenses available to it which are different from, additional to or in conflict with those available to the Indemnifying Party and in the reasonable judgment of such counsel it is advisable for such Indemnified Party to employ separate counsel in connection with the claim or (b) representation of the Indemnifying Party and the Indemnified Party by the same counsel would be inappropriate under applicable standards of professional conduct (whether or not such representation by the same counsel has been proposed) due to actual or potential differing interests between them; and, in any such case the Indemnifying Party shall not have the right to assume the defense of such action, suit or proceeding on behalf of the Indemnified Party. If the Indemnifying Party does not assume the defense of any Third Party Claim in accordance with this Section 5.03 or is prohibited from doing so in accordance with clause (ii) of the previous sentence, the Indemnified Party may continue to defend such claim at the sole cost and expense of the Indemnifying Party (subject to the limitations set forth in this Article 5) and the Indemnifying Party may still participate in, but not control, the defense of such Third Party Claim at the Indemnifying Party's sole cost and expense. In the event that the Indemnified Party assumes the defense of a Third Party Claim in accordance with this Section 5.03, the Indemnified Party will not consent to a settlement, compromise or discharge of, or the entry of any judgment arising from, any such Third Party Claim, without the prior written consent of the Indemnifying Party (such consent not to be unreasonably withheld, conditioned or delayed). In the event that the Indemnifying Party elects to assume the defense of a Third Party Claim in accordance with this Section 5.03, the Indemnifying Party shall not, without the prior written consent of the Indemnified Party (such consent not to be unreasonably withheld, conditioned or delayed), consent to a settlement, compromise or discharge of, or the entry of any judgment arising from, any Third Party Claim, unless such settlement, compromise, discharge or entry of any judgment (i) does not impose any non-monetary obligations on the Indemnified Party, (ii) is paid in full by the Indemnifying Party, (iii) does not include an admission of fault or any findings of fact against or admissions by the Indemnified Party and (iv) includes an unconditional release of the Indemnified Party from further liability. In any such Third Party Claim, the party responsible for the defense of such claim hereunder shall, to the extent reasonably requested by the other applicable Parties, keep such other applicable Parties informed as to the status of such claim, including all settlement negotiations and offers.

Section 5.04 **Payment of Claims Relating to Nonpayment of Loans**.

In the event an Indemnified Purchaser Party makes a claim for indemnity under Section 5.01 solely with respect to Damages that may result from nonpayment of a Purchased Loan (and such matter is otherwise indemnifiable pursuant to Section 5.01), Seller will not be obligated to take any action with respect to such claim until such Purchased Loan becomes a Charged Off Loan; *provided, however*, that Seller may in its sole discretion elect to take action at an earlier time. Seller shall calculate losses resulting from nonpayment of the Purchased Loan based upon the outstanding principal balance of the Purchased Loan. If Seller makes an indemnification payment as a result of Damages resulting from nonpayment of a Purchased Loan, Seller shall apply any subsequent recovery on the Purchased Loan first towards recovering the amount of such indemnification payment, and if Seller recovers the amount of such indemnification payment in full, Seller shall then remit the remaining balance from such recovery, if any, to Beneficiary if Purchaser is then the owner of the Loan.

ARTICLE VI
CONFIDENTIALITY

Section 6.01 **Disclosure of Confidential Information**.

From time to time, in connection with the transactions contemplated by this Agreement, one Party ("Discloser") may disclose Confidential Information to another Party ("Recipient"), whether in writing, orally or by allowing inspection of tangible objects (i.e., documents, tapes disks, prototypes, samples, plants or equipment).

Section 6.02 **Handling of Confidential Information**.

Subject with respect to Purchased Loan Confidential Information to Seller's rights under Section 2.10(a), Recipient shall:

(a) hold Confidential Information in confidence and disclose Confidential Information only to: (i) those Affiliates, officers, directors, partners, members, consultants, agents, employees, accountants, legal counsel, auditors or other advisors and third-party service providers of Recipient ("Representatives") who Recipient reasonably determines need to receive such Confidential Information in connection with one or more of the permitted uses contemplated by this Agreement and the Servicing Agreement; (ii) to the extent disclosure is required or requested by Applicable Law or other legal process or requested or demanded by any Regulatory Authority; (iii) in connection with the exercise or enforcement of any right or remedy under this Agreement, in connection with any litigation or other proceeding to which Recipient is a party or bound, or to the extent necessary to respond to public statements or disclosures by Discloser referring to Purchaser, Trustee, Beneficiary or any Consortium Member; (iv) in the case of Purchaser, Trustee and Beneficiary, any Consortium Members and their respective Affiliates and their respective officers, directors, partners, members, consultants, agents, employees, accountants, legal counsel, auditors or other advisors, and equity owners of the Beneficiary (and Beneficiary agrees to be liable for any act or omission in breach of this Article 6 by the foregoing parties who shall be included in the definition of "Representatives" hereunder) who Purchaser or Beneficiary reasonably determines need to receive such Confidential Information in connection with one or more of the permitted uses contemplated by this Agreement and the Servicing Agreement; (v) any subsequent purchaser or potential purchaser of any Purchased Loans, and to any actual or potential lender, investor or other financing source, and any trustee, administrator or agent acting on behalf of any lender or other financing source; or (vi) in the case of Seller and Purchased Loan Confidential Information, those recipients permitted by Section 2.10(a), but only to the extent such Purchased Loan Confidential Information is contained as part of an aggregation of overall portfolio information that is not specific to the Purchased Loans, Beneficiary or Purchaser; *provided,* that Recipient must: (A) inform any Recipient Representative of the confidential nature of such Confidential Information; (B) take commercially reasonable steps to ensure that any such personnel and service providers do not violate the provisions of this Article 6; (C) promptly notify Discloser if Recipient has reason to believe any Recipient Representative has violated the provisions of this Article 6; and (D) *provided, further*, that notwithstanding anything to the contrary contained in this Article 6, Recipient will be liable for any acts or omissions of any Recipient Representative in breach of this Article 6 to whom it has disclosed Confidential Information except to the extent any such Recipient Representative has entered into a confidentiality agreement with Discloser or otherwise has an obligation or duty of confidentiality to Discloser;

(b) not reverse engineer, disassemble or decompile any prototypes, software or other tangible objects embodying Confidential Information;

(c) if making copies of Confidential Information, not intentionally remove any proprietary rights and/or confidentiality notices appearing on the original Confidential Information; and

(d) use its reasonable efforts to protect and maintain the confidentiality of the Confidential Information, which protections shall be at least equivalent in scope and effect to the measures taken by Recipient to protect its own confidential or proprietary information of a like or similar nature.

Notwithstanding anything to the contrary, subject to compliance with Applicable Laws, the Beneficiary may disclose any Confidential Information it deems reasonably necessary to any parties in connection with a [***] without any obligation of confidentiality hereunder.

Section 6.03 **Special Protections for Customer Information**.

(a) Each of Seller, Beneficiary and Purchaser understands and agrees that Customer NPPI is subject to Title V of the Gramm-Leach-Bliley Act, 15 U.S.C. §§ 6801 et seq., the FTC's Rule regarding the

Privacy of Consumer Financial Information, 16 C.F.R. Part 313, the FTC's Standards for Safeguarding Customer Information, 16 C.F.R. Part 314, and any other Applicable Laws regarding the privacy or security

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of Customer NPPI (collectively, the "Privacy Laws"). Each of Seller, Beneficiary and Purchaser agrees that it shall, to the extent it receives Customer NPPI, comply with the Privacy Laws and will promptly notify Beneficiary, Purchaser and/or Seller, as applicable, if it becomes aware of any breach of the Privacy Laws or the provisions of this Article 6.

(b) Seller shall not provide Beneficiary or Purchaser with any Customer NPPI unless Beneficiary or Purchaser elects to receive Customer NPPI for Purchased Loans. In order to make such election, Beneficiary or Purchaser, as applicable, either (i) must be a Qualified Custodian or (ii) (A) must retain a Qualified Custodian to hold such Customer NPPI on Purchaser's or Beneficiary's behalf and (B) the agreement under which such Qualified Custodian holds such Customer NPPI on Beneficiary's or Purchaser's behalf must provide that such Qualified Custodian will perform its obligations under the agreement in a manner that fully satisfies the Privacy Laws and otherwise complies with the provisions of this Article 6. In the event that Seller provides Beneficiary or Purchaser with any Customer NPPI other than at the election of Beneficiary or Purchaser, Seller shall promptly notify the Beneficiary and Purchaser of such provision of Customer NPPI.

Section 6.04 **Compelled Disclosure**.

Recipient may disclose Confidential Information required or requested to be disclosed by law, rule, regulation or a valid court order or by any regulatory, supervisory or governmental authority, *provided,* that Recipient (to the extent practicable and permissible under the terms of the law, regulation or order compelling disclosure): (a) takes reasonable efforts to request confidential treatment for such Confidential Information; (b) gives Discloser prompt written notice of such requirement or request to disclose prior to such disclosure; provided that no such notice shall be required in connection with an examination by any regulatory, supervisory or governmental authority, and (c) if requested by Discloser, reasonably cooperates with Discloser (at Discloser's sole expense) as necessary to obtain a protective order or secure confidential treatment for such Confidential Information.

Section 6.05 **Return or Destruction of Materials**.

Subject with respect to Purchased Loan Confidential Information to Seller's rights under Section 2.10(a), Recipient shall return or destroy, in Recipient's sole discretion, all Confidential Information, including without limitation all copies, compilations, summaries, analyses or other materials containing or reflecting Recipient's use of Confidential Information promptly after Discloser's written request to Recipient; *provided,* that Recipient may maintain in its possession all Confidential Information of Discloser required to be maintained under Applicable Laws relating to the retention of records for the period of time required thereunder or stored on Recipient's network as part of standard back-up procedures (*provided*, that such Confidential Information shall remain subject to the confidentiality provision of this Article 6 throughout the term of this Agreement). Notwithstanding anything to the contrary, Purchaser and Beneficiary and any of their respective Affiliates, equity owners and agents may retain electronic copies of any such Confidential Information in accordance with its bona fide record retention policy provided that such documents shall remain subject to the confidentiality obligations under this Article 6 throughout the term of this Agreement. To the extent Beneficiary has disclosed any Confidential Information in connection with a [***] as permitted hereunder, Beneficiary shall have no obligation to destroy or return such Confidential Information.

Section 6.06 **Ownership of Confidential Information**.

Subject with respect to Purchased Loan Confidential Information to Seller's rights under Section 2.10(a), the Confidential Information (and related copies and materials) shall be the sole and exclusive property of Discloser. Recipient has no rights under any of Discloser's patents, copyrights, trademarks, trade secrets or with respect to any of Discloser's other intellectual property, except as expressly set forth herein. Recipient may not use Confidential Information to apply for or secure any patents or any other intellectual property rights.

ARTICLE VII
REPURCHASE OBLIGATION

Section 7.01 **Repurchase of Loans**.

If [***] or [***] any representation or warranty in Section 4.02 was not true and correct with respect to a Purchased Loan as of its related Purchase Date, [***] or [***] shall give prompt written notice to [***] and [***]. Seller shall repurchase any such Purchased Loan within [***] of such written demand therefore. On the repurchase date, automatically and without further action, upon payment to Purchaser of the Repurchase Price for such Purchased Loan pursuant to Section 7.02, Purchaser shall sell to Seller, without recourse, representation or warranty other than as provided under Section 7.02, all of Purchaser's right, title and interest in, to, and under such Purchased Loan and all subsequent proceeds thereof. Each Party shall execute all agreements and other documents, and shall take all other actions, reasonably requested by the other to effect any required repurchase.

[***]

Section 7.02 **Repurchase Price**.

For each repurchase of a Purchased Loan under Section 7.01, the "Repurchase Price" to be paid by Seller with respect to such Purchased Loan shall be equal to (a) the Purchase Price, plus (b) accrued interest thereon (inclusive of Servicing Fee) from the Purchase Date through the date of repurchase thereof, minus
(c) all payments, if any, previously received by Purchaser with respect to such Loan. Upon receipt of such Repurchase Price, Purchaser shall transfer its interest in such repurchased Purchased Loan to Seller on an "AS-IS," "WHERE-IS" basis, without any recourse, representations or warranties other than with respect to Purchaser's clear and marketable title to such repurchased Loan, solely to the extent clear and marketable title was transferred to Purchaser by Seller hereunder. Any payment of the Repurchase Price by Seller pursuant to Article 7 shall be made by the wire transfer of immediately available funds to the bank account designated by Purchaser.

Section 7.03 **Arbitration of Disputes**.

(a) For purposes hereof, a [***] Event" [***].

(b) In the event of a [***] Event, either Beneficiary or Seller may refer [***] to arbitration pursuant to this Section 7.03.

(c) The Party electing to submit the matter to arbitration (the "Requesting Party") shall provide notice in accordance with the provisions of Section 9.01 of its intention to refer the matter to arbitration. A Requesting Party may not initiate arbitration pursuant to this Section 7.03 with respect to [***] that is, or has been, the subject of an ongoing or previous arbitration.

(d) The following provisions will apply to any arbitration conducted pursuant to this Section 7.03:

(i) The arbitration will be administered by a nationally recognized arbitration association jointly selected by the parties, and if the parties are unable to agree on an association, by the American Arbitration Association or its successor (the "AAA"), and conducted pursuant to such association's arbitration procedures in effect at such time.

(ii) The arbitrator will be impartial, knowledgeable about and experienced with the laws of the State of New York that are relevant to the dispute hereunder and will be appointed from a list of neutrals maintained by AAA.

(iii) The scope of any such arbitration shall be limited [***] (and the parties shall so accordingly instruct any arbitral body appointed in accordance with the arbitration procedures set forth herein).

(iv) The prevailing party in any such arbitration shall be awarded its reasonable costs of the arbitration (including the fees of the arbitrator, cost of any record or transcript of the arbitration, and administrative fees) and reasonable attorneys' fees actually incurred; provided that [***].

(v) The arbitrator will make its final determination no later than [***] days after appointment. The arbitrator will resolve the dispute in accordance with the terms of this Agreement, and may not modify or change this Agreement in any way. The arbitrator will not have the power to award punitive damages or consequential damages in any arbitration conducted by it. The determination of the arbitrator will be in writing and counterpart copies will be promptly delivered to the parties. The determination will be final and non-appealable absent manifest error and may be enforced in any court of competent jurisdiction.

(vi)The location of the arbitration shall be in Manhattan, New York.

(e) [***]

(f) [***]

ARTICLE VIII
TERM AND TERMINATION

Section 8.01 **Termination**.

(a) This Agreement shall terminate upon the earliest to occur of (i) twenty-four (24) months from the Initial Purchase Date, subject to extension due to (A) any [***] pursuant to Section [***], (B) a [***], which may result in an extension period not exceeding [***] months in the aggregate, (C) a [***] pursuant to Section [***] or (D) a [***] pursuant to Section [***], (ii) the acquisition by Purchaser of Eligible Loans in an aggregate Purchase Price equal to the Aggregate Purchase Obligation or (iii) a termination pursuant to Section 8.01 (b) or (c) below. For the avoidance of doubt, any extension of the term of this Agreement due to a [***] shall run coterminously with any extension of the term due set forth in clause (i)(A), (C) and (D) of this Section 8(a).

(b) Seller may terminate this Agreement and any Outstanding Purchase Commitments immediately upon (i) the occurrence of an Insolvency Event with respect to Beneficiary, (ii) any failure by Purchaser to purchase the Monthly Minimum Purchase Amount for any [***] consecutive calendar months during the Term (*provided, however* that such failure by Purchaser is not a result of (A) any breach of this Agreement by Seller or (B) [***], and *provided further* that any such calculation shall exclude the [***] and any suspension during an [***] or (iii) the termination of the Servicing Agreement by Servicer or the termination of the Servicing Agreement by Beneficiary due to a Servicing Default that does not result in an acceleration of the Warrants pursuant to the Warrant Agreement.

(c) Beneficiary may terminate this Agreement and any Outstanding Purchase Commitments upon the occurrence of any of the following events (each, a "Termination Event"), provided that this Agreement shall automatically terminate without the provision of notice upon the occurrence of a Termination Event under clause (v) below:

(i) a breach of a representation or warranty of Seller specified in Section [***] has occurred as of the applicable Purchase Date and Seller has [***] the related Loan or Loans within [***] of a written demand [***] from [***], which demand shall specify in reasonable detail the basis for such [***]; *provided that* in the event of a [***], any such failure to [***] shall not constitute a Termination Event under this Agreement until any such dispute in connection with the [***] obligation is first resolved [***];

(ii) Seller shall fail to perform or observe any obligation, covenant or agreement contained in this Agreement and such failure, if capable of being cured, is not cured within [***] of the earlier of the date on which (A) written notice of such failure is received by Seller in accordance with Section 9.01 of this Agreement or (B) Seller has Actual Knowledge that such failure has affected a Purchased Loan; *provided, however* that to the extent that a specific covenant, obligation or agreement of Seller is expressly referenced elsewhere in this Section 8.01(c) as a "Termination Event", then Beneficiary shall have the right to seek to terminate this Agreement with respect to any failure of Seller to perform or observe such covenant, obligation or agreement only in accordance with the terms thereof, and not by reference to this Section 8.01(c)(ii);

(iii) (A) Seller shall have failed to perform or observe any obligation, covenant or agreement set forth in Section [***] or Section [***] and (B) such failure, if capable of being cured, is not cured within [***] of the earlier of the date on which (1) written notice of such failure is received by Seller or (2) Seller has Actual Knowledge that such failure affects a Purchased Loan;

(iv) Seller shall not have (A) obtained Beneficiary's prior written consent to any material amendments, changes or modifications to the [***] since the date of this Agreement, (B) provided prior written notice of any [***], (C) provided prior written notice of any [***] furnished by Seller to Beneficiary prior to the date of this Agreement or (D) provided prior written notice of any material amendments, changes or modifications since the date of this Agreement to any [***] furnished by Seller to Beneficiary attached to this Agreement, other than in each case of clause (A), (B), (C) and (D) for any amendments, changes or modifications as (1) may be required by law, regulation or governmental guidance applicable to PMI, Seller or the Bank or (2) that are immaterial or clerical in nature.

(v) An Insolvency Event shall occur with respect to Seller or PMI;

(vi) Seller or PMI shall substantially cease to operate its regular course of business;

(vii) any representation or warranty of Seller contained in this Agreement (other than representations the breach of which requires a repurchase of a Loan hereunder) was materially false or misleading when made, and such misstatement, if capable of being cured, is not cured within

[***] of either the date on which (A) notice of such misstatement is received by Seller or (B) Seller has Actual Knowledge that such misstatement has affected a Purchased Loan;

(viii) (A) Seller (1) [***] or (2) becomes subject to any regulatory action that is reasonably likely to restrict or prohibit Seller from acquiring or originating new Eligible Loans or performing its obligations under the Agreement and (B) such condition, if capable of being cured, is not cured within [***] of the earlier of the date on which (1) written notice of such occurrence is received by Seller or (2) Seller has Actual Knowledge that such occurrence has adversely affected a Purchased Loan; [***];

(ix) there shall occur any change in any federal, state or local law, statute, regulation or order or in any requirement of any Regulatory Authority, including, for the avoidance of doubt, any Negative Court Ruling, which change (A) makes it illegal (1) for Purchaser to purchase or own Loans, or (2) for Seller to sell Loans, or (B) (x) materially adversely affects, or would reasonably be expected to materially adversely affect, Seller's ability to perform its obligations under this Agreement and documents contemplated hereby, or (y) adversely affects, or would reasonably be expected to adversely affect, the collectability, enforceability or validity of greater than [***] percent ([***]%) of the unpaid principal balance of Eligible Loans purchased by Purchaser over the [***] period (calculated on a rolling basis) ending on the last day of the most recently completed month prior to the date of the notice of such change (excluding from such amount the unpaid principal balance of any prior repurchases of Loans by Seller from Purchaser); *provided, that* Seller shall use its commercially reasonable efforts to amend or modify (to the extent permitted by Applicable Law) this Agreement, the Form Loan Documents or such other applicable document in such manner so as to comply with any such change in law, regulation, order or any requirement of any Regulatory Authority; *provided, further*, that to the extent Beneficiary's prior consent is required to effectuate any such amendment or modification of this Agreement, a Loan Document or such other applicable document, Beneficiary's consent shall not be unreasonably withheld, conditioned or delayed;

(x) the arrangements under which Seller acquires Loans from the Bank are cancelled, suspended, prohibited or otherwise terminated;

(xi) Seller voluntarily terminates the arrangements under which Seller acquires Loans from the Bank and enters into alternative originating arrangements with a third party without the prior written consent of Beneficiary;

(xii) The occurrence of a [***];

(xiii) the Servicing Agreement is terminated due to the occurrence of a Servicer Default;

or

(xiv) [***]

(d) Upon receipt by Seller from Beneficiary of written notice of the occurrence of a [***], the rights and obligations of Seller, Purchaser and Beneficiary to present and purchase Eligible Loans under this Agreement will be suspended (provided that any rights and obligations accrued prior to such date (other than obligations to purchase Loans that would otherwise result in an Allocation Breach or [***]) shall continue in full force and effect during such period) until the date on which [***] is cured. To the extent Beneficiary does not otherwise terminate this Agreement, each full calendar month of any such suspension period during

which a [***] continues in effect shall correspondingly increase the Term of this Agreement and the exercisability period under the Warrant Agreement by such [***] month period as specified in Section [***].

Section 8.02 **Effect of Termination**.

Subject to Section 9.18, upon the termination of this Agreement, all the obligations of Beneficiary and Purchaser to purchase Loans and of Seller to sell Loans shall cease, including with respect to Loans that are subject to Outstanding Purchase Commitments. The obligations of Beneficiary, Purchaser and Seller hereunder with respect to all Purchased Loans shall continue in full force and effect until all Purchased Loans have been paid in full or are otherwise discharged or expire.

In addition, a termination of this Agreement may have the consequences specified in the Warrant Agreement.

ARTICLE IX
MISCELLANEOUS

Section 9.01 **Notices**.

All notices and other communications delivered for solely purposes of Section 2.01-2.07 will be in writing and will be deemed to have been duly given when delivered by electronic mail to the respective Parties as follows:

if to Purchaser:

Attention: Purchaser Contact Email: [***]

With a copy to (which shall not constitute notice): Attention: [***]

E-Mail: [***]

If to Beneficiary:

Attention: PF LoanCo Funding LLC Email: [***]

if to Seller: Attention: [***]

E-mail Address: [***]

All notices and other communications hereunder that are not covered by the foregoing sentence will be in writing and will be deemed to have been duly given when delivered in person, by facsimile or email, by express or overnight mail delivered by a nationally recognized air courier (delivery charges prepaid), or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties as follows:

if to Beneficiary:

PF LoanCo Funding LLC c/o [***]
Facsimile No.: [***] Attention: [***] Email: [***]

With a copy to (which shall not constitute notice): Willkie Farr & Gallagher LLP

787 Seventh Avenue New York, NY 10019 Attention: [***] Email: [***]

With a copy to (which shall not constitute notice): Morgan, Lewis & Bockius LLP

101 Park Ave.
New York, NY 10178 Attention: [***] Email: [***]

if to Purchaser:

Wilmington Savings Fund Society, FSB, as Trustee of PF LoanCo Trust c/o PF LoanCo Funding LLC c/o [***]
Facsimile No.: [***] Attention: [***] Email: [***]

With a copy to (which shall not constitute notice):

Wilmington Savings Fund Society, FSB, as Trustee of PF LoanCo Trust [***]
Attention: [***] E-Mail: [***]
Facsimile Number: [***]

Willkie Farr & Gallagher LLP 787 Seventh Avenue
New York, NY 10019 Attention: [***] Email: [***]

and

Morgan, Lewis & Bockius LLP 101 Park Avenue
New York, NY 10178 Attention: [***]

Email: [***] if to Seller:

c/o Prosper Marketplace, Inc.
221 Main Street, 3rd Floor San Francisco, CA 94105 Attention: General Counsel E-mail Address: [***]

With a copy to (which shall not constitute notice): Orrick, Herrington & Sutcliffe LLP

405 Howard Street
San Francisco, CA 94105 Attention: [***]
Email: [***]

or to such other address as the Party to whom notice is given may have previously furnished to the other Party in writing in the manner set forth above. Any notice or communication delivered in person will be deemed effective upon delivery. Any notice or communication sent by air courier will be deemed effective on the first Business Day at the place at which such notice or communication is received following the day on which such notice or communication was sent. Any notice sent by email will be deemed effective and received on the date sent if such date is a Business Day and such email is sent prior to 5:00 p.m. (NY Time). Any notice or communication sent by registered or certified mail will be deemed effective on the third Business Day at the place at which such notice or communication is received following the day on which such notice or communication was mailed.

Section 9.02 **Costs**.

Except as otherwise specifically set forth in this Agreement, each of Beneficiary, Purchaser and Seller shall bear its own costs and expenses in connection with this Agreement, including without limitation any sales commissions, legal fees or costs and expenses relating to due diligence; provided, that the foregoing shall not diminish the rights of Purchaser under the Trust Agreement or modify any other agreement between the Beneficiary (or any affiliate thereof) and Purchaser regarding indemnification or payment of Purchaser's costs and expenses.

Section 9.03 **Amendment; Waiver**.

Except as otherwise expressly provided herein, Beneficiary and Seller may amend this Agreement from time to time, in a writing signed by duly authorized officers of each of Seller and Beneficiary and, solely in the case of a change, waiver or discharge that would modify or override any provision of Section 4.05, Section 5.01, this Section 9.03 or Section 9.16, by Purchaser. No waiver of any provision of this Agreement, nor consent to any departure by any Party therefrom, shall be effective unless the same shall be in writing and signed by a duly authorized officer of the Party to be charged with the waiver or consent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 9.04 **Cumulative Rights**.

All rights and remedies of the Parties under this Agreement shall, except as otherwise specifically provided herein, be cumulative and non-exclusive of any rights or remedies that they may have under any other agreement or instrument, by operation of law or otherwise.

Section 9.05 **Successors and Assigns**.

This Agreement shall be binding upon and inure to the benefit of and be enforceable by Seller, Beneficiary, Purchaser and their respective successors and permitted assigns. This Agreement shall not be assigned, pledged or hypothecated by any Party without the prior written consent of the other Parties. Notwithstanding the foregoing, subject to Section 4.07, Purchaser and Beneficiary may assign, sell, transfer, convey, pledge, hypothecate or encumber any of the Purchased Loans and any of their rights under this Agreement relating to such Purchased Loans.

Section 9.06 **Choice of Law; Submission to Jurisdiction; WAIVER OF JURY TRIAL**.

(a) This Agreement shall be construed in accordance with the laws of the State of New York, without reference to the choice of law principles under the laws of the State of New York other than Section 5-1401 of New York General Obligations Law which shall govern.

(b) Each party hereby submits to the exclusive jurisdiction of the United States District Court for the Southern District of New York and any New York State Court sitting in the Borough of Manhattan in the City and State of New York for purposes of all legal proceedings arising out of or relating to this agreement or the transactions contemplated hereby. Each Party irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum. Each Party hereby consents to process being served in any suit, action or proceeding with respect to this agreement by the mailing of a copy thereof by registered or certified mail, postage prepaid, return receipt requested, to its respective address specified at the time for notices under this agreement or to any other address of which it shall have given written or electronic notice to the other party.

(c) EACH PARTY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, WAIVES (TO THE EXTENT PERMITTED BY APPLICABLE LAW) ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY OF ANY DISPUTE ARISING UNDER OR RELATING TO THIS AGREEMENT AND AGREES THAT ANY SUCH DISPUTE SHALL BE TRIED BEFORE A JUDGE SITTING WITHOUT A JURY.

Section 9.07 **Limitation of Liability**.

Except for acts or omissions that constitute fraud, gross negligence, bad faith or willful misconduct, in no event shall any Party or any of its respective Affiliates, beneficiaries, assignees or successors (by assignment or otherwise) be liable to any other Party or to any other entity for any actual or purported lost profits, costs of cover or other special damages, or any punitive, exemplary, remote, consequential, incidental or indirect damages, under this Agreement incurred or claimed by any Party or entity (or such party or entity's officers, directors, stockholders, members or owners), however caused, on any theory of liability. Notwithstanding anything in this Agreement to the contrary, no officer, director, partner, manager, equityholder, employee or Affiliate of Beneficiary will have any liability or obligation with respect to this Agreement or with respect to any claim or cause of action (whether in contract, tort or otherwise) that may arise out of or relate to this Agreement, or the negotiation, execution, or performance of this Agreement.

Section 9.08 **Severability**.

Any provision of this Agreement that is prohibited or not fully enforceable in any jurisdiction, will be ineffective only to the extent of such prohibition or unenforceability without otherwise invalidating or diminishing any Party's rights under the remaining provisions of this Agreement in such jurisdiction, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable in any respect any such provision in any other jurisdiction.

Section 9.09 **Entire Agreement**.

As of the date hereof, Seller, Purchaser and Beneficiary hereby acknowledge and agree that this Agreement and the Servicing Agreement, together with the exhibits hereto, represent the complete and entire agreement among the Parties with respect to the purchase and sale of Purchased Loans, and shall supersede all prior written or oral statements, agreements or understandings among the Parties relating to the purchase and sale of Purchased Loans.

Section 9.10 **Exhibits and Schedules**.

The exhibits and schedules to this Agreement are hereby incorporated and made a part hereof and are an integral part of this Agreement.

Section 9.11 **No Joint Venture or Partnership**.

Each Party (including any of its respective successors and permitted assigns) acknowledges and agrees that such Party will not hold itself out as an agent, partner or joint venturer of the other Party, and that this Agreement and the transactions contemplated hereby, including the payment of any fees or the reimbursement of any expenses, are not intended and do not create an agency, partnership, joint venture or any other type of relationship between the Parties, except to the extent of any independent contractual relationship established hereby.

Section 9.12 **Further Assurances**.

Each Party, upon the reasonable written request of the other Party, shall execute and deliver to such other Party any reasonably necessary or appropriate additional documents, instruments or agreements as may be reasonably necessary or appropriate to effectuate the purposes of this Agreement or the consummation of the transactions contemplated hereunder.

Section 9.13 **Counterparts**.

This Agreement may be executed simultaneously in any number of counterparts. Each counterpart shall be deemed to be an original, and all such counterparts shall constitute one and the same instrument. The Parties agree that this Agreement and signature pages may be transmitted between them by facsimile or by electronic mail and that faxed and PDF signatures may constitute original signatures and that a faxed or PDF signature page containing the signature (faxed, PDF or original) is binding upon the Parties.

Section 9.14 **Waivers, Etc**.

No waiver of any single breach or default of this Agreement shall be deemed a waiver of any other breach or default of this Agreement. No waiver shall be effective unless in writing and signed by the party against whom such waiver is being enforced against.

Section 9.15 **No Investment Advice**.

Each party acknowledges and agrees that the acquisition of the Purchased Loans are not intended to establish, and shall not establish, an investment advisory relationship among any of Beneficiary, Purchaser, Trustee, Seller or any of their respective officers, directors, managers, shareholders, partners, members, employees, agents or representatives or Affiliates, whereby any party serves as an investment adviser to any other party or that would otherwise result in any party meeting the definition of investment adviser in Section 202(a)(11) of the Investment Advisers Act of 1940, as amended, with respect to any of the parties. Furthermore, each party acknowledges and agrees that it is not relying upon any other party for investment advice, analysis or recommendations regarding any investment or potential investment.

Section 9.16 **No Liability of Trustee**.

The Trust is a New York common law trust and not a separate legal entity under New York law. In furtherance thereof, all parties hereto are put on notice and hereby acknowledge and agree that, notwithstanding anything in this Agreement to the contrary (a) this Agreement is executed and delivered by Wilmington Savings Fund Society, FSB ("WSFS"), not individually or personally but solely as Trustee of the Trust, in the exercise of the powers and authority conferred and vested in it under the Trust Agreement of the Trust, (b) each of the representations, covenants, undertakings and agreements herein made on the part of the Trust or the Trustee is made and intended not as personal representations, covenants, undertakings and agreements by WSFS, but is made and intended for the purpose of binding only the Trust and Trustee, (c) nothing herein contained shall be construed as creating any liability on WSFS, individually or personally, to perform any agreement, undertaking or covenant, either expressed or implied, contained herein of the Trust or Trustee, all such liability, if any, being expressly waived by the parties hereto and by any Person claiming by, through or under the parties hereto, (d) WSFS has not verified or made any investigation as to the accuracy or completeness of any representations and warranties made by the Trust, the Trustee or any other Person in this Agreement, (e) in no event shall WSFS have any obligation to perform any of the obligations of Trust, Trustee or any other person under this Agreement, and (f) under no circumstances shall WSFS be personally liable for the payment of any indebtedness or expenses of the Trust, Trustee or any other Person or be liable for the breach or failure of any obligation, representation, undertaking, warranty or covenant made or undertaken by the Trust, Trustee or any other Person under this Agreement or any other related documents. The parties' recourse under this Agreement against the Trust or the Trustee shall be limited to the trust estate, if any; provided that such limitation shall not preclude any claims against the Beneficiary. In addition, the parties hereto acknowledge that under the Trust Agreement of the Trust, the Beneficiary, as Administrator, is obligated to perform the obligations of the Trust and Trustee under all agreements to which either is a party and has authority to execute and deliver documents, agreement and certificates on behalf of the Trust and Trustee and the parties acknowledge and agree that the Trustee has no obligation to supervise, monitor or direct the Administrator in connection therewith. Beneficiary will perform any and all performance obligations of the Trust hereunder and the Trustee shall have no responsibility or liability in connection therewith.

Section 9.17 **Use of Beneficiary's Names**.

Seller agrees not to directly or indirectly use the name of or refer to Beneficiary, Purchaser, or any Consortium Member (or their respective investment manager's), for any purpose whatsoever (including, without limitation, in any filing with any governmental authority, any press release, any public announcement or statement or in any interview or other discussion with any reporter or other member of the media), without the prior written consent of Beneficiary or such party with respect to use or reference.

Section 9.18 **Survival**.

The representations and warranties contained in this Agreement and the provisions of [***] and [***] of this Agreement shall survive the sale of the Purchased Loans from Seller to Purchaser and the termination of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused to be duly authorized, executed and delivered, as of the date first above written, this LOAN PURCHASE AGREEMENT.

PURCHASER:

WILMINGTON SAVINGS FUND SOCIETY, FSB,
Not in its individual capacity but solely in its capacity as trustee of PF LoanCo Trust, a New York common law trust created pursuant to the Trust Agreement

By: Name: Title:

BENEFICIARY:

PF LOANCO FUNDING LLC

By: Name: Title:

SELLER:

PROSPER FUNDING LLC

By:
Name: David Kimball
Title: Chief Executive Officer

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

SCHEDULE 1

Month	Monthly Purchase Amount
March 2017	$[***]
April 2017	$[***]

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

SCHEDULE 2

Named individuals: [***]

Seller's [***]: [***] (or any successor to his position, as identified in writing by Seller).

SCHEDULE 3

The chief place of business of Seller has been located at 221 Main Street, Third Floor, San Francisco, CA 94105 since December 2014. From May 2013 to December 2014, Seller's chief place of business was located at 101 Second Street, 13th Floor, San Francisco, CA 94105. Prior to May 2013, Seller's chief place of business was located at 111 Sutter Street, 22nd Floor, San Francisco, CA 94014.

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

EXHIBIT A
LOAN DOCUMENTS

1. Borrower Registration Agreement (includes Authorization to Obtain Credit Report)
2. Consent to Doing Business Electronically (included in Terms of Use)
3. Borrower Promissory Note
4. Authorization to Debit Account
5. Preliminary and final TILA disclosures
6. Privacy Notice
7. Terms of Use

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

EXHIBIT B DATA FILES

A.PAYMENTS FILE

Variable	Description
TransactionID	Unique ID that persists on the UI 'Transaction History' once the payment results in movement of funds to the investor account
LoanNumber	Unique ID for the Loan
LoanNoteID	Unique ID for the LoanNote
FundsAvailableDate	The date the funds are available to the investor
InvestorDisbursementDate	Date the funds were disbursed to the Investor
TransactionEffectiveDate	The effective date of the payment
AccountEffectiveDate	Date payment is reflected on the borrower's account
PaymentTransactionCode	Description of type of payment transaction
PaymentStatus	Status of the payment
MatchBackID	Unique identifier for the payment transaction
PriorMatchBackID	For a reversal/failure of a payment, this identifier will map back to MatchBackID
LoanPaymentCashflowType	Type of cash flow
LedgerDeposit	Deposit amount corresponding to the payment, matches the value shown in the transaction history of the UI
LedgerWithdrawal	Withdrawal amount corresponding to the payment, matches the value shown in the transaction history of the UI
PaymentAmount	The gross payment amount
PrincipalAmount	Principal amount of the payment
InterestAmount	Interest amount of the payment
OriginationInterestAmount	Interest amount of the payment payable to the originating party
LateFeeAmount	Late fee amount of the payment
ServiceFeeAmount	Service fee amount of the payment
CollectionFeeAmount	Collection fee amount of the payment
NSFFeeAmount	NSF Fee amount of the payment
GLRewardAmount	Group Leader reward amount for the payment (deprecated)
PreDaysPastDue	Days past due prior to the payment
PostDaysPastDue	Days past due after the payment
ResultingPrincipalBalance	Principal balance after the payment
IsChargeoffRecovery	Indicates if the payment is categorized as a recovery payment
AsOf	Date and time the information is valid

B. TRANSACTIONS FILE

Variable	Description
Row	Chronological marker starting with account's inception
InvestorKey	Unique ID for the Investor account
TransactionID	Unique ID that persists on the UI 'Transaction History' once the payment results in movement of funds to the investor account
AvailableDate	Date the funds are available to the investor
TransactionType	Integer ID unique to the type of transaction
TransactionDescription	Description of the transaction
LoanNoteID	Loan Note ID associated with the transaction
NetAmount	Net amount of the transaction
PrincipalAmount	Principal component of the transaction applicable for payments
InterestAmount	Interest component of the transaction applicable for payments
ListingID	Listing ID associated with the transaction applicable for bids
CashBalance	Resulting cash balance available after the transaction
AsOf	Date and time the information is valid

C. POSITIONS FILE

Variable	Description
AsOf	Date and time the information is valid
ListingNumber	Listing number associated with asset
OriginationDate	Date the loan was originated
PurchaseDate	Date from which investor's ownership commenced and interest accrual begins
InvestorKey	Unique ID for the Investor
LoanNoteID	Loan Note ID associated with the asset
LoanNumber	Loan Number associated with the asset
OriginalInvestment	Original investment in the asset
LoanAmount	Total value of the loan associated with the asset
PrincipalBalance	Principal balance of the asset (InProcess payments have had the principal component already reduced from the balance)
InProcessPrincipalPayments	Principal that is in process but has not been disbursed to the investor yet
InProcessInterestPayments	Interest that is in process but has not been disbursed to the investor yet

InProcessOriginationInterestPayments	Origination interest that is in process but has not been disbursed yet (this amount is paid back to the originating entity not the investor)
InProcessLatefeePayments	Late fees that are in process but have not been disbursed to the investor yet
InProcessSvcFeePayments	Service fees that are in process but have not been paid back to servicer yet (debit paid by the investor)
InProcessCollectionsPayments	Collection fees that are in process but have not settled yet (these are debits paid by investor paid to the collection agency)
InProcessNSFFeePayments	Non-sufficient funds fees that are in process but have not settled yet (these are paid to Prosper by the borrower)
InProcessGLRewardPayments	Group Leader Rewards that are in process but have not been disbursed to the investor yet (deprecated)
AccruedInterest	Interest accrued on the asset since the last payment
AccruedOriginationInterest	Interest accrued on the asset for the first day of the loan payable to the originating entity.
AccruedLatefee	Late fee balance on the asset
AccruedNSFFee	Non-sufficient funds fee balance on the asset
AccruedSvcFee	Service fee accrued on the asset since the last payment

NoteDefaultReasonDescription Descriptor for the default status (i.e. Bankruptcy)
IsSold 0 = not sold; 1 = sold out of existing investor account

MonthlyPaymentAmount Monthly bill the borrower must satisfy each month
NextPaymentDueAmountNoteLevel Amount of the next monthly bill the borrower must pay. This will equal MonthlyPaymentAmount for whole loans.
SchMonthlyPaymentNoteLevel Amount of the monthly bill the borrower must pay based on the amortization schedule at the time of loan origination
BankruptcyFiledDate Date on which the borrower filed for bankruptcy
Bankruptcy Status Status of borrower bankruptcy (cancelled, filed, discharged)
BankruptcyType Type of bankruptcy (Chap 13, Chap 7, Chap 11)
BankruptcyStatusDate Date on which the bankruptcy status was recorded
LoanClosedDate Date on which the loan was completed (paid in full)
ChargeoffDate Date on which the loan charged-off / reached 120+ DPD
TotalChargeoff Total Amount of Chargeoff (Principal + Accrued Interest + Accrued Late Fee + Accrued NSF Fee)
PrincipalBalanceAtChargeoff Principal portion of TotalChargeoff
InterestBalanceAtChargeoff Accrued Interest portion of TotalChargeoff
LateFeeBalanceAtChargeoff Accrued Late Fee portion of TotalChargeoff
NSFFeeBalanceAtChargeoff Accrued NSF Fee portion of TotalChargeoff RewardsBalanceAtChargeoff (inactive) Borrower rewards (inactive) portion of TotalChargeoff
FICOScore 20point range for FICO score at origination (i.e. 720- 739)
InvestmentTypeID Channel that the listing came from. 1 = Fractional, 2 = Active Whole, 3 = Passive Whole
LoanProductID 1 = Standard; 2 = Extended Platform; 3 = Prosper Healthcare Lending (PHL)
Collection Fees Aggregate collection fees paid by the investor
IsPriorBorrower Indicates whether loan is a second loan taken out by a repeat borrower who has (or had) a prior Prosper loan
BorrowerState State of legal address supplied by borrower
BorrowerAPR APR charged to the borrower (includes orig. fee)
PrincipalAdjustments Amount of any non-cash adjustments applied to the loan
SettlementStartDate Date the settlement was enrolled
SettlementEndDate Date of final payment in the settlement
SettlementStatus SettlePend (pending), settleProc (enrolled), settleComp (successful/completed), settleFail (unsuccessful)
SettlementBalAtEnrollment Payoff Balance (Prin + Int + Fees) as of date enrolled
SettlementAgreedPmtAmount Total settlement amount to be paid by the borrower
SettlementPmtCount Number of payments in settlement term
SettlementFirstPmtDueDate Date first settlement payment is due

ExtensionStatus	ExtenOffer (offered), ExtenPend (Verbally accepted, waiting signature), ExtenGrant (payments received, agreement signed)
ExtensionTerm	No. of months by which the maturity was extended, equivalent to the # of past due payments on the loan
ExtensionOfferDate	Date the extension was offered to the borrower
ExtensionExecutionDate	Date the extension terms were agreed between Prosper and borrower

D.POSITIONS PENDING FILE (CSV)

Variable	**Description**
AsOf	Date and time the information is valid
InvestorKey	Unique ID for the Investor account
DateInvestmentPlaced	Date the investment was made
InvestmentAmount	Amount of the Investment
ListingNumber	Listing Number associated with the Investment
Description	Textual description of the status of the investment (Pending Completion, Completed, Cancelled)
LoanNumber	Loan number associated with the investment
LoanNoteID	Loan Note ID associated with the investement
ScheduledLoanOrigination	Date the loan is scheduled to originate
InvestmentTypeID	Channel that the listing came from. 1 = Fractional, 2 = Active Whole, 3 = Passive Whole
LoanProductID	1 = Standard Product, 2 = Extended Platform; 3 = Prosper Healthcare Lending

E. BORROWER DATA FILE (XML)

Applications LoanCount = “x” originationDate =“Datetime”

Data Category	**Data or Document Item**	**Data Fields**
Application Data	Application Data	LoanID
		ListingID
		ListingCategory
		RequestedAmount
		SocialSecurity
		DateofBirth
		ListingTitle
		ListingDescription
		TermsApprovalDate
		FundingThreshold
		IsPartialFundingApproved

UserAgreements	Consent for Electronic Disclosures Borrower Registration Agreement Terms of Use Authorization to Obtain to Credit Authorization to Debit Account WebBank.com Privacy Notice Promissory Note Signed Page	AgreementDateTime AgreementType IsCorrectedAgreement EmailMessage
LoanAgreements	Promissory Note Loan Truth in Lending Disclosure Listing Truth in Lending Disclosure	AgreementDateTime AgreementType Agreement Body IsCorrectedAgreement
Names	Name	FirstName MiddleName LastName Suffix
Addresses	Address	AddressLine1 Addressline2 AddressType City StateofResidence ZipCode IsPreferredMailing IsLegalAddress
Employments	Employment	Employer EmploymentStatusMonths EmploymentStartMonth OccupationName
Emails	EmailAddress	EmailAddress

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

EXHIBIT C

[***][Four pages redacted]

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

EXHIBIT D

[***][Four pages redacted]

EXHIBIT E

FORM LOAN DOCUMENTS

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

Borrower Registration Agreement [insert new logo]

This Borrower Registration Agreement (this "Agreement") is made and entered into between you and Prosper Funding LLC ("Prosper").

The Prosper marketplace is an online credit platform (the "Platform") operated by Prosper. Among other things, Prosper offers access to unsecured personal loans in the form of the promissory note attached hereto as Exhibit A (the "Promissory Note"). All loans originated through the Platform are made by WebBank, a Utah-chartered industrial bank ("WebBank" or "Bank"). A separate legal entity, Prosper Marketplace, Inc. ("PMI"), provides services to Bank in connection with the origination of such loans. Prosper services all loans made through the Platform, but has engaged certain third parties (including PMI) to act as agents of Prosper in the performance of such servicing. The following Agreement describes those services as well as your rights and obligations should you elect to register as a borrower on the Platform. Except for Section 22, when used in this Agreement "we" or "us" refers to Prosper, Bank and their respective agents and affiliates (including without limitation PMI in its capacity as agent of Prosper or Bank, and Prosper Healthcare Lending).

1. **Registration as a Prosper Borrower.** You are registering with Prosper as a borrower so that you can make loan requests or "listings" through the Platform. In entering into this Agreement, you are agreeing to comply with the Terms of Use for the Platform as well as any other rules or policies set forth on Prosper's website (www.prosper.com), any of which may be amended from time to time by Prosper in its sole discretion (collectively, as amended, the "Prosper Terms and Conditions"). The Prosper Terms and Conditions are accessible via a link marked "Policies" at the bottom of each page of Prosper's website.

We reserve the right to restrict access to the Platform to individuals who meet minimum credit guidelines and other criteria, as determined by us in our sole discretion.

2. **Authorization to Obtain Credit Report.** By registering on the Platform as a borrower, you authorize us or our agents (including PMI), to obtain a credit report from **one or more** consumer credit reporting agencies. We may use the credit report for any purpose that would be authorized by applicable law in connection with a credit transaction involving you and involving the extension of credit to you or review or collection of your account, including but not limited to (i) for authentication purposes, to make sure you are who you say you are; (ii) to make credit decisions; (iii) for internal modeling and analysis purposes; (iv) to administer the sale of any Borrower Payment Dependent Notes ("Notes") associated with your loan or the sale of your loan in its entirety; (v) to determine how much debt you currently have, in order to determine your debt-to-income ratio; (vi) to obtain your credit score and assign you a Prosper Rating based in part on that score; (vii) to obtain and display information and characteristics from your credit report from one or more consumer credit reporting agencies; and (ix) to obtain and display on the Folio Investing Note Trader Platform certain information and characteristics from your credit report from one or more consumer credit reporting agencies at any time or times that a Note

corresponding to your loan is offered for sale by investors holding such Notes. Information from your credit report will be displayed on the Prosper website with your listing. You authorize us to verify information in your credit report and your listing, and you agree that Prosper, Bank or PMI (in its capacity as agent of Prosper or Bank) may contact third parties without further notice to you to verify any such information. We may obtain your credit report each time you create a listing and at any other time in our sole discretion, including in connection with loan servicing or collection.

3. Listings. The Platform connects applicants who wish to obtain loans with investor members who wish to help fund them. To receive a loan, you, a borrower member, must submit a loan listing through the Platform. The listing is a request by you for a loan in the amount and at the interest rate specified in the listing. In order to submit a listing through the Platform, you must have a good faith intent to obtain and repay your loan, and your listing must be consistent with that intent.

In order for your listing to become a loan, you must receive aggregate funding commitments from Prosper investor members that equal or exceed the minimum funding amount applicable to your listing. After you submit your listing and complete certain verification stages, Prosper will automatically allocate your listing to one of three funding channels, based upon a random allocation methodology determined by Prosper: (i) the first channel allows investor members to commit to purchase Notes from Prosper, the payments of which are dependent on the payments you make on your loan (the "Note Channel"); (ii) the second channel allows investor members to commit to purchase 100% of your loan directly from Prosper ("Active Loan Channel"); and (iii) the third channel reserves your loan for sale to an investor member who has already committed to purchase loans like yours from Prosper ("Passive Loan Channel"). Prosper may add or remove funding channels at any time in its sole discretion.

If your listing receives sufficient commitments to fund, Bank will originate a loan to you in an amount equal to the total amount of those commitments. If your listing is allocated to Passive Loan Channel, it will automatically be considered to have received a commitment equal to the amount of the loan requested. If your listing is allocated to the Note Channel, investor members who purchase Notes tied to your loan may resell those Notes to other investor members on our secondary trading platform (the "Note Trader Platform"). Prosper may add or remove secondary trading platforms at any time in its sole discretion.

Information Included in Listings. To submit a listing, you must provide the amount of the loan you are requesting as well as your annual income, occupation and employment status. The minimum and maximum loan amounts you may request are posted on the Prosper website and are subject to change by us at any time without notice. We reserve the right to restrict the submission of listings through the Platform to applicants who meet minimum credit guidelines and other criteria, as determined by us in our sole discretion.

You authorize and agree that we may include in your listing any information from the credit report we obtain pursuant to Section 2 above, including but not limited to the following information:

(i) Your Prosper Rating, which is calculated by us but based on information from your credit report;

(ii) Your debt-to-income ratio, expressed as a percentage, reflecting the ratio between the amount of your monthly non-mortgage debt, as compared to the amount of monthly income that you indicated when completing your listing;

(iii)Whether you own a home;

(iv)The number of accounts on which you are currently late on a payment;

(v)The total past-due amount you owe on all delinquent and charged-off accounts;

(vi)The number of 90+ days past due delinquencies on your credit report;

(vii) The number of negative public records (e.g., bankruptcies, liens, and judgments) on your credit report over the last 12 months, and over the last 10 years;

(viii) The month and year the oldest account on your credit report (e.g., revolving, installment, or mortgage credit) was opened;

(ix) The total number of credit lines appearing on your credit report, along with the number that are open and current;

(x)The total balance on all of your open revolving credit lines;

(xi) Your bankcard utilization ratio, expressed as a percentage, reflecting the ratio of the total balance used, to the aggregate credit limit on, all of your open bankcards; and

(xii)The number of inquiries made by creditors to your credit report in the last six months.

In addition, you authorize and agree that we may display any of the above information in a listing for a Note corresponding to your loan on the Note Trader Platform, and that we may display updated information from your credit report, as well as information about the payment history and status of your loan, in any such listing.

Listings displayed on either Platform may also include any information we ask you to provide, including, without limitation, your self-reported occupation, employment status and range of income. You authorize us to verify your residence, income, employment and any other information you provide in connection with a listing or your registration as a borrower, and you agree that we may contact third parties to verify information you provide. If any such information changes after you submit a listing but before the listing expires, you must either (i) promptly notify us of the change, or (ii) if the listing was allocated to the Note Channel or Active Loan Channel, withdraw your listing.

In creating your listing, or posting content on your Prosper member web page or anywhere else on Prosper's website, you may not include (i) any personally identifiable information, including, without limitation, your name, address, phone number, email address, Social Security number, driver's license number, bank account number or credit card number, (ii) any information that reveals your race, color, religion, national origin, sex, marital status, age, sexual orientation, military status, source of income, or plans for having a family, and (iii) any information that is inconsistent with your obligations to refrain from engaging in any Prohibited Activities (as defined below) (any information of the type described in parts (i), (ii) or (iii) being, "Prohibited Information"). We may take remedial action with respect to any Prohibited Information you post on Prosper's web site, including without limitation canceling any listing containing Prohibited Information or deleting or modifying all or any portion of a listing description or other content that contains Prohibited Information; provided, however, that we are under no obligation to take any such action, and any posting of Prohibited Information by you on Prosper's web site is done solely at your own risk.

Listings Allocated to the Note Channel. Any person who visits the Prosper website will be able to view your listing and see your Prosper Rating as well as certain information about the loan you have requested; provided, however, information from your credit report will only be viewable by investor members.

We may elect in our sole discretion to give you a partial funding option, which means your loan will be funded if it receives commitments totaling less than the full amount of your requested loan but equal to or exceeding 70% of that amount (subject to the loan size minimum). Each loan listing related to a borrower who was offered the partial funding option will indicate the minimum amount required for the loan to fund. The current percentage threshold for partial funding is 70%, but we may change that threshold from time to time. Any such change will only affect listings created after the change is made.

Duration of Listings. A listing will expire on the earlier of (a) the time at which it has received commitments equal to the full amount of the loan requested (which could be immediately after being listed) or (b) if allocated to the Note Channel, 14 days after being posted, unless the listing is withdrawn by you or cancelled by us prior to either of those events. If a listing is allocated to Active Loan Channel and does not receive commitments sufficient to fund within one (1) hour of being posted, it will automatically be reallocated to the Note Channel.

WITHDRAWAL OF LISTINGS. YOU HAVE THE RIGHT TO WITHDRAW YOUR LISTING AT ANY TIME PRIOR TO THE EXPIRATION OF THE LISTING PERIOD AS DESCRIBED ABOVE. AFTER THE LISTING PERIOD EXPIRES, YOU WILL NO LONGER HAVE THE RIGHT TO WITHDRAW YOUR LISTING. IF A LOAN IS MADE TO YOU, YOU DO NOT HAVE ANY RIGHT TO RESCIND THE LOAN.

If you elect to withdraw your listing, you may (but are not required to) submit a new listing. We reserve the right, in our sole discretion, to limit the number of listings you submit or attempt to submit through the Platform.

Additional Loans. The guidelines and eligibility requirements for additional loans are posted on the Prosper website and are subject to change by us in our sole discretion at any time without notice. Subject to these requirements, you may have up to two loans outstanding at any one time, provided that the aggregate outstanding principal balance of your loans does not exceed the maximum loan amount then in effect. You may not submit a listing for a second loan unless you meet the eligibility requirements then in effect as of the date of such submission.

Prohibited Activities. You agree that you will not, in connection with any listings, investor commitments, loans or other transactions involving or potentially involving Prosper or Bank, (i) make any false, misleading or deceptive statements or omissions of material fact; (ii) misrepresent your identity, or describe, present or portray yourself as a person other than yourself; (iii) give to or receive from, or offer or agree to give to or receive from, any Prosper investor member or other person any fee, bonus, additional interest, kickback or thing of value of any kind, including in exchange for such person's commitment, recommendation, or offer or agreement to recommend or make a commitment with respect to your listing; and (iv) represent yourself to any person as a director, officer or employee of Prosper, PMI or Bank, unless you are such director, officer or employee.

4. **Right to Verify Information and Cancel Funding.**

a. We reserve the right to verify the accuracy of all information provided by borrower and investor members in connection with listings, investor commitments and loans. We also reserve the right to determine in our sole discretion whether a registered user is using, or has used, the Prosper website illegally or in violation of any order, writ, injunction or decree of any court or governmental instrumentality, for purposes of fraud or deception, or otherwise in a manner inconsistent with the Prosper Terms and Conditions or any agreement between Prosper or Bank and such user. We may conduct our review at any time - before, during or after the submission of a listing, or before or after the funding of a loan. You agree to respond promptly to our requests for information in connection with any such review by us.

b. In the event we determine, prior to funding a loan, that a listing, or an investor commitment for the listing, contains materially inaccurate information (including but not limited to unintended inaccuracies, inaccuracies resulting from errors by us, or inaccuracies resulting from changes in the borrower's income, residence or credit profile between the date a listing is submitted and the date the listing is to be funded) or was submitted illegally, in violation of any order, writ, injunction or decree of any court or governmental instrumentality, for purposes of fraud or deception, or otherwise in a manner inconsistent with the Prosper Terms and Conditions or any member agreement, or was generated in error or is otherwise inconsistent with the applicable credit policy and criteria, we may refuse to accept the listing or, if the listing has already been accepted, remove the listing from the Platform and cancel all investor commitments with respect to the listing.

c. When a listing receives commitments equal to or exceeding the minimum amount required for the loan to fund, we may conduct a "pre-funding" review prior to funding the loan. Loan funding occurs when loan proceeds are disbursed to or at the direction of the borrower. We may, at any time and in our sole discretion, delay funding of a loan (i) in order to enable us to verify the accuracy of information provided by borrower members, investor members in connection with the listing or investor commitments made with respect to the listing; (ii) to determine whether there are any irregularities with respect to the listing or the investor commitments; or (iii) if we become aware of information concerning the borrower member or the listing during our pre-funding review, as a result of which we determine, in our sole discretion, that the likelihood of the borrower not making payments on the loan is materially greater than would be expected based on the assigned Prosper Rating. We may cancel or proceed with funding the loan, depending on the results of our pre-funding review. If funding is cancelled, the listing will be removed from the Platform and all investor commitments against the listing will be cancelled. In the event we cancel funding of a loan, we will notify the borrower, and all investor members who made commitments with respect to the listing of such cancellation.

d. We may verify any of the information you provide in applying for a loan and creating a listing, and may require that you submit evidence sufficient to permit us to verify the information you provided or other information we deem necessary. We have sole discretion to determine what evidence suffices, and it is your obligation to provide that evidence. If you fail to do so within a reasonable timeframe within our discretion, we may cancel your listing. However, if we are able to obtain the information we require from other sources, or determine that the information is no longer necessary, your loan may originate even though you have not submitted the required documents.

5. **Matching of Investor Commitments and Listings; Loan Funding.**

a. If your listing is allocated to the Note Channel, Prosper investor members will be able to view your listing and commit funds to purchase Notes issued by Prosper, the payments on which will be dependent on payments Prosper receives from you on your loan. In other words, the Prosper investor members who committed funds will receive payments on their Notes only to the extent you make payments on your loan. If your listing is allocated to the Active Loan Channel or the Passive Loan Channel, Prosper investor members will commit funds to purchase from Prosper a Promissory Note evidencing the loan made by Bank to you.

b. A match of your listing with one or more investor commitments equal to or exceeding the minimum amount required for the loan to fund, will result in a loan from Bank to you, subject to our right to verify information as described above. The loan will be evidenced by a Promissory Note in the form set forth on the attached Exhibit A. Depending on the loan product you receive, loan proceeds are disbursed into your designated deposit account or they are paid directly to a merchant in satisfaction of your purchase of goods and/or services from that merchant. The loan may be sold by Bank to Prosper, and Prosper may hold the loan or sell it to one of its investor members. Prosper or its agents will service the loan on behalf of the loan's owner.

c. We do not warrant or guaranty that your listing will be matched with any investor commitments. Your listing must receive one or more investor commitments equal to or exceeding the minimum amount required for the loan to fund in order for a loan to be made.

d. To safeguard your privacy rights, your name and address will not be included in your listing. Only your Prosper screen name will appear on your listing, and only the screen name of the investor members will appear with investor commitments.

6. Compensation. If you receive a loan, you must pay Bank a non-refundable origination fee. The amount of the estimated origination fee is stated in the disclosures provided to you at the time you apply. This amount will decline if you've been offered a partial funding option and your loan is not 100% funded. Notwithstanding the foregoing, no amount of the finally determined fee is refundable. The finally determined fee will be stated in your Truth in Lending disclosure. This fee will be deducted from your loan proceeds, so the loan proceeds delivered to you or at your direction will be less than the full amount of your issued loan. You acknowledge that the origination fee will be considered part of the principal on your loan and is subject to the accrual of interest.

7. Making Your Loan Payments. At the time you register as a borrower, you must provide your bank account information to facilitate transfers of funds to and from your bank account. You agree to make your loan payments by automated withdrawals from your designated account, by manual payments you initiate from your designated account, with the first payment being scheduled during the application process, or by check (you must call customer service at 1-866-615-6319 to arrange payment by check). Your loan payments will be made by the payment method you choose. Prosper or its agents will act as the servicer for all loans you obtain through the Platform, and all communications regarding your loan must be made to Prosper or its agents.

8. Collection & Reporting of Delinquent Loans. In the event you do not make your loan payments on time, Bank or any subsequent owner of the loan will have all remedies authorized or permitted by the Promissory Note and applicable law. In addition, if you fail to make timely payments on your loan, your loan may be referred to a collection agency for collection. Prosper or its agents may report loan payment delinquencies in excess of thirty (30) days to one or more credit reporting agencies in accordance with applicable law. See the “Permission to Contact” section below for additional important information.

9. No Guarantee. Neither Prosper nor Bank warrants or guarantees (1) that your listing will be matched with any investor commitments, or (2) that you will receive a loan as a result of submitting a listing.

10. Restrictions on Use. You are not authorized or permitted to use the Prosper website to obtain, or attempt to obtain, a loan for someone other than yourself. You are not authorized or permitted to use the Prosper website to obtain, or attempt to obtain, a loan for the purpose of (i) buying, carrying or trading in securities or for the purpose of buying or carrying any part of an investment contract security,
(ii) paying for postsecondary educational expenses (i.e., tuition, fees, required equipment or supplies, or room and board) at a college/university/vocational school, as the term "postsecondary educational expenses" is defined in Bureau of Consumer Financial Protection Regulation Z, 12 C.F.R. § 1026.46(b)(3), or (iii) engaging in any illegal activity or gambling, and you warrant, represent and agree that you will not use the proceeds of any loan for such purposes. You must be an owner of the deposit account you designate for electronic transfers of funds, with authority to direct that loan payments be made from the account. Your designated account will be the account from which loan payments will be made. Although you are registering as a borrower member, you may also register and participate on the Platform as an investor member. If you participate on the Platform as an investor member, any amounts in your Prosper funding account are subject to set-off against any delinquent amounts owing on any loans you obtain as a Prosper borrower. You will not receive further notice in advance of our exercising our right to set-off amounts in your Prosper funding account against any delinquent amounts owing on any loans you obtain. If you obtain a loan and fail to pay your loan in full, whether due to default, bankruptcy or other reasons, you will not be eligible to submit any further listings or re-register with Prosper as a borrower or investor member. We may in our sole discretion, with or without cause and with or without notice, restrict your access to the Prosper website or Platform.

11. Authority. You warrant and represent that you have the legal competence and capacity to execute and perform this Agreement.

12. Termination of Registration. Prosper may, in its sole discretion, with or without cause, terminate this Agreement at any time by giving you notice as provided below. In addition, upon our determination that you committed fraud or made a material misrepresentation in connection with a listing, investor commitment or loan, performed any prohibited activity, or otherwise failed to abide by the terms of this Agreement or the Prosper Terms and Conditions, we may, in our sole discretion, immediately and without notice, take one or more of the following actions: (i) terminate or suspend your right to submit listings or otherwise participate on the Platform; or (ii) terminate this Agreement and your registration with Prosper. Upon termination of this Agreement and your registration with Prosper, any listings you have submitted through the Platform shall be cancelled, and will be removed from the Platform immediately. Any loans you obtain prior to the effective date of termination resulting from listings you had placed on the Platform shall remain in full force and effect in accordance with their terms.

13. Prosper's Right to Modify Terms. Prosper has the right to change any term or provision of this Agreement or the Prosper Terms and Conditions. Prosper will give you notice of material changes to this Agreement, or the Prosper Terms and Conditions, in the manner set forth in Section 15. You authorize us to correct obvious clerical errors appearing in information you provide to us, without notice to you, although we expressly undertake no obligation to identify or correct such errors. This Agreement, along with the Prosper Terms and Conditions, represents the entire agreement between you and Prosper regarding your participation as a borrower on the Platform, and supersedes all prior or contemporaneous communications, promises and proposals, whether oral, written or electronic, between you and Prosper with respect to your involvement as a borrower on the Platform.

14. Member Web Page Display and Content. You may, but are not required to, maintain a "Prosper member web page" on the Prosper website, where you can post content, logos or links to websites. If you elect to do so, you authorize us to display on the Prosper website all such material you provide. Any material you display on your member page must conform to the Prosper Terms and Conditions, and material you display or link to must not (i) infringe on Prosper's or any third party's copyright, patent, trademark, trade secret or other proprietary rights or right of publicity or privacy; (ii) violate any applicable law, statute, ordinance or regulation; (iii) be defamatory or libelous; (iv) be lewd, hateful, violent, pornographic or obscene; (v) violate any laws regarding unfair competition, anti-discrimination or false advertising; (vi) promote violence or contain hate speech; or (vii) contain viruses, trojan horses, worms, time bombs, cancelbots or other similar harmful or deleterious programming routines. You may not include or display any personally identifying information of any Prosper member on your Prosper member web page or elsewhere on the Prosper website, including, without limitation, any Prosper member's name, address, phone number, email address, Social Security number, driver's license number, bank account number or credit card number.

15. Notices. All notices and other communications hereunder shall be given either by: (1) email to your registered email address; (2) message to your Prosper message inbox; (3) posting on your Prosper account's login, post-login, or home page; (4) posting to the History section (or one of its subsections) of your Prosper account; (5) posting on the Prosper website, or (6) deposit with U.S. mail or other nationally recognized courier, and shall be deemed to have been duly given and effective upon transmission or posting. It is your responsibility to monitor these areas. You can contact us by sending an email to support@prosper.com. You agree to notify Prosper if your registered email address changes, and you agree to update your registered residence address, mailing address and telephone number on the Prosper website if any of those items changes.

16. No Warranties. Except for the representations contained in this Agreement, Prosper does not make any representations or warranties to you or any other party with regard to your use of the Prosper website or the Platform, including, but not limited to, any implied warranties of merchantability or fitness for a particular purpose.

17. Limitation on Liability. In no event shall any party to this Agreement be liable to any other party for any lost profits or special, exemplary, consequential or punitive damages, even if informed of the possibility of such damages. Furthermore, neither party makes any representation or warranty to any other party regarding the effect that the Agreement may have upon the foreign, federal, state or local tax liability of the other.

18. **STATE NOTICES**

<u>California Residents</u>: Married registrants may apply for a separate account.

Ohio Residents: The Ohio laws against discrimination require that all creditors make credit equally available to all credit worthy customers, and that credit reporting agencies maintain separate credit histories on each individual upon request. The Ohio civil rights commission administers compliance with this law.

Texas Residents: Prosper Marketplace, Inc. is licensed and examined by the State of Texas--Office of Consumer Credit Commissioner. Call the Consumer Credit Hotline or write for credit information or assistance with credit problems. Office of Consumer Credit Commissioner, 2601 North Lamar Boulevard, Austin, Texas 78705-4207, (800) 538-1579, www.occc.state.tx.us.

Wisconsin Residents: No provision of a marital property agreement, a unilateral statement or a court decree adversely affects the interest of the creditor unless the creditor, prior to the time the credit is granted, is furnished a copy of the agreement, statement or decree or has actual knowledge of the adverse provision when the obligation to the creditor is incurred.

Please see the attached Promissory Note for additional important state notices.

19. Miscellaneous. You may not assign, transfer, sublicense or otherwise delegate your rights under this Agreement to another person without Prosper's prior written consent. Prosper may assign this Agreement at any time without your permission, unless prohibited by applicable law. Any such assignment, transfer, sublicense or delegation in violation of this Section 19 shall be null and void. This Agreement shall be governed by federal law and, to the extent that state law applies, the laws of the State of Delaware. Any waiver of a breach of any provision of this Agreement will not be a waiver of any other breach. Failure or delay by either party to enforce any term or condition of this Agreement will not constitute a waiver of such term or condition. If any part of this Agreement is determined to be invalid or unenforceable under applicable law, then the invalid or unenforceable provision will be deemed superseded by a valid enforceable provision that most closely matches the intent of the original provision, and the remainder of the Agreement shall continue in effect. Bank is not a party to this Agreement, but you agree that Bank is a third-party beneficiary and is entitled to rely on the provisions of this Agreement, including without limitation your representations, covenants and agreements herein. There are no third party beneficiaries to this Agreement other than Bank.

20. Performance by Prosper and Bank. You acknowledge and agree that any obligations of or actions by Prosper under this Agreement may be performed by PMI on behalf of Prosper in PMI's capacity as servicer or agent of Prosper under any administrative services or similar agreement entered into between PMI and Prosper pursuant to which Prosper appoints PMI as servicer or agent to provide administrative, management, servicing or other services to Prosper. You also acknowledge and agree that any obligations of or actions by Bank under this Agreement may be performed by PMI on behalf of Bank in PMI's capacity as agent of Bank under any loan program or similar agreement entered into between PMI and Bank pursuant to which Bank appoints PMI as agent to provide services to Bank.

21. Separate Entities. Notwithstanding Section 20, you acknowledge and agree that Prosper, Bank and PMI are separate legal entities and that neither entity has guaranteed the performance by the other entity of its obligations hereunder.

22. **Arbitration. RESOLUTION OF DISPUTES: YOU ACKNOWLEDGE THAT YOU HAVE READ THIS PROVISION CAREFULLY, AND UNDERSTAND THAT IT LIMITS YOUR RIGHTS IN THE EVENT OF A DISPUTE**

BETWEEN YOU AND US. YOU UNDERSTAND THAT YOU HAVE THE RIGHT TO REJECT THIS PROVISION, AS PROVIDED IN PARAGRAPH (i) BELOW.

(a) In this Resolution of Disputes provision:

(i) "You" and "your" mean the individual entering into this Agreement, as well as any person claiming through such individual;

(ii) "We" and "us" mean Bank and Prosper Funding LLC and each of their respective parents, subsidiaries, affiliates, predecessors, successors, and assigns, as well as the officers, directors, and employees of each of them;

(iii) "Claim" means any dispute, claim, or controversy (whether based on contract, tort, intentional tort, constitution, statute, ordinance, common law, or equity, whether pre-existing, present, or future, and whether seeking monetary, injunctive, declaratory, or any other relief) arising from or relating to this Agreement or the relationship between us and you (including claims arising prior to or after the date of the Agreement, and claims that are currently the subject of purported class action litigation in which you are not a member of a certified class), and includes claims that are brought as counterclaims, cross claims, third party claims or otherwise, as well as disputes about the validity or enforceability of this Agreement or the validity or enforceability of this Section 22.

(b) Any Claim shall be resolved, upon the election of either us or you, by binding arbitration administered by the American Arbitration Association or JAMS, under the applicable arbitration rules of the administrator in effect at the time a Claim is filed ("Rules"). **Any arbitration under this Agreement will take place on an individual basis; class arbitrations and class actions are not permitted.** If you file a claim, you may choose the administrator; if we file a claim, we may choose the administrator, but we agree to change to the other permitted administrator at your request (assuming that the other administrator is available). You can obtain the Rules and other information about initiating arbitration by contacting the American Arbitration Association at 1633 Broadway, 10th Floor, New York, NY 10019, (800) 778-7879, www.adr.org; or by contacting JAMS at 1920 Main Street, Suite 300, Irvine, CA 92614, (949) 224-1810, www.jamsadr.com. The address for serving any arbitration demand or claim on us is Prosper Marketplace, Inc., 221 Main Street, Suite 300, San Francisco, CA 94105, Attention: Compliance.

(c) Claims will be arbitrated by a single, neutral arbitrator, who shall be a retired judge or a lawyer with at least ten years' experience. We agree not to invoke our right to elect arbitration of an individual Claim filed by you in a small claims or similar court (if any), so long as the Claim is pending on an individual basis only in such court.

(d) We will pay all filing and administration fees charged by the administrator and arbitrator fees up to $1,000, and we will consider your request to pay any additional arbitration costs. If an arbitrator issues an award in our favor, you will not be required to reimburse us for any fees we have previously paid to the administrator or for which we are responsible. If you receive an award from the arbitrator, we will reimburse you for any fees paid by you to the administrator or arbitrator. Each party shall bear its own attorney's, expert's and witness fees, which shall not be considered costs of arbitration; however, if a statute gives you the right to recover these fees, or fees paid to the administrator or arbitrator, then these statutory rights will apply in arbitration.

(e) Any in-person arbitration hearing will be held in the city with the federal district court closest to your residence, or in such other location as you and we may mutually agree. The arbitrator shall apply applicable substantive law consistent with the Federal Arbitration Act, 9 U.S.C. § 1-16, and, if requested by either party, provide written reasoned findings of fact and conclusions of law. The arbitrator shall have the power to award any relief authorized under applicable law. Any appropriate court may enter judgment upon the arbitrator's award. The arbitrator's decision will be final and binding except that: (1) any party may exercise any appeal right under the FAA; and (2) any party may appeal any award relating to a claim for more than $100,000 to a three-arbitrator panel appointed by the administrator, which will reconsider de novo any aspect of the appealed award. The panel's decision will be final and binding, except for any appeal right under the FAA. Unless applicable law provides otherwise, the appealing party will pay the appeal's cost, regardless of its outcome. However, we will consider any reasonable written request by you for us to bear the cost.

(f) YOU AND WE AGREE THAT EACH MAY BRING CLAIMS AGAINST THE OTHER ONLY IN OUR INDIVIDUAL CAPACITY, AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING. Further, unless both you and we agree otherwise in writing, the arbitrator may not consolidate more than one person's claims. The arbitrator shall have no power to arbitrate any Claims on a class action basis or Claims brought in a purported representative capacity on behalf of the general public, other borrowers, or other persons similarly situated. The validity and effect of this paragraph (f) shall be determined exclusively by a court, and not by the administrator or any arbitrator.

(g) If any portion of this Section 22 is deemed invalid or unenforceable for any reason, it shall not invalidate the remaining portions of this section. However, if paragraph (f) of this Section 22 is deemed invalid or unenforceable in whole or in part, then this entire Section 22 shall be deemed invalid and unenforceable. The terms of this Section 22 will prevail if there is any conflict between the Rules and this section.

(h) **YOU AND WE AGREE THAT, BY ENTERING INTO THIS AGREEMENT, THE PARTIES ARE EACH WAIVING THE RIGHT TO A TRIAL BY JURY OR TO PARTICIPATE IN A CLASS ACTION. YOU AND WE ACKNOWLEDGE THAT ARBITRATION WILL LIMIT OUR LEGAL RIGHTS, INCLUDING THE RIGHT TO PARTICIPATE IN A CLASS ACTION, THE RIGHT TO A JURY TRIAL, THE RIGHT TO CONDUCT FULL DISCOVERY, AND THE RIGHT TO APPEAL (EXCEPT AS PERMITTED IN PARAGRAPH (e) OR UNDER THE FEDERAL ARBITRATION ACT).**

(i) You understand that you may reject the provisions of this Section 22, in which case neither us nor you will have the right to elect arbitration. Rejection of this Section 22 will not affect the remaining parts of this Agreement. To reject this Section 22, you must send us written notice of your rejection within 30 days after the date that this Agreement was made. You must include your name, address, and account number. The notice of rejection must be mailed to Prosper Marketplace, Inc., 221 Main Street, Suite 300, San Francisco, CA 94105, Attention: Legal Department. This is the only way that you can reject this Section 22.

(j) You and we acknowledge and agree that the arbitration agreement set forth in this Section 22 is made pursuant to a transaction involving interstate commerce, and thus the Federal Arbitration Act shall govern the interpretation and enforcement of this Section 22. This Section 22 shall survive the termination of this Agreement.

(k) This section shall not apply to covered borrowers as defined in the Military Lending Act.

23. **Electronic Transactions. This Agreement includes your express consent to electronic transactions and disclosures, which consent is set forth in the section entitled "Consent to Doing Business Electronically" as disclosed in our** Terms of Use **on our website, the terms and conditions of which are expressly incorporated herein in their entirety. You expressly agree that each of (a) this Agreement and (b) any Promissory Note in the form set forth on the attached Exhibit A that we sign on your behalf, may comprise a "transferable record" for all purposes under the Electronic Signatures in Global and National Commerce Act and the Uniform Electronic Transactions Act.**

24. Permission to Contact. When you give us your home and/or mobile phone number, we have your permission to contact you at that number or numbers, and any other number we believe we may reach you through (unless prohibited by applicable law), about your Prosper accounts. Your consent allows us to use text messaging, artificial or prerecorded voice messages and automatic dialing technology, for all purposes not prohibited by applicable law. Message and data rates may apply. You may contact us anytime to change these preferences. We may also send an email to any address where we reasonably believe we can contact you. Some of the purposes for calls and messages include: suspected fraud or identity theft; obtaining information; transactions on or servicing of your account; and collecting on your account. Our rights under this Section extend to our affiliates, subsidiaries, parents, agents, vendors, and anyone so affiliated with the owner of any note evidencing a loan you obtain. Notify us immediately of any changes to your contact information by changing your contact information on your Prosper account information – settings page.

25. Appointment of Limited Power of Attorney and Note Registrar. If your listing receives sufficient investor commitments to fund, and you do not withdraw your listing prior to expiration of the listing period, you hereby authorize each of Prosper and PMI (and their affiliates) to act as your true and lawful Attorney-in-Fact and agent, with full power of delegation and substitution, for you in your name, place and stead, in any and all capacities, to complete and execute a Promissory Note containing the material terms set forth on the attached Exhibit A on your behalf in favor of Bank and reflecting the debt obligation reflected on your final Truth in Lending disclosure(s). You further authorize Prosper and PMI (and their affiliates) to (i) perform each and every act necessary to be done in connection with executing such Promissory Note as you might or could do in person and (ii) approve, execute and deliver the provisions of any instruments, documents, agreements, powers, releases and certificates related to the Promissory Note and to perform each and every actions regarding the same, including but not limited to, any legal or beneficial assignment of the Promissory Note. This Power of Attorney is limited to the purpose described above.

This Power of Attorney may be revoked by contacting Prosper by emailing us at support@prosper.com or calling us at 1-866-615-6319 and closing your account only if done prior to the origination of your loan and execution of the Promissory Note on your behalf. If you choose to revoke this Power of Attorney prior to execution, we will be unable to process your loan request and any pending loan request will be considered withdrawn. Any act or thing lawfully done hereunder prior to any revocation and within the powers herein by any attorney in fact shall be binding on you and your heirs, legal and personal representatives and assigns.

You further appoint Prosper as your authorized agent (in such capacity the "Note Registrar") to maintain a book-entry system (the "Register") identifying the owners of such Promissory Note and the

owners' addresses and payment instructions. The person or persons identified as owners of such Promissory Note in the Register shall be deemed to be the owner(s) of the Promissory Note for purposes of receiving payment of principal and interest on such Promissory Note and for all other purposes. Any transfer of such Promissory Note shall be effective only upon being recorded in the Register. The Note Registrar may retain the services of another party to fulfill its duties as Note Registrar. The Note Registrar's recordkeeping obligations will be unaffected by any transfers of the Promissory Note.

26. **Military Lending Act.** The Military Lending Act provides specific protections for active duty service members and their dependents in consumer credit transactions. This Section includes information on the protections provided to covered borrowers as defined in the Military Lending Act.

(a) Statement of MAPR.

Federal law provides important protections to members of the Armed Forces and their dependents relating to extensions of consumer credit. In general, the cost of consumer credit to a member of the Armed Forces and his or her dependent may not exceed an annual percentage rate of 36 percent. This rate must include, as applicable to the credit transaction or account: The costs associated with credit insurance premiums; fees for ancillary products sold in connection with the credit transaction; any application fee charged (other than certain application fees for specified credit transactions or accounts); and any participation fee charged (other than certain participation fees for a credit card account).

(b) The following sections of this Agreement and the Promissory Note shall not be applicable to, and shall not be enforceable against, a covered borrower as defined in the Military Lending Act: Section 22 of this Agreement and Section 18 of the Promissory Note.

(c) Oral Disclosures. Please call 1-855-993-2967 to obtain oral disclosures, including the statement of MAPR and the payment schedule applicable to your loan, required under the Military Lending Act.

EXHIBIT A

Promissory Note

Loan ID: __

Borrower Address:__.

1. **Promise to Pay**. In return for a loan I have received, I promise to pay WebBank ("you") the principal sum of__Dollars ($____), together with interest thereon commencing on the date of origination at the rate of__percent (____%) per annum simple interest. I understand that references in this Promissory Note ("Note") to you shall also include any person to whom you transfer this Note.

2. **Payments**. I will pay the principal, interest, and any late charges or other fees on this Note when due. This Note is payable in__monthly installments of $____each, consisting of principal and interest, commencing on the__day of__, and continuing until the final payment date of____, which is the maturity date of this Note. Because of the daily accrual of

interest on my loan and the effect of rounding, my final payment may be more or less than my regular payment. My final payment shall consist of the then remaining principal, unpaid accrued interest and other charges due under this Note. All payments will be applied first to any unpaid fees incurred as a result of failed payments, as provided in Paragraph 11; then to any charges for making payments other than as provided in this Note; then to any late charges then due; then to any interest then due; and then to principal. No unpaid interest or charges will be added to principal. I further acknowledge that, if I make my payments after the scheduled due date, or incur a charge/fee, this Note will not amortize as originally scheduled, which may result in a substantially higher final payment amount.

3. **Interest**. Interest will be charged on unpaid principal until the full amount of principal has been paid. Interest under this Note will accrue daily, on the basis of a 365-day year. The interest rate I will pay will be the rate I will pay both before and after any default.

4. **Late Charge**. If the full amount of any monthly payment is not made by the end of fifteen (15) calendar days after its due date, I will pay you a late charge of the greater of $15 or 5.00% of the unpaid portion of the monthly payment. I will pay this late charge when it is assessed but only once on each late payment.

5. **Claims and Defenses; Waiver of Defenses; Exception to Waiver**. Except as otherwise provided in this Note, you are not responsible or liable to me for the quality, safety, legality, or any other aspect of any property or services purchased with the proceeds of my loan. If I have a dispute with any person from whom I have purchased such property or services, I agree to settle the dispute directly with that person.

If and only if the proceeds of my loan will be applied in whole or part to purchase property or services from a person or entity that has entered into a contractual relationship with you or Prosper related to financing of such property or services, the following notice may apply:

NOTICE

ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF GOODS OR SERVICES OBTAINED WITH THE PROCEEDS HEREOF. RECOVERY HEREUNDER BY THE DEBTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR HEREUNDER.

6. **Certification**. I certify that the proceeds of my loan will not be applied in whole or in part to postsecondary educational expenses (i.e., tuition, fees, required equipment or supplies, or room and board) at a college/university/ vocational school, as the term “postsecondary educational expenses” is defined in Bureau of Consumer Financial Protection Regulation Z, 12 C.F.R. § 1026.46(b)(3).

7. **Method of Payment**. You have given me the choice of making my monthly payments (i) by automated withdrawal from an account that I designate using an automated clearinghouse (ACH) or other electronic fund transfer in the manner described in the debit authorization I execute, or (ii) by manually scheduled one-time withdrawals from an account that I designate using an ACH or other electronic fund transfer, made by logging onto my account on the Prosper website or by calling Prosper Borrower Services at 1-866-615-6319, with my first payment being scheduled during the application process; and I have chosen one of these methods.

I also understand that I may pay my monthly payments by check. If I have chosen to pay by check by calling Prosper Borrower Services at 1-866-615-6319 and arranging such method of payment, I will make the check payable to Prosper Funding LLC and send the payment check to Prosper Marketplace, Inc.,
P.O. Box 396081, San Francisco, CA 94139-6081 in a manner so as to ensure that it is received with sufficient time to process prior to my scheduled payment due date. To ensure efficient processing of my check, I will reference my loan number on the check.

I recognize that if I have automated withdrawal enabled, it is my responsibility to ensure that all amounts I owe are paid when due, even if not debited from my account.

If I close my account or if my account changes or is otherwise inaccessible such that you are unable to withdraw my payments from that account or process my check, I will notify you at least three (3) business days prior to any such closure, change or inaccessibility of my account, and authorize you to withdraw my payments, or I will provide a check, from another account that I designate.

With regard to payments made by automatic withdrawals from my account, I have the right to (i) stop payment of a preauthorized automatic withdrawal, or (ii) revoke my prior authorization for automatic withdrawals with regard to all further payments under this Note, by notifying the financial institution where my account is held, orally or in writing at least three (3) business days before the scheduled date of the transfer. I agree to notify you orally or in writing, at least three (3) business days before the scheduled date of the transfer, of the exercise of my right to stop a payment or to revoke my prior authorization for further automatic withdrawals.

8. **Default and Remedies**. If I fail to make any payment when due in the manner required by Paragraph 7, I will be delinquent. If I (a) am delinquent, (b) file or have instituted against me a bankruptcy or insolvency proceeding or make any assignment for the benefit of creditors, or (c) in the event of my death, you may in your sole discretion deem me in default and accelerate the maturity of this Note and declare all principal, interest and other charges due under this Note immediately due and payable. If you deem me in default due to delinquency and if you exercise the remedy of acceleration, you will use reasonable efforts to provide prior notice of acceleration.

9. **Prepayments**. I may prepay this Note in full or in part at any time without penalty. I acknowledge that partial prepayments will not change the due date or amount of my monthly payment.

10. **Waivers**. You may accept late payments or partial payments, even though marked “paid in full,” without losing any rights under this Note, and you may delay enforcing any of your rights under this Note without losing them. You do not have to (a) demand payment of amounts due (known as “presentment”), (b) give notice that amounts due have not been paid (known as “notice of dishonor”), or (c) obtain an official certification of nonpayment (known as “protest”). I hereby waive presentment, notice of dishonor and protest. Even if, at a time when I am in default, you do not require me to pay immediately in full as described above, you will still have the right to do so if I am in default at a later time. Neither your failure to exercise any of your rights, nor your delay in enforcing or exercising any of your rights, will waive those rights. Furthermore, if you waive any right under this Note on one occasion, that waiver will not operate as a waiver as to any other occasion.

11. **Insufficient Funds Charge**. If I attempt to make a payment, whether by automated withdrawal from my designated account or by other means, and the payment cannot be made due to (i) insufficient funds

in my account, (ii) the closure, change or inaccessibility of my account without my having notified you as provided in Paragraph 7, or (iii) for any other reason (other than an error by you), I will pay you an additional fee of $15 for each returned or failed automated withdrawal or other item, unless prohibited by applicable law. I will pay this fee when it is assessed.

12. **Attorneys' Fees**. To the extent permitted by law, I am liable to you for your legal costs if you refer collection of my loan to a lawyer who is not your salaried employee. These costs may include reasonable attorneys' fees as well as costs and expenses of any legal action.

13. **Loan Charges**. If a law that applies to my loan and sets maximum loan charges is finally interpreted so that the interest or other loan charges collected or to be collected in connection with my loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me that exceeded permitted limits will be refunded to me. You may choose to make this refund by reducing the principal I owe under this Note or by making a direct payment to me.

14. **Assignment**. I may not assign any of my obligations under this Note without your written permission. You may assign this Note at any time without my permission. Unless prohibited by applicable law, you may do so without telling me. My obligations under this Note apply to all of my heirs and permitted assigns. Your rights under this Note apply to each of your successors and assigns.

15. **Notices**. All notices and other communications hereunder shall be given in writing and shall be deemed to have been duly given and effective (i) upon receipt, if delivered in person or by facsimile, email or other electronic transmission, or (ii) one day after deposit prepaid for overnight delivery with a national overnight express delivery service. Except as expressly provided otherwise in this Note, notices to me may be addressed to my registered email address or to my address set forth above unless I provide you with a different address for notice by giving notice pursuant to this Paragraph, and notices to you must be addressed to WebBank at legal@prosper.com or c/o Prosper Marketplace, Inc., 221 Main Street, Third Floor, San Francisco, CA 94105, Attention: Legal Department.

16. **Governing Law**. This Note is governed by federal law and, to the extent that state law applies, the laws of the State of Utah.

17. **Miscellaneous**. No provision of this Note shall be modified or limited except by a written agreement signed by both you and me. The unenforceability of any provision of this Note shall not affect the enforceability or validity of any other provision of this Note.

18. **Arbitration**. **RESOLUTION OF DISPUTES: I HAVE READ THIS PROVISION CAREFULLY, AND UNDERSTAND THAT IT LIMITS MY RIGHTS IN THE EVENT OF A DISPUTE BETWEEN YOU AND ME. I UNDERSTAND THAT I HAVE THE RIGHT TO REJECT THIS PROVISION, AS PROVIDED IN PARAGRAPH (i) BELOW.**

(a) In this Resolution of Disputes provision:

(i) "I," "me" and "my" mean the promisor under this Note, as well as any person claiming through such promisor;

(ii) "You" and "your" mean WebBank, any person servicing this Note for WebBank, any subsequent holders of this Note or any interest in this Note, any person servicing this Note for such subsequent holder of this note, and each of their respective parents, subsidiaries, affiliates, predecessors, successors, and assigns, as well as the officers, directors, and employees of each of them; and

(iii) "Claim" means any dispute, claim, or controversy (whether based on contract, tort, intentional tort, constitution, statute, ordinance, common law, or equity, whether pre-existing, present, or future, and whether seeking monetary, injunctive, declaratory, or any other relief) arising from or relating to this Note or the relationship between you and me (including claims arising prior to or after the date of the Note, and claims that are currently the subject of purported class action litigation in which I am not a member of a certified class), and includes claims that are brought as counterclaims, cross claims, third party claims or otherwise, as well as disputes about the validity or enforceability of this Note or the validity or enforceability of this Section.

(b) Any Claim shall be resolved, upon the election of either you or me, by binding arbitration administered by the American Arbitration Association or JAMS, under the applicable arbitration rules of the administrator in effect at the time a Claim is filed ("Rules"). **Any arbitration under this arbitration agreement will take place on an individual basis; class arbitrations and class actions are not permitted**. If I file a claim, I may choose the administrator; if you file a claim, you may choose the administrator, but you agree to change to the other permitted administrator at my request (assuming that the other administrator is available). I can obtain the Rules and other information about initiating arbitration by contacting the American Arbitration Association at 1633 Broadway, 10th Floor, New York, NY 10019, (800) 778-7879, www.adr.org; or by contacting JAMS at 1920 Main Street, Suite 300, Irvine, CA 92614, (949) 224-1810, www.jamsadr.com. Your address for serving any arbitration demand or claim is WebBank, c/o Prosper Marketplace, Inc., 221 Main Street, Third Floor, San Francisco, CA 94105, Attention: Legal Department.

(c) Claims will be arbitrated by a single, neutral arbitrator, who shall be a retired judge or a lawyer with at least ten years' experience. You agree not to invoke your right to elect arbitration of an individual Claim filed by me in a small claims or similar court (if any), so long as the Claim is pending on an individual basis only in such court.

(d) You will pay all filing and administration fees charged by the administrator and arbitrator fees up to $1,000, and you will consider my request to pay any additional arbitration costs. If an arbitrator issues an award in your favor, I will not be required to reimburse you for any fees you have previously paid to the administrator or for which you are responsible. If I receive an award from the arbitrator, you will reimburse me for any fees paid by me to the administrator or arbitrator. Each party shall bear its own attorney's, expert's and witness fees, which shall not be considered costs of arbitration; however, if a statute gives me the right to recover these fees, or fees paid to the administrator or arbitrator, then these statutory rights will apply in arbitration.

(e) Any in-person arbitration hearing will be held in the city with the federal district court closest to my residence, or in such other location as you and we may mutually agree. The arbitrator shall apply applicable substantive law consistent with the Federal Arbitration Act, 9 U.S.C. § 1-16, and, if requested by either party, provide written reasoned findings of fact and conclusions of law. The arbitrator shall have the power to award any relief authorized under applicable law. Any appropriate court may enter judgment upon the arbitrator's award. The arbitrator's decision will be final and binding except that: (1) any party may exercise any appeal right under the FAA; and (2) any party may appeal any award relating to a claim for more than $100,000 to a three-arbitrator panel appointed by the administrator, which will reconsider de novo any aspect of the appealed award. The panel's decision will be final and binding, except for any appeal right under the FAA. Unless applicable law provides otherwise, the appealing party will pay the appeal's cost, regardless of its outcome. However, you will consider any reasonable written request by me for you to bear the cost.

(f) YOU AND I AGREE THAT EACH MAY BRING CLAIMS AGAINST THE OTHER ONLY IN OUR INDIVIDUAL CAPACITY, AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING. Further, unless both you and I agree otherwise in writing, the arbitrator may not consolidate more than one person's claims. The arbitrator shall have no power to arbitrate any Claims on a class action basis or Claims brought in a purported representative capacity on behalf of the general public, other borrowers, or other persons similarly situated. The validity and effect of this paragraph (f) shall be determined exclusively by a court, and not by the administrator or any arbitrator.

(g) If any portion of this Section 18 is deemed invalid or unenforceable for any reason, it shall not invalidate the remaining portions of this section. However, if paragraph (f) of this Section 18 is deemed invalid or unenforceable in whole or in part, then this entire Section 18 shall be deemed invalid and unenforceable. The terms of this Section 18 will prevail if there is any conflict between the Rules and this section.

(h) **YOU AND I AGREE THAT, BY ENTERING INTO THIS NOTE, THE PARTIES ARE EACH WAIVING THE RIGHT TO A TRIAL BY JURY OR TO PARTICIPATE IN A CLASS ACTION. YOU AND I ACKNOWLEDGE THAT ARBITRATION WILL LIMIT OUR LEGAL RIGHTS, INCLUDING THE RIGHT TO PARTICIPATE IN A CLASS ACTION, THE RIGHT TO A JURY TRIAL, THE RIGHT TO CONDUCT FULL DISCOVERY, AND THE RIGHT TO APPEAL (EXCEPT AS PERMITTED IN PARAGRAPH (e) OR UNDER THE FEDERAL ARBITRATION ACT).**

(i) I understand that I may reject the provisions of this Section 18, in which case neither you nor I will have the right to elect arbitration. Rejection of this Section 18 will not affect the remaining parts of this Note. To reject this Section 18, I must send you written notice of my rejection within 30 days after the date that this Note was made. I must include my name, address, and account number. The notice of rejection must be mailed to WebBank, c/o Prosper Marketplace, Inc., 221 Main Street, San Francisco, CA 94105, Attention: Legal Department. This is the only way that I can reject this Section 18.

(j) You and I acknowledge and agree that the arbitration agreement set forth in this Section 18 is made pursuant to a transaction involving interstate commerce, and thus the Federal Arbitration Act shall govern the interpretation and enforcement of this Section 18. This Section 18 shall survive the termination of this Note and the repayment of any or all amounts borrowed thereunder.

(k) This section shall not apply to covered borrowers as defined in the Military Lending Act.

19. **Electronic Transactions**. THIS NOTE INCLUDES YOUR EXPRESS CONSENT TO ELECTRONIC TRANSACTIONS AND DISCLOSURES, WHICH CONSENT IS SET FORTH IN THE PARAGRAPH ENTITLED "CONSENT TO DOING BUSINESS ELECTRONICALLY" AS DISCLOSED IN PROSPER'S TERMS OF USE ON PROSPER.COM, THE TERMS AND CONDITIONS OF WHICH ARE EXPRESSLY INCORPORATED HEREIN IN THEIR ENTIRETY. YOU EXPRESSLY AGREE THAT THIS NOTE MAY COMPRISE A "TRANSFERABLE RECORD" FOR ALL PURPOSES UNDER THE ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT AND THE UNIFORM ELECTRONIC TRANSACTIONS ACT.

20. **Registration of Note Owners**. I have appointed Prosper Funding LLC as my authorized agent (in such capacity, the "Note Registrar") to maintain a book-entry system (the "Register") for recording the beneficial owners of interests in this Note (the "Note Owners"). The person or persons identified as the Note Owners in the Register shall be deemed to be the owner(s) of this Note for purposes of receiving payment of principal and interest on such Note and for all other purposes. With respect to any transfer by a Note Owner of its beneficial interest in this Note, the right to payment of principal and interest on this Note shall not be effective until the transfer is recorded in the Register.

21.**State Notices**

<u>California Residents</u>

Married registrants may apply for a separate account. As required by law, I am hereby notified that a negative credit report reflecting on my credit record may be submitted to a credit reporting agency if I fail to fulfill the terms of my credit obligations.

<u>Iowa Residents</u>

NOTICE TO CONSUMER: 1. Do not sign this paper before you read it. 2. You are entitled to a copy of this paper. 3. You may prepay the unpaid balance at any time without penalty and may be entitled to receive a refund of unearned charges in accordance with law.

IMPORTANT: READ BEFORE SIGNING. The terms of this agreement should be read carefully because only those terms in writing are enforceable. No other terms or oral promises not contained in this written contract may be legally enforced. I may change the terms of this agreement only by another written agreement.

<u>Kansas Residents</u>

NOTICE TO CONSUMER: 1. Do not sign this agreement before you read it. 2. You are entitled to a copy of this agreement. 3. You may prepay the unpaid balance at any time without penalty.

<u>Missouri Residents</u>

Oral or unexecuted agreements or commitments to loan money, extend credit or to forbear from enforcing repayment of a debt including promises to extend or renew such debt are not enforceable. To protect me (borrower(s)) and you (creditor) from misunderstanding or disappointment, any agreements we reach covering such matters are contained in this writing, which is the complete and exclusive statement of the agreement between us, except as we may later agree in writing to modify it.

<u>Nebraska Residents</u>

A credit agreement must be in writing to be enforceable under Nebraska law. To protect you and me from any misunderstandings or disappointments, any contract, promise, undertaking, or offer to forebear repayment of money or to make any other financial accommodation in connection with this loan of money or grant or extension of credit, or any amendment of, cancellation of, waiver of, or substitution for any or all of the terms or provisions of any instrument or document executed in connection with this loan of money or grant or extension of credit, must be in writing to be effective.

New Jersey Residents

Because certain provisions of this Note are subject to applicable laws, they may be void, unenforceable or inapplicable in some jurisdictions. None of these provisions, however, is void, unenforceable or inapplicable in New Jersey.

Ohio Residents

The Ohio laws against discrimination require that all creditors make credit equally available to all credit worthy customers, and that credit reporting agencies maintain separate credit histories on each individual upon request. The Ohio civil rights commission administers compliance with this law.

Utah Residents

As required by Utah law, I am hereby notified that a negative credit report reflecting on my credit record may be submitted to a credit reporting agency if I fail to fulfill the terms of my credit obligations.

This Note is the final expression of the agreement between the parties and may not be contradicted by evidence of any alleged oral agreement.

Wisconsin Residents

No provision of a marital property agreement, a unilateral statement or a court decree adversely affects the interest of the creditor unless the creditor, prior to the time the credit is granted, is furnished a copy of the agreement, statement or decree or has actual knowledge of the adverse provision when the obligation to the creditor is incurred.

22. **Military Lending Act.** The Military Lending Act provides specific protections for active duty service members and their dependents in consumer credit transactions. This Section includes information on the protections provided to covered borrowers as defined in the Military Lending Act.

(a) Statement of MAPR.

Federal law provides important protections to members of the Armed Forces and their dependents relating to extensions of consumer credit. In general, the cost of consumer credit to a member of the Armed Forces and his or her dependent may not exceed an annual percentage rate of 36 percent. This rate must include, as applicable to the credit transaction or account: The costs associated with credit insurance premiums; fees for ancillary products sold in connection with the credit transaction; any application fee charged (other than certain application fees for specified credit transactions or accounts); and any participation fee charged (other than certain participation fees for a credit card account).

(b) Section 18 of this Note shall not be applicable to, and shall not be enforceable against, a covered borrower as defined in the Military Lending Act.

(c) Oral Disclosures. Please call 1-855-993-2967 to obtain oral disclosures, including the statement of MAPR and the payment schedule applicable to your loan, required under the Military Lending Act.

23. By signing this Note, I acknowledge that I (i) have read and understand all terms and conditions of this Note, (ii) agree to the terms set forth herein, and (iii) acknowledge receipt of a completely filled-in copy of this Note.

Wisconsin Residents: NOTICE TO CUSTOMER: (a) DO NOT SIGN THIS IF IT CONTAINS ANY BLANK SPACES. (b) YOU ARE ENTITLED TO AN EXACT COPY OF ANY AGREEMENT YOU SIGN. (c) YOU HAVE THE RIGHT AT ANY TIME TO PAY IN ADVANCE THE UNPAID BALANCE DUE UNDER THIS AGREEMENT AND YOU MAY BE ENTITLED TO A PARTIAL REFUND OF THE FINANCE CHARGE.

CAUTION -- IT IS IMPORTANT THAT YOU THOROUGHLY READ THE CONTRACT BEFORE YOU SIGN IT.

Date: __

By: Prosper Marketplace, Inc. Attorney-in-Fact for:

__[Borrower] (Signed Electronically)

Last Updated: September 2016

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

Promissory Note

Promissory Note

Loan ID:------

Borrower Address: --------------------

1. **Promise to Pay.** In return for a loan I have received, I promise to pay WebBank ("you") the principal sum of Dollars ($, together with interest thereon commencing on the date of origination at the rate of__percent (_%) per annum simple interest. I understand that references in this Promissory Note ("Note") to you shall also include any person to whom you transfer this Note.

2. **Payments.** I will pay the principal, interest, and any late charges or other fees on this Note when due. This Note is payable in _ monthly installments of $ each, consisting of principal and interest, commencing on the day of , and continuing until the final payment date of , which is the maturity date of this Note. Because of the daily accrual of interest on my loan and the effect of rounding, my final payment may be more or less than my regular payment. My final payment shall consist of the then remaining principal, unpaid accrued interest and other charges due under this Note. All payments will be applied first to any unpaid fees incurred as a result of failed payments, as provided in Paragraph 11; then to any charges for making payments other than as provided in this Note; then to any late charges then due; then to any interest then due; and then to principal. No unpaid interest or charges will be added to principal. I further acknowledge that, if I make my payments after the scheduled due date, or incur a charge/fee, this Note will not amortize as originally scheduled, which may result in a substantially higher final payment amount.

3. **Interest.** Interest will be charged on unpaid principal until the full amount of principal has been paid. Interest under this Note will accrue daily, on the basis of a 365-day year. The interest rate I will pay will be the rate I will pay both before and after any default.

4. **Late Charge.** Ifthe full amount of any monthly payment is not made by the end of fifteen (15) calendar days after its due date, I will pay you a late charge of the greater of $15 or 5.00% of the unpaid portion of the monthly payment. I will pay this late charge when it is assessed but only once on each late payment.

5. **Claims and Defenses; Waiver of Defenses; Exception to Waiver.** Except as otherwise provided in this Note, you are not responsible or liable to me for the quality, safety, legality, or any other aspect of any property or services purchased with the proceeds of my loan. If I have a

dispute with any person from whom I have purchased such property or services, I agree to settle the dispute directly with that person.

If and only if the proceeds of my loan will be applied in whole or part to purchase property or services from a person or entity that has entered into a contractual relationship with you or Prosper related to financing of such property or services, the following notice may apply:

NOTICE

ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF GOODS OR SERVICES OBTAINED WITH THE PROCEEDS HEREOF. RECOVERY HEREUNDER BY THE DEBTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR HEREUNDER.

6. Certification. I certify that the proceeds of my loan will not be applied in whole or in part to postsecondary educational expenses (i.e., tuition, fees, required equipment or supplies, or room and board) at a college/university/vocational school, as the term "postsecondary educational expenses" is defined in Bureau of Consumer Financial Protection Regulation Z, 12 C.F.R. § 1026.46(b)(3).

7. Method of Payment. You have given me the choice of making my monthly payments (i) by automated withdrawal from an account that I designate using an automated clearinghouse (ACH) or other electronic fund transfer in the manner described in the debit authorization I execute, or (ii) by manually scheduled one-time withdrawals from an account that I designate using an ACH or other electronic fund transfer, made by logging onto my account on the Prosper website or by calling Prosper Borrower Services at 1-866-615-6319, with my first payment being scheduled during the application process; and I have chosen one of these methods.

I also understand that I may pay my monthly payments by check. If I have chosen to pay by check by calling Prosper Borrower Services at 1-866-615-6319 and arranging such method of payment, I will make the check payable to Prosper Funding LLC and send the payment check to Prosper Marketplace, Inc., P.0. Box 396081, San Francisco, CA 94139-6081 in a manner so as to ensure that it is received with sufficient time to process prior to my scheduled payment due date. To ensure efficient processing of my check, I will reference my loan number on the check.

I recognize that if I have automated withdrawal enabled, it is my responsibility to ensure that all amounts I owe are paid when due, even if not debited from my account.

If I close my account or if my account changes or is otherwise inaccessible such that you are unable to withdraw my payments from that account or process my check, I will notify you at least three (3) business days prior to any such closure, change or inaccessibility of my account, and authorize you to withdraw my payments, or I will provide a check, from another account that I designate.

With regard to payments made by automatic withdrawals from my account, I have the right to (i) stop payment of a preauthorized automatic withdrawal, or (ii) revoke my prior authorization for automatic withdrawals with regard to all further payments under this Note, by notifying the financial institution where my account is held, orally or in writing at least three (3) business days before the scheduled date of the transfer. I agree to notify you orally or in writing, at least three
(3) business days before the scheduled date of the transfer, of the exercise of my right to stop a payment or to revoke my prior authorization for further automatic withdrawals.

8. Default and Remedies. If I fail to make any payment when due in the manner required by Paragraph 7, I will be delinquent. If I (a) am delinquent, (b) file or have instituted against me a bankruptcy or insolvency proceeding or make any assignment for the benefit of creditors, or (c) in the event of my death, you may in your sole discretion deem me in default and accelerate the maturity of this Note and declare all principal, interest and other charges due under this Note immediately due and payable. If you deem me in default due to delinquency and if you exercise the remedy of acceleration, you will use reasonable efforts to provide prior notice of acceleration.

9. Prepayments. I may prepay this Note in full or in part at any time without penalty. I acknowledge that partial prepayments will not change the due date or amount of my monthly payment.

10. Waivers. You may accept late payments or partial payments, even though marked "paid in full," without losing any rights under this Note, and you may delay enforcing any of your rights under this Note without losing them. You do not have to (a) demand payment of amounts due (known as "presentment"), (b) give notice that amounts due have not been paid (known as "notice of dishonor"), or (c) obtain an official certification of nonpayment (known as "protest"). I hereby waive presentment, notice of dishonor and protest. Even if, at a time when I am in default, you do not require me to pay immediately in full as described above, you will still have the right to do so if I am in default at a later time. Neither your failure to exercise any of your rights, nor your delay in enforcing or exercising any of your rights, will waive those rights. Furthermore, if you waive any right under this Note on one occasion, that waiver will not operate as a waiver as to any other occasion.

11. Insufficient Funds Charge. If I attempt to make a payment, whether by automated withdrawal from my designated account or by other means, and the payment cannot be made due to (i) insufficient funds in my account, (ii) the closure, change or inaccessibility of my account without my having notified you as provided in Paragraph 7, or (iii) for any other reason (other than an error by you), I will pay you an additional fee of $15 for each returned or failed automated withdrawal or other item, unless prohibited by applicable law. I will pay this fee when it is assessed.

12. Attorneys' Fees. To the extent permitted by law, I am liable to you for your legal costs if you refer collection of my loan to a lawyer who is not your salaried employee. These costs may include reasonable attorneys' fees as well as costs and expenses of any legal action.

13. Loan Charges. If a law that applies to my loan and sets maximum loan charges is finally interpreted so that the interest or other loan charges collected or to be collected in connection with my loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me that exceeded permitted limits will be refunded to me. You may choose to make this refund by reducing the principal I owe under this Note or by making a direct payment to me.

14. Assignment. I may not assign any of my obligations under this Note without your written permission. You may assign this Note at any time without my permission. Unless prohibited by applicable law, you may do so without telling me. My obligations under this Note apply to all of my heirs and permitted assigns. Your rights under this Note apply to each of your successors and assigns.

15. Notices. All notices and other communications hereunder shall be given in writing and shall be deemed to have been duly given and effective (i) upon receipt, if delivered in person or by facsimile, email or other electronic transmission, or (ii) one day after deposit prepaid for overnight delivery with a national overnight express delivery service. Except as expressly provided otherwise in this Note, notices to me may be addressed to my registered email address or to my address set forth above unless I provide you with a different address for notice by giving notice pursuant to this Paragraph, and notices to you must be addressed to WebBank at legal@prosper.com or c/o Prosper Marketplace, Inc., 221 Main Street, Third Floor, San Francisco, CA 94105, Attention: Legal Department.

16. Governing Law. This Note is governed by federal law and, to the extent that state law applies, the laws of the State of Utah.

17. Miscellaneous. No provision of this Note shall be modified or limited except by a written agreement signed by both you and me. The unenforceability of any provision of this Note shall not affect the enforceability or validity of any other provision of this Note.

18. Arbitration. RESOLUTION OF DISPUTES: I HAVE READ THIS PROVISION CAREFULLY, AND UNDERSTAND THAT IT LIMITS MY RIGHTS IN THE EVENT OF A DISPUTE BETWEEN YOU AND ME. I UNDERSTAND THAT I HAVE THE RIGHT TO REJECT THIS PROVISION, AS PROVIDED IN PARAGRAPH (i) BELOW.

(a) In this Resolution of Disputes provision:

(i) "I," "me" and "my" mean the promisor under this Note, as well as any person claiming through such promisor;

(ii) "You" and "your" mean WebBank, any person servicing this Note for WebBank, any subsequent holders of this Note or any interest in this Note, any person servicing this Note for such subsequent holder of this note, and each of their respective parents, subsidiaries, affiliates, predecessors, successors, and assigns, as well as the officers, directors, and employees of each of them; and

(iii) "Claim" means any dispute, claim, or controversy (whether based on contract, tort, intentional tort, constitution, statute, ordinance, common law, or equity, whether pre-existing, present, or future, and whether seeking monetary, injunctive, declaratory, or any other relief) arising from or relating to this Note or the relationship between you and me (including claims arising prior to or after the date of the Note, and claims that are currently the subject of purported class action litigation in which I am not a member of a certified class), and includes claims that are brought as counterclaims, cross claims, third party claims or otherwise, as well as disputes about the validity or enforceability of this Note or the validity or enforceability of this Section.

(b) Any Claim shall be resolved, upon the election of either you or me, by binding arbitration administered by the American Arbitration Association or JAMS, under the applicable arbitration rules of the administrator in effect at the time a Claim is filed ("Rules"). Any arbitration under this arbitration agreement will take place on an individual basis; class arbitrations and class actions are not permitted. If I file a claim, I may choose the administrator; if you file a claim, you may choose the administrator, but you agree to change to the other permitted administrator at my request (assuming that the other administrator is available). I can obtain the Rules and other information about initiating arbitration by contacting the American Arbitration Association at 1633 Broadway, 10th Floor, New York, NY 10019, (800) 778-7879, www.adr.org; or by contacting JAMS at 1920 Main Street, Suite 300, Irvine, CA 92614, (949) 224-1810, www.jamsadr.com. Your address for serving any arbitration demand or claim is WebBank, c/o Prosper Marketplace, Inc., 221 Main Street, Third Floor, San Francisco, CA 94105, Attention: Legal Department.

(c) Claims will be arbitrated by a single, neutral arbitrator, who shall be a retired judge or a lawyer with at least ten years' experience. You agree not to invoke your right to elect arbitration of an individual Claim filed by me in a small claims or similar court (if any), so long as the Claim is pending on an individual basis only in such court.

(d) You will pay all filing and administration fees charged by the administrator and arbitrator fees up to $1,000, and you will consider my request to pay any additional arbitration costs. If an arbitrator issues an award in your favor, I will not be required to reimburse you for any fees you have previously paid to the administrator or for which you are responsible. If I receive an award from the arbitrator, you will reimburse me for any fees paid by me to the administrator or arbitrator. Each party shall bear its own attorney's, expert's and witness fees, which shall not be considered costs of arbitration; however, if a statute gives me the right to recover these fees, or fees paid to the administrator or arbitrator, then these statutory rights will apply in arbitration.

(e) Any in-person arbitration hearing will be held in the city with the federal district court closest to my residence, or in such other location as you and we may mutually agree. The arbitrator shall apply applicable substantive law consistent with the Federal Arbitration Act, 9 U.S.C. § 1-16, and, if requested by either party, provide written reasoned findings of fact and conclusions of law. The arbitrator shall have the power to award any relief authorized under applicable law. Any appropriate court may enter judgment upon the arbitrator's award. The arbitrator's decision will be final and binding except that: (1) any party may exercise any appeal right under the FAA; and (2) any party may appeal any award relating to a claim for more than $100,000 to a three-arbitrator panel appointed by the administrator, which will reconsider de novo any aspect of the appealed award. The panel's decision will be final and binding, except for any appeal right under the FAA. Unless applicable law provides otherwise, the appealing party will pay the appeal's cost, regardless of its outcome. However, you will consider any reasonable written request by me for you to bear the cost.

(f) Y0U AND I AGREE THAT EACH MAY BRING CLAIMS AGAINST THE 0THER 0NLY IN 0UR INDIVIDUAL CAPACITY, AND N0T AS A PLAINTIFF 0R CLASS MEMBER IN ANY PURP0RTED CLASS 0R REPRESENTATIVE PR0CEEDING. Further, unless both you and I agree otherwise in writing, the arbitrator may not consolidate more than one person's claims. The arbitrator shall have no power to arbitrate any Claims on a class action basis or Claims brought in a purported representative capacity on behalf of the general public, other borrowers, or other persons similarly situated. The validity and effect of this paragraph (f) shall be determined exclusively by a court, and not by the administrator or any arbitrator.

(g) If any portion of this Section 18 is deemed invalid or unenforceable for any reason, it shall not invalidate the remaining portions of this section. However, if paragraph (f) of this Section 18 is deemed invalid or unenforceable in whole or in part, then this entire Section 18 shall be deemed invalid and unenforceable. The terms of this Section 18 will prevail if there is any conflict between the Rules and this section.

(h) YOU AND I AGREE THAT, BY ENTERING INTO THIS NOTE, THE PARTIES ARE EACH WAIVING THE RIGHT TO A TRIAL BY JURY OR TO PARTICIPATE IN A CLASS ACTION. YOU AND I ACKNOWLEDGE THAT ARBITRATION WILL LIMIT OUR LEGAL RIGHTS, INCLUDING THE RIGHT TO PARTICIPATE IN A CLASS ACTION, THE RIGHT TO A JURY TRIAL, THE RIGHT TO CONDUCT FULL DISCOVERY, AND THE RIGHT TO APPEAL (EXCEPT AS PERMITTED IN PARAGRAPH (e) OR UNDER THE FEDERAL ARBITRATION ACT).

(i) I understand that I may reject the provisions of this Section 18, in which case neither you nor I will have the right to elect arbitration. Rejection of this Section 18 will not affect the remaining parts of this Note. To reject this Section 18, I must send you written notice of my rejection within 30 days after the date that this Note was made. I must include my name, address, and account number. The notice of rejection must be mailed to WebBank, c/o Prosper Marketplace, Inc., 221 Main Street, San Francisco, CA 94105, Attention: Legal Department. This is the only way that I can reject this Section 18.

(j) You and I acknowledge and agree that the arbitration agreement set forth in this Section 18 is made pursuant to a transaction involving interstate commerce, and thus the Federal Arbitration Act shall govern the interpretation and enforcement of this Section 18. This Section 18 shall survive the termination of this Note and the repayment of any or all amounts borrowed thereunder.

(k) This section shall not apply to covered borrowers as defined in the Military Lending Act.

19. Electronic Transactions. THIS N0TE INCLUDES Y0UR EXPRESS C0NSENT T0 ELECTR0NIC TRANSACTI0NS AND DISCL0SURES, WHICH C0NSENT IS SET F0RTH

IN THE PARAGRAPH ENTITLED "C0NSENT T0 D0ING BUSINESS ELECTR0NICALLY" AS DISCL0SED IN PR0SPER'S TERMS 0F USE 0N PR0SPER.C0M, THE TERMS AND C0NDITI0NS 0F WHICH ARE EXPRESSLY INC0RP0RATED HEREIN IN THEIR ENTIRETY. Y0U EXPRESSLY AGREE THAT THIS N0TE MAY C0MPRISE A "TRANSFERABLE REC0RD" F0R ALL PURP0SES UNDER THE ELECTR0NIC SIGNATURES IN GL0BAL AND NATI0NAL C0MMERCE ACT AND THE UNIF0RM ELECTR0NIC TRANSACTI0NS ACT.

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20. Registration of Note Owners. I have appointed Prosper Funding LLC as my authorized agent (in such capacity, the "Note Registrar") to maintain a book-entry system (the "Register") for recording the beneficial owners of interests in this Note (the "Note 0wners"). The person or persons identified as the Note 0wners in the Register shall be deemed to be the owner(s) of this Note for purposes of receiving payment of principal and interest on such Note and for all other purposes. With respect to any transfer by a Note 0wner of its beneficial interest in this Note, the right to payment of principal and interest on this Note shall not be effective until the transfer is recorded in the Register.

21. State Notices

<u>California Residents</u>

Married registrants may apply for a separate account. As required by law, I am hereby notified that a negative credit report reflecting on my credit record may be submitted to a credit reporting agency if I fail to fulfill the terms of my credit obligations.

<u>Iowa Residents</u>

N0TICE T0 C0NSUMER: 1. Do not sign this paper before you read it. 2. You are entitled to a copy of this paper. 3. You may prepay the unpaid balance at any time without penalty and may be entitled to receive a refund of unearned charges in accordance with law.

IMPORTANT: READ BEFORE SIGNING. The terms of this agreement should be read carefully because only those terms in writing are enforceable. No other terms or oral promises not contained in this written contract may be legally enforced. I may change the terms of this agreement only by another written agreement.

<u>Kansas Residents</u>

N0TICE T0 C0NSUMER: 1. Do not sign this agreement before you read it. 2. You are entitled to a copy of this agreement. 3. You may prepay the unpaid balance at any time without penalty.

<u>Missouri Residents</u>

Oral or unexecuted agreements or commitments to loan money, extend credit or to forbear from enforcing repayment of a debt including promises to extend or renew such debt are not enforceable. To protect me (borrower(s)) and you (creditor) from misunderstanding or disappointment, any agreements we reach covering such matters are contained in this writing, which is the complete and exclusive statement of the agreement between us, except as we may later agree in writing to modify it.

Nebraska Residents

A credit agreement must be in writing to be enforceable under Nebraska law. To protect you and me from any misunderstandings or disappointments, any contract, promise, undertaking, or offer to forebear repayment of money or to make any other financial accommodation in connection with this loan of money or grant or extension of credit, or any amendment of, cancellation of, waiver of, or substitution for any or all of the terms or provisions of any instrument or document executed in connection with this loan of money or grant or extension of credit, must be in writing to be effective.

New Jersey Residents

Because certain provisions of this Note are subject to applicable laws, they may be void, unenforceable or inapplicable in some jurisdictions. None of these provisions, however, is void, unenforceable or inapplicable in New Jersey.

0hio Residents

The 0hio laws against discrimination require that all creditors make credit equally available to all credit worthy customers, and that credit reporting agencies maintain separate credit histories on each individual upon request. The 0hio civil rights commission administers compliance with this law.

Utah Residents

As required by Utah law, I am hereby notified that a negative credit report reflecting on my credit record may be submitted to a credit reporting agency if I fail to fulfill the terms of my credit obligations.

This Note is the final expression of the agreement between the parties and may not be contradicted by evidence of any alleged oral agreement.

Wisconsin Residents

No provision of a marital property agreement, a unilateral statement or a court decree adversely affects the interest of the creditor unless the creditor, prior to the time the credit is granted, is furnished a copy of the agreement, statement or decree or has actual knowledge of the adverse provision when the obligation to the creditor is incurred.

22. **Military Lending Act.** The Military Lending Act provides specific protections for active duty service members and their dependents in consumer credit transactions. This Section includes information on the protections provided to covered borrowers as defined in the Military Lending Act.

(a) Statement of MAPR.

Federal law provides important protections to members of the Armed Forces and their dependents relating to extensions of consumer credit. In general, the cost of consumer credit to a member of the Armed Forces and his or her dependent may not exceed an annual percentage rate of 36 percent. This rate must include, as applicable to the credit transaction or account: The costs associated with credit insurance premiums; fees for ancillary products sold in connection with the credit transaction; any application fee charged (other than certain application fees for specified credit transactions or accounts); and any participation fee charged (other than certain participation fees for a credit card account).

(b) Section 18 of this Note shall not be applicable to, and shall not be enforceable against, a covered borrower as defined in the Military Lending Act.

(c) 0ral Disclosures. Please call 1-855-993-2967 to obtain oral disclosures, including the statement of MAPR and the payment schedule applicable to your loan, required under the Military Lending Act.

23. By signing this Note, I acknowledge that I (i) have read and understand all terms and conditions of this Note, (ii) agree to the terms set forth herein, and (iii) acknowledge receipt of a completely filled-in copy of this Note.

Wisconsin Residents: N0TICE T0 CUST0MER: (a) D0 N0T SIGN THIS IF IT C0NTAINS ANY BLANK SPACES. (b) Y0U ARE ENTITLED T0 AN EXACT C0PY 0F ANY AGREEMENT Y0U SIGN. (c) Y0U HAVE THE RIGHT AT ANY TIME T0 PAY IN ADVANCE THE UNPAID BALANCE DUE UNDER THIS AGREEMENT AND Y0U MAY BE ENTITLED T0 A PARTIAL REFUND 0F THE FINANCE CHARGE.

CAUTION -- IT IS IMPORTANT THAT YOU THOROUGHLY READ THE CONTRACT BEFORE YOU SIGN IT.

Date: __

By: Prosper Marketplace, Inc. Attorney-in-Fact for:

__________________________ [Borrower] (Signed Electronically)

Last Updated: September 2016

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

Authorization to Debit Account [insert new logo]

I hereby authorize Prosper Funding LLC ("Prosper"), its parent, affiliates, any holder of my loan and their respective agents and their assignees to initiate, depending on the payment method I select on the following page, a single or recurring electronic debit entry/entries to my designated checking or savings account ("Account") at my designated financial institution ("Financial Institution") for which I am an authorized user, as well as any Account or Financial Institution I later designate, for payment of the monthly payment(s) on my loan, if my loan originates. I acknowledge that the origination of electronic debits to my Account must be permitted by my Financial Institution, which must be located in the United States.

If I select preauthorized electronic fund transfers as my payment method I agree:

THE AMOUNT DEBITED FROM THE ACCOUNT EACH MONTH WILL BE THE LESSER OF MY OUTSTANDING LOAN BALANCE AND THE PAYMENT LISTED ON THE FINAL TRUTH IN LENDING STATEMENT ("FINAL TIL"). THE PAYMENT WILL BE DEBITED EACH MONTH ON THE DUE DATE LISTED ON THE FINAL TIL; HOWEVER, IF THE DUE DATE OCCURS ON A WEEKEND OR HOLIDAY, THE ACCOUNT WILL BE DEBITED THE NEXT BUSINESS DAY. I UNDERSTAND THAT MY FINAL PAYMENT WILL VARY FROM THE AMOUNT STATED ON THE FINAL TIL IF PROSPER ELECTS TO DEBIT ANY ADDITIONAL UNPAID PRINCIPAL, INTEREST, CHARGES AND/OR FEES. I UNDERSTAND THAT I MUST PAY ALL OUTSTANDING AMOUNTS EVEN IF NOT DEBITED BY PROSPER.

If I select a one-time electronic fund transfer followed by manual payments as my payment method I agree:

THE AMOUNT DEBITED FROM MY ACCOUNT ON THE DUE DATE OF MY FIRST PAYMENT WILL BE MY MONTHLY PAYMENT AMOUNT, AS LISTED ON THE FINAL TIL. HOWEVER, IF THE DUE DATE OCCURS ON A WEEKEND OR HOLIDAY, THE ACCOUNT WILL BE DEBITED THE NEXT BUSINESS DAY.

I understand that my authorization will remain in full force and effect until Prosper has received oral or written notification from me at least 3 business days prior to my scheduled transfer to terminate this authorization.

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

Listing Truth in Lending Disclosure

Truth in Lending Disclosure Statement (initial)

Provided on Oct-06-2016 for listing 2406583

Lender: Borrower:

WebBank
215 South State Street
Salt Lake City,UT 84111

Frank Hu
2372 Pacifica Ct
San Leandro, CA 94579

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount F nanced	Totalof Payments
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after you have made all payments as scheduled
5.99%	$941.25	$9.900.00	$10 841.25

Your payment schedule will be

Number of payments	Amount of payments		When payments are due
35	$	301.15	Monthly beginning Nov-20-2016
1	$	301.00	FinalPayment Oct-20-2019

Late Charge:If a payment is late, you will be charged a late fee of the greater of 5.00% of the unpaid installment amount, or $15.

Prepayment: If you pay off early, you will not have to pay a penalty, and you will not be entitled to a refund of any prepaid finance charge.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment.

All numerical disclosures except the annual percentage rate and the late payment disclosure are estimates based on the loan amount you designate in your listing.

Itemization of the Amount Financed of $9,900.00:
$9,900.00 given to you directly
$100.00 Prepaid Finance Charge

Loan Truth in Lending Disclosure

Truth in Lending Disclosure Statement (final)

Provided on 04-Oct-2016 for listing #2403045

Lender: Borrower:
WebBank MARY HOPKINS
215 South State Street, Suite 800 912 PINELAND AVE APT 33
Salt Lake City, UT 84111 HINESVILLE, GA 313136000

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf	The amount you will have paid after you have made all payments as scheduled.
5.99%	$941.25	$9,900.00	$10,841.25

Your payment schedule will be:

Number of payments	Amount of payments	When payments are due
35	$301.15	Monthly beginning Nov-05-2016
1	$301.00	Final payment Oct-05-2019

Late Charge: If a payment is late, you will be charged the greater of 5.00% of the unpaid installment amount, or $15.

Prepayment: If you pay off early, you will not have to pay a penalty, and you will not be entitled to a refund of any prepaid finance charge.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment.

Itemization of the Amount Financed of $9,900.00:
$9,900.00 given to you directly.

$100.00 Prepaid Finance Charge

Prosper Privacy Policy & Federal Privacy Notice

Important Privacy Choices [Hyperlink to section below]

Welcome to Prosper. We believe that consumers deserve the utmost respect when it comes to the privacy of their personal information. This Privacy Policy applies to Prosper Marketplace, Inc. and its wholly owned subsidiaries, Prosper Funding LLC and Prosper Healthcare Lending LLC (together, "Prosper", "we," "us" or "our.").

We have prepared this Privacy Policy to explain how we collect, use, protect, and disclose information and data when you use Prosper's websites, services, and mobile applications. This Privacy Policy also explains your choices for managing information preferences, including opting out of certain uses of your Personal Information (defined below). By accessing or using Prosper's site or services, you consent to this Privacy Policy.

Prosper has received TRUSTe's Privacy Seal with respect to www.prosper.com, signifying that this policy and our practices have been reviewed for compliance with the TRUSTe program, which is viewable by clicking the TRUSTe seal on www.prosper.com. This policy covers all of our websites and services, but the TRUSTe program certification covers only information that is collected through www.prosper.com, and does not cover information that may be collected through software downloaded from the website or other Prosper websites or mobile applications.

If you have questions or complaints regarding our privacy policy or practices, or if you need assistance in exercising any of your choices under this policy, please contact us at privacy@prosper.com. If you have an unresolved privacy or data use concern that we have not addressed satisfactorily, please contact TRUSTe at https://feedback-form.truste.com/watchdog/request.

This policy applies to all current and former Prosper customers. Note that, in order to use our services, you must be 18 years of age or older.

INFORMATION PROSPER COLLECTS ABOUT YOU

Information Provided by You

We collect personal information about you that you provide while you use www.prosper.com or www.prosperhealthcare.com or any associated websites, desktop or mobile applications. We collect most of this information during the registration and/or application process for borrowers and
investors. Additional information may be gathered during your subsequent use of the site, or when we communicate with you via telephone, email or other means.

Certain personal information must be supplied during the investor and/or borrower registration processes in order to meet our legal obligations, verify your identity, determine eligibility for credit, protect against fraud, and complete your transaction. The following categories of information may be collected:

- Your basic identifying information (for example, your name, address, email, telephone number, and date of birth);
- Your Social Security number;
- Your employment and income information;
- Your bank account information;
- For a loan to be used with a merchant or service provider (e.g., a healthcare provider) the identity of the merchant or service provider and the name of the party that will receive the good or service;
- Any personal information you provide us in connection with any dispute or complaint.

In addition, we gather names and email addresses of people who contact us with questions. We collect this information only for the purpose of responding to inquiries. If you use our "refer-a-friend" feature, we will collect third party email address(es) from you in order to process your referral request.

If you use the comments section of our blog on www.prosper.com, you should be aware that information you submit is stored there and will be visible to other users of the website.

<u>Information Collected From Third Parties</u>

When you check your rate for a loan through Prosper, we will collect information from credit bureaus and other partners to determine your creditworthiness, assess risks related to your potential loan and help investors determine whether to commit to your loan. We also collect information from credit bureaus after your loan originates in order to assess risks associated with your loan and provide information to investors interested in buying or selling your loan, or to provide you with marketing offers. If another company refers you to Prosper or assists you in any way in the application process, we may collect your information from that company in order to process your application. The following categories of information are generally collected:

- Your identifying and application information (for example, your name, address, email, telephone number, date of birth, social security number, and employment information);
- Your credit score & history;
- Your bank account information and recent transactions;
- If you applied for a loan to be used with a merchant or service provider, limited information from that merchant or service provider such as the cost of the good or service related to your loan;
- If you applied for a loan to be used with a merchant or service provider, information related to any dispute you submit regarding the merchant or service provider;
- If you applied for a loan through Prosper Healthcare Lending processed through an online finance platform other than Prosper, the status and terms of your loan or loan offer through that platform.

<u>Information Gathered Based on Your Activity on the Prosper Platform</u>

In order to provide services to you, improve our business and maintain records required by law, Prosper collects information about your transactions and activity. For borrowers, this includes your payment history. For investors, this includes your fund transfers and purchases. For all members, Prosper collects information about your computer and your visits to www.prosper.com or www.prosperhealthcare.com and other Prosper websites, such as your IP address, geographical location, browser type, referral source, length of visit, button clicks and page views.

Tracking Technologies

<u>Cookies and Web Beacons</u>. Prosper and our marketing partners and service providers use technologies such as cookies, beacons, tags, and scripts, to analyze trends, administer the website, track users' movements around the website, and gather demographic information about our user base as a whole. We may receive reports on this activity on an individual and aggregated basis.

We use cookies when you sign in to your account to keep track of your personal session, help authenticate your account, and detect fraud. Cookies are also used to gather statistical data, such as which pages are frequently visited, what is downloaded, and the address of sites visited immediately before or after coming to our site. You can control the use of cookies within your web browser. However, if you reject cookies, your ability to use some features or areas of our websites may be limited.

Usage Data & Site Activity. Prosper also uses Local Storage, such as HTML5, to store content information and preferences. Various browsers may offer their own management tools for removing HTML5.

Third Party Technologies. We also partner with third parties to manage our advertising on other sites and evaluate our overall site performance. Our third party partner may use technologies such as cookies to gather information about your activities on our websites and other sites in order to provide you advertising based upon your browsing activities and interests or help us track the success of our marketing efforts or overall site performance. If you wish to not have this information used for the purpose of serving you interest-based ads, you may opt-out of certain advertising networks by clicking here. Please note this does not opt you out of being served ads. You will continue to receive generic ads.

Do-Not-Track Signals

Prosper does not process or respond to “do not track” signals or other similar signals whereby a visitor to a website requests that it disable collection of information about the visitor’s online activities over time and across different websites.

HOW PROSPER USES YOUR INFORMATION

Processing Your Transaction

If you register as a borrower, Prosper will use your information to facilitate your loan or loan request. This may include:

- Generating your borrower profile and processing your loan application;
- Assigning you a Prosper Borrower Rating;
- Enabling automatic payments and fund transfers with other financial institutions;
- Implementing collection activities as needed;
- Communicating with you concerning your Prosper account and transactions;
- Addressing any disputes you may raise concerning your account.

If you register as an individual investor, Prosper will use your information to facilitate marketplace investing. This may include:

- Generating your investor profile;
- Enabling automatic payments and fund transfers with other financial institutions;
- Communicating with you concerning your Prosper account and transactions;
- Addressing any disputes you may raise concerning your account.

Analysis & Data Optimization

Prosper also uses your information to conduct analyses related to our services and our websites. We use this information to improve our services and credit model. We also use this information to improve our websites’ usability and to evaluate the success of particular marketing campaigns and other activities.

Optional Communications: Marketing & Surveys

Prosper may also use your personal information to select you for certain marketing offers, newsletters, surveys and/or requests for feedback regarding your experience. Prosper may use your personal information both to select you for an offer and to communicate that offer to you.

Receipt of these communications is voluntary. If you do not wish to receive these communications please visit the communications preferences section of your account on www.prosper.com by clicking here and uncheck the boxes next to the categories of communication you do not wish to receive. You may also contact us at privacy@prosper.com.

HOW PROSPER SHARES YOUR INFORMATION

We will share your personal information with nonaffiliates (companies not related by common ownership or control) and among affiliates (companies related by common ownership or control, including the three companies covered by this policy) only in the ways that are described in this privacy policy. By law, you are permitted to limit some types of sharing, but not others.

Prosper shares your information with third parties as permitted by law, including in the following specific ways:

- Originating Banks. All loans originated through Prosper are made by a third party bank. If you request a loan through Prosper, you are also providing your information to the potential originating bank, and further information may be provided to that bank after your loan originates. The use of your information by your originating bank is governed by that bank's privacy policy.

- Third Party Financing Platforms. Certain loan applications through Prosper Healthcare Lending may also be processed by another online finance platform, to which you are providing your information when you apply for a loan. The use of your information by that online financing platform is governed by that company's privacy policy.

- Third Party Service Providers. Prosper relies on third party service providers to help us conduct our business and marketing activities, such as maintaining our files and records, offering customer service, sending marketing communications, or facilitating fund transfers. Prosper may share your information with such companies, which are authorized to use your personal information only as necessary to provide these services to Prosper. Information may also be shared among affiliates (including between the three companies covered by this policy) for this purpose where one affiliated company provides services to or on behalf of another affiliated company in connection with your account.

- Potential Purchasers of Loan. Prosper shares your information, including your Prosper Borrower Rating, on an anonymous basis to allow potential purchasers to decide whether to commit to your loan. This information is also contained anonymously in loan data files available through Prosper's Developer Tools and Marketplace Performance pages. Although your credit information is displayed, your identity is never shared with investors until your loan has been purchased.

- Purchasers of Loan. If Prosper sells your loan originated through our platform, we may provide the purchaser of your loan with your personal and credit information. Information is only released to purchasers with adequate protections to safeguard your personal information. Information provided to investors in connection with sales of our fractional Borrower Payment Dependent Notes ("Notes") will not include personal identifying information. For more information on Notes, please see our Prospectus.

- Referral Partners. If you were referred to Prosper by another company (a "Referral Partner"), Prosper will share your information as necessary to honor the terms of its agreement with that Referral Partner and to process your transaction. In some cases Prosper may share with a Referral Partner for that Referral Partner's own business purposes, such as to analyze and improve its business and provide targeted marketing offers to you. Your rights with respect to this sharing are discussed in the following section.

- Merchants or Service Providers. If you applied for a loan to be used with a merchant or service provider, Prosper may share your information with the merchant or service provider associated with your loan application.

- Credit Bureaus. Prosper may share your personal information with credit bureaus to meet our credit reporting obligations.

- Affiliates. Prosper affiliates, including entities covered by this policy (such as Prosper Funding LLC and Prosper Healthcare Lending LLC) and other companies related by common ownership or control (such as BillGuard, Inc.) may share your information with each other, including information related to your creditworthiness, for purposes of general business analysis or to present targeted marketing offers to you or others. Your rights with respect to this sharing are discussed in the following section.

- Legal Requests & Regulatory Requirements. Prosper may also share information to comply with, or to allow investors or potential investors to comply with, any applicable law, regulation, legal process or governmental request; or for the purposes of limiting fraud; or in connection with an audit or the sale of Prosper to a third party.

- Sharing of Anonymized Data. Prosper may share aggregated and anonymized data sets including your information with third party business partners, service providers, loan purchasers, potential loan purchasers, and among Prosper affiliates. No personally identifiable information will be included in these data sets.

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IMPORTANT PRIVACY CHOICES

Consent to information sharing with third party Referral Partners**:** By accepting this privacy policy, you agree that Prosper may immediately begin sharing your information with any third party company that referred you to Prosper so that that company may use your information for their own business purposes, including to market to you. For example, if you were referred to Prosper by another company through a website link or telephone transfer, Prosper may share some of your information, such as the existence and terms of your loan, with that company. You may revoke this consent at any time by following the procedures outlined below. If you revoke consent we will not subsequently share your information with these companies except as necessary to complete the transaction you initiated.

Right to restrict information sharing with companies we own or control (affiliates)**:** Prosper may share your information among affiliated companies whether or not those companies are covered by this policy. Federal law gives you the right to limit this sharing in certain circumstances, including where it includes information about your creditworthiness or is used for the purpose of marketing to you. If you would like to opt-out of this type of sharing, please follow the instructions below. We will begin sharing your information 30 days from the date that we first provided this notice if you have not opted-out.

In order to revoke your consent for information sharing with Referral Partners and/or opt-out of Prosper affiliate information sharing, please visit the communications preferences section of your account on www.prosper.com by clicking here and unchecking the box next to optional information sharing. You may also contact us at privacy@prosper.com.

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If you would like to exercise your right to opt-out of information sharing by a company affiliated with Prosper but not covered by this policy, you must consult that company's privacy policy for instructions on how to exercise your right to opt-out.

ADDITIONAL FACTS ABOUT YOUR PERSONAL INFORMATION

How you can change your personal information

You can access the personal information you have provided to us by logging in to the "Settings" page of your account. As a registered user, you can update your password, email, secret question, screen name, address, phone number or bank account information at any time. To change other information, contact us at support@prosper.com. We will respond to your request within a reasonable time.

We will retain your information for a minimum of seven years and as long as needed to provide you services, comply with our legal obligation, resolve disputes, conduct analysis, audits, or to enforce our agreements or as otherwise required by law.

How Prosper Secures Your Information

Prosper uses significant safeguards, including physical, technical, and operational controls to protect your personal information, both during transmission and once received. If you have any questions about the security of your information, you can contact us at privacy@prosper.com.

Prosper equips all servers with an Extended Validation (EV) Secure Socket Layer (SSL) certificate to ensure that when you connect to our websites you can tell that you are actually on our site and that all data entered into the websites are transmitted to us in a secure encrypted channel. Once on our system, personal information can only be read or written through defined service access points, the use of which is password-protected. Data security is achieved through technical safeguards that include a combination of firewalls, intrusion detection system, malware detection system, and data loss prevention systems. Prosper also conducts vulnerability scans of applications and systems regularly.

Access to the system is tightly controlled and limited to only those who have a need to access information. Administrative safeguards such as a security awareness program, background checks, and internal information use policy ensure that only trained and trusted staff are permitted to access personal information. Some additional features of our security program include:

Secure Data Center

We store all sensitive financial information in a state-of-the-art, highly secure data center that is audited per SSAE 16 Type II and/or SOC 2 Type II standards. Physical access to the data center is strictly controlled and we use the latest threat prevention technologies such as network and web application firewalls, VPN, antivirus, Web filtering and antispam technologies.

Session Time-Outs

We employ session time-outs to protect your account. You will be logged out of the site automatically after a specified period of inactivity. This time-out feature reduces the risk of others being able to access your account if you leave your computer unattended.

Passwords

At a minimum, we require the use of both numbers and letters in your password. We have also instituted secure steps by which you can regain access to your account should you forget your password, including the use of a security question. You should always choose a password that is difficult for others to guess and change your password frequently.

Additional Steps You Should Take to Ensure the Security of Your Information

Prosper sends important communications regarding your account via email. You should therefore take steps to secure and restrict access to your email account and change your email account password frequently. You should also be aware of fraudulent emails known as "phishing," from companies claiming to be Prosper and requesting your login information or other account information. Prosper will never ask for your login information in an email.

When you are finished using our site, you should log out completely, then close the browser window and clear the browser's cache files. This step is particularly important if you use a computer that is accessed by other people, such as in a public library or Internet café.

You may not include any identifying information in your Prosper screenname. We are not responsible for any personal information that you may choose to reveal in your screenname.

Changes to this policy

Any updates to the privacy policy become effective when posted on the websites. If we make any material changes, we will notify you by email or by providing the revised privacy policy in your account on www.prosper.com. Your continued use of our services following the update means that you accept Prosper's updated privacy policy.

For additional information, or if you have any questions regarding this policy or the privacy practices at Prosper, please submit your questions or comments directly to privacy@prosper.com.

Note: Prosper Marketplace Inc. is the parent company of Prosper Funding LLC. Prosper Funding LLC owns the Prosper platform and website (www.prosper.com) and application as well as loans underlying all borrower payment dependent notes. Prosper Marketplace, Inc. operates the Prosper platform and provides administrative support to Prosper Funding LLC.

You can also send questions or comments to: Prosper Marketplace, Inc.

Attn: Compliance Department 221 Main Street, Suite 300 San Francisco, CA 94105
1-855-755-1919

Effective date: February 11, 2016

Federal Privacy Notice Rev. 2/2016

FACTS WHAT DOES PROSPER DO WITH YOUR PERSONAL INFORMATION?

WHAT?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: • Social Security Number and income • Account balances and transaction history • Credit scores and employment information When you are *no longer* our customer, we continue to share your information as described in this notice
HOW?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Prosper chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Prosper share?	Can you limit this sharing?
For our everyday business purposes— such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes— to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We Don't Share
For our affiliates' everyday business purposes— information about your transactions and experiences	Yes	No
For our affiliate's everyday business purposes— Information about your creditworthiness	Yes	Yes
For our affiliates to market to you	Yes	Yes
For nonaffiliates to market to you	Yes	Yes

To limit our sharing	You may limit our sharing of information by visiting the communications preferences section of your account on www.prosper.com here and unchecking the box next to optional information sharing. You may also contact us at privacy@prosper.com. Following the instructions above will also revoke your consent provided in the above privacy policy for certain information sharing with nonaffiliated companies. **Please note**: If you are a new customer, we can begin sharing your information 30 days from the date we sent this notice (except where we have received your affirmative consent to begin sharing information sooner, through our privacy policy or otherwise). When you are no longer our customer, we continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.
Questions?	Email us at privacy@prosper.com or call us at 1-855-755-1919

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

Who we are	
Who is providing this notice?	Prosper Funding LLC Prosper Marketplace, Inc. Prosper Healthcare Lending LLC

What we do	
How does Prosper protect my personal information?	We protect your personal information from unauthorized access and use with security measures that comply with federal law. These measures include computer safeguards and secured files and building.
How does Prosper collect my personal information?	We collect your personal information, for example, when you ▪ Open an account or apply for a loan ▪ Provide us information including your income and employment information ▪ Make a payment on your loan We also collect your information from others, such as credit bureaus, affiliates, or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only ▪ sharing for affiliates everyday business purposes—information about your creditworthiness ▪ affiliates from using your information to market to you ▪ sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing
What happens when I limit sharing for an account I hold jointly with someone else?	Your choices will apply to everyone on your account

Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies: ▪ *In addition to the companies listed on this notice, our affiliates include BillGuard,*

	Inc., BillGuard Technologies Ltd., and Prosper Assets Holding LLC.
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. ▪ *Nonaffiliated companies we share with include financial services companies, marketing companies, and other service providers.*
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. ▪ *Prosper doesn't jointly market.*

Prosper Privacy Policy & Federal Privacy Notice

Important Privacy Choices [Hyperlink to section below]

Welcome to Prosper. We believe that consumers deserve the utmost respect when it comes to the privacy of their personal information. This Privacy Policy applies to Prosper Marketplace, Inc. and its wholly owned subsidiaries, Prosper Funding LLC and Prosper Healthcare Lending LLC (together, "Prosper", "we," "us" or "our.").

We have prepared this Privacy Policy to explain how we collect, use, protect, and disclose information and data when you use Prosper's websites, services, and mobile applications. This Privacy Policy also explains your choices for managing information preferences, including opting out of certain uses of your personal information. By accessing or using Prosper's site or services, you consent to this Privacy Policy.

Prosper has received TRUSTe's Privacy Seal with respect to www.prosper.com, signifying that this policy and our practices have been reviewed for compliance with the TRUSTe program, which is viewable by clicking the TRUSTe seal on www.prosper.com. This policy covers all of our websites and services, but the TRUSTe program certification covers only information that is collected through www.prosper.com, and does not cover information that may be collected through software downloaded from the website or other Prosper websites or mobile applications.

If you have questions or complaints regarding our privacy policy or practices, or if you need assistance in exercising any of your choices under this policy, please contact us at privacy@prosper.com. If you have an unresolved privacy or data use concern that we have not addressed satisfactorily, please contact TRUSTe at https://feedback-form.truste.com/watchdog/request.

This policy applies to all current and former Prosper customers. Note that, in order to use our services, you must be 18 years of age or older.

INFORMATION PROSPER COLLECTS ABOUT YOU

Information Provided by You

We collect personal information about you that you provide while you use www.prosper.com or www.prosperhealthcare.com or any associated websites, desktop or mobile applications. We collect most of this information during the registration and/or application process for borrowers and
investors. Additional information may be gathered during your subsequent use of the site, or when we communicate with you via telephone, email or other means.

Certain personal information must be supplied during the investor and/or borrower registration processes in order to meet our legal obligations, verify your identity, determine eligibility for credit, protect against fraud, and complete your transaction. The following categories of information may be collected:

- Your basic identifying information (for example, your name, address, email, telephone number, and date of birth);
- Your Social Security number;
- Your employment and income information;
- Your bank account information;
- For a loan to be used with a merchant or service provider (e.g., a healthcare provider) the identity of the merchant or service provider and the name of the party that will receive the good or service;
- Any personal information you provide us.

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- Your identifying and application information (for example, your name, address, email, telephone number, date of birth, social security number, and employment information);
- Your credit score & history;
- Your bank account information and recent transactions;
- If you applied for a loan to be used with a merchant or service provider, information related to any dispute you submit regarding the merchant or service provider;
- If you applied for a loan through Prosper Healthcare Lending processed through an online finance platform other than Prosper, the status and terms of your loan or loan offer through that platform.

Information Gathered Based on Your Activity on the Prosper Platform

In order to provide services to you, improve our business and maintain records required by law, Prosper collects information about your transactions and activity. For borrowers, this includes your payment history. For investors, this includes your fund transfers and purchases. For all members, Prosper collects information about your computer and your visits to www.prosper.com or www.prosperhealthcare.com and other Prosper websites, such as your IP address, geographical location, browser type, referral source, length of visit, button clicks and page views.

Tracking Technologies

Cookies and Web Beacons. Prosper and our marketing partners and service providers use technologies such as cookies, beacons, tags, and scripts, to analyze trends, administer the website, track users' movements around the website, and gather demographic information about our user base as a whole. We may receive reports on this activity on an individual and aggregated basis.

We use cookies when you sign in to your account to keep track of your personal session, help authenticate your account, and detect fraud. Cookies are also used to gather statistical data, such as which pages are frequently visited, what is downloaded, and the address of sites visited immediately before or after coming to our site. You can control the use of cookies within your web browser. However, if you reject cookies, your ability to use some features or areas of our websites may be limited.

Usage Data & Site Activity. Prosper also uses Local Storage, such as HTML5, to store content information and preferences. Various browsers may offer their own management tools for removing HTML5.

Third Party Technologies. We also partner with third parties to manage our advertising on other sites and evaluate our overall site performance. Our third party partner may use technologies such as cookies to gather information about your activities on our websites and other sites in order to provide you advertising based upon your browsing activities and interests or help us track the success of our marketing efforts or overall site performance. If you wish to not have this information used for the purpose of serving you interest-based ads, you may opt-out of certain advertising networks by clicking here. Please note this does not opt you out of being served ads. You will continue to receive generic ads.

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- Implementing collection activities as needed;
- Communicating with you concerning your Prosper account and transactions;
- Addressing any disputes you may raise concerning your account.

If you register as an individual investor, Prosper will use your information to facilitate marketplace investing. This may include:

- Generating your investor profile;
- Enabling automatic payments and fund transfers with other financial institutions;
- Communicating with you concerning your Prosper account and transactions;
- Addressing any disputes you may raise concerning your account.

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page may also be accessed by signing into your Prosper Account and clicking on "Settings" and then "Edit" under "Communication Preferences." You may also contact us at privacy@prosper.com.

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- Affiliates. Prosper affiliates, including entities covered by this policy (such as Prosper Funding LLC and Prosper Healthcare Lending LLC) and other companies related by common ownership or control (such as BillGuard, Inc.) may share your information with each other, including information related to your creditworthiness, for purposes of general business analysis or to present targeted marketing offers to you or others. Your rights with respect to this sharing are discussed in the following section.
- Legal Requests & Regulatory Requirements. Prosper may also share information to comply with, or to allow investors or potential investors to comply with, any applicable law, regulation, legal process or governmental request; or for the purposes of limiting fraud; or in connection with an audit or the sale of Prosper to a third party.
- Sharing of Anonymized Data. Prosper may share aggregated and anonymized data sets including your information with third parties, including but not limited to business partners, service providers, loan purchasers, potential loan purchasers, and among Prosper affiliates. No personally identifiable information will be included in these data sets.

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IMPORTANT PRIVACY CHOICES

Consent to information sharing with third party companies (Referral Partners)**:** By accepting this privacy policy, you agree that Prosper may immediately begin sharing your information with any third party company that referred you to Prosper so that that company may use your information for their own business purposes, including to market to you. For example, if you were referred to Prosper by another company through a website link or telephone transfer, Prosper may share some of your information, such as the existence and terms of your loan, with that company. You may revoke this consent at any time by following the procedures outlined below. If you revoke consent we will not subsequently share your information with these companies except as necessary to complete the transaction you initiated.

Right to restrict information sharing with companies we own or control (affiliates)**:** Prosper may share your information among affiliated companies whether or not those companies are covered by this policy. Federal law gives you the right to limit this sharing in certain circumstances, including where it includes information about your creditworthiness or is used for the purpose of marketing to you. If you would like to opt-out of this type of sharing, please follow the instructions below. We will begin sharing your information related to your creditworthiness or any information to be used for marketing purposes 30 days from the date that we first provided this notice if you have not opted-out.

In order to revoke your consent for information sharing with Referral Partners and/or opt-out of Prosper affiliate information sharing, please visit the communications preferences section of your account on www.prosper.com by clicking here and unchecking the box next to optional information sharing. This page may also be accessed by signing into your Prosper Account and clicking on "Settings" and then "Edit" under "Communication Preferences". You may also contact us at privacy@prosper.com.

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If you would like to exercise your right to opt-out of information sharing by a company affiliated with Prosper but not covered by this policy, you must consult that company's privacy policy for instructions on how to exercise your right to opt-out of their information sharing.

ADDITIONAL FACTS ABOUT YOUR PERSONAL INFORMATION

How you can change your personal information

You can access the personal information you have provided to us by logging in to the "Settings" page of your account. As a registered user, you can update your password, email, secret question, screen name, phone number or bank account information at any time. If you are registered as a borrower, you may update your mailing address at any time after your loan has originated. To change other information, contact us at support@prosper.com. We will respond to your request within a reasonable time.

We will retain your information for a minimum of seven years and as long as needed to provide you services, comply with our legal obligation, resolve disputes, conduct analysis, audits, or to enforce our agreements or as otherwise required by law.

How Prosper Secures Your Information

Prosper uses significant safeguards, including physical, technical, and operational controls to protect your personal information, both during transmission and once received. If you have any questions about the security of your information, you can contact us at privacy@prosper.com.

Prosper equips all servers with an Extended Validation (EV) Secure Socket Layer (SSL) certificate to ensure that when you connect to our websites you can tell that you are actually on our site and that all data entered into the websites are transmitted to us in a secure encrypted channel. Once on our system, personal information can only be read or written through defined service access points, the use of which is password-protected. Data security is achieved through technical safeguards that include a combination of firewalls, intrusion detection system, malware detection system, and data loss prevention systems. Prosper also conducts vulnerability scans of applications and systems regularly.

Access to the system is tightly controlled and limited to only those who have a need to access information. Administrative safeguards such as a security awareness program, background checks, and internal information use policy ensure that only trained and trusted staff are permitted to access personal information. Some additional features of our security program include:

Secure Data Center

We store all sensitive financial information in state-of-the-art, highly secure data centers that are audited per SSAE 16 Type II and/or SOC 2 Type II standards. Physical access to the data centers is strictly controlled and we use the latest threat prevention technologies such as network and web application firewalls, VPN, antivirus, Web filtering and antispam technologies.

Session Time-Outs

We employ session time-outs to protect your account. You will be logged out of the site automatically after a specified period of inactivity. This time-out feature reduces the risk of others being able to access your account if you leave your computer unattended.

Passwords

At a minimum, we require the use of both numbers and letters in your password. We have also instituted secure steps by which you can regain access to your account should you forget your password, including the use of a security question. You should always choose a password that is difficult for others to guess and change your password frequently.

Additional Steps You Should Take to Ensure the Security of Your Information

Prosper sends important communications regarding your account via email. You should therefore take steps to secure and restrict access to your email account and change your email account password frequently. You should also be aware of fraudulent emails known as "phishing," from companies claiming to be Prosper and requesting your login information or other account information. Prosper will never ask for your login information in an email.

When you are finished using our site, you should log out completely, then close the browser window and clear the browser's cache files. This step is particularly important if you use a computer that is accessed by other people, such as in a public library or Internet café.

You may not include any identifying information in your Prosper screenname. We are not responsible for any personal information that you may choose to reveal in your screenname.

Changes to this policy

Any updates to the privacy policy become effective when posted on the websites. If we make any material changes, we will notify you by email or by providing the revised privacy policy in your account on www.prosper.com. Your continued use of our services following the update means that you accept Prosper's updated privacy policy.

For additional information, or if you have any questions regarding this policy or the privacy practices at Prosper, please submit your questions or comments directly to privacy@prosper.com.

Note: Prosper Marketplace Inc. is the parent company of Prosper Funding LLC. Prosper Funding LLC owns the Prosper platform and website (www.prosper.com) and application as well as loans underlying all borrower payment dependent notes. Prosper Marketplace, Inc. operates the Prosper platform and provides administrative support to Prosper Funding LLC.

You can also send questions or comments to: Prosper Marketplace, Inc.

Attn: Compliance Department 221 Main Street, Suite 300 San Francisco, CA 94105
1-855-755-1919

Effective date: February 28, 2017

Federal Privacy Notice Rev. 2/2017

FACTS WHAT DOES PROSPER DO WITH YOUR PERSONAL INFORMATION?

WHY?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
WHAT?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: • Social Security Number and income • Account balances and transaction history • Credit scores and employment information When you are *no longer* our customer, we continue to share your information as described in this notice
HOW?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Prosper chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Prosper share?	Can you limit this sharing?
For our everyday business purposes— such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes— to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We Don't Share
For our affiliates' everyday business purposes— information about your transactions and experiences	Yes	No
For our affiliate's everyday business purposes— Information about your creditworthiness	Yes	Yes
For our affiliates to market to you	Yes	Yes
For nonaffiliates to market to you	Yes	Yes

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

	If you are a new customer, we can begin sharing your information 30 days from the date we sent this notice (except where we have received your affirmative consent to begin sharing information sooner, through our privacy policy or otherwise). When you are no longer our customer, we continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.
Questions?	Email us at privacy@prosper.com or call us at 1-855-755-1919

Who we are	
Who is providing this notice?	Prosper Funding LLC Prosper Marketplace, Inc. Prosper Healthcare Lending LLC

What we do	
How does Prosper protect my personal information?	We protect your personal information from unauthorized access and use with security measures that comply with federal law. These measures include computer safeguards and secured files and building.
How does Prosper collect my personal information?	We collect your personal information, for example, when you ▪ Open an account or apply for a loan ▪ Provide us information including your income and employment information ▪ Make a payment on your loan We also collect your information from others, such as credit bureaus, affiliates, or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only ▪ sharing for affiliates everyday business purposes—information about your creditworthiness ▪ affiliates from using your information to market to you ▪ sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing
What happens when I limit sharing for an account I hold jointly with someone else?	Your choices will apply to everyone on your account

Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies: ▪ *In addition to the companies listed on this notice, our affiliates include BillGuard, Inc., BillGuard Technologies Ltd., and Prosper Assets Holding LLC.*
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. ▪ *Nonaffiliated companies we share with include financial services companies, marketing companies, and other service providers.*
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. ▪ *Prosper doesn't jointly market.*

Terms of Use

Please carefully review these terms and conditions of use before using this site or accessing any data thereon. Any use of this website creates a binding agreement to comply with these terms and conditions. If you do not agree to these terms without limitation or exclusions, you should exit this site immediately.

USER AGREEMENT

The following are terms of a legal agreement (the “Agreement”) between you, individually and/or as an agent on behalf of an entity or another registered user (“you”) and Prosper Funding LLC (“Prosper”) that sets forth the terms and conditions for your use of this web site (the “Site”). The Site is owned and operated by Prosper. This Site is being provided to you expressly subject to this Agreement. By accessing, browsing and/or using the Site, you acknowledge that you have read, understood, and agree to be bound by the terms of this Agreement and to comply with all applicable laws and regulations. The terms and conditions of this Agreement form an essential basis of the bargain between you and Prosper.

Prosper reserves the right to amend this Agreement at any time and will notify you of any such changes by posting the revised Agreement on the Site. You should check this Agreement on the Site periodically for changes. All changes shall be effective upon posting. Your continued use of the Site after any change to this Agreement constitutes your agreement to be bound by any such changes. Prosper may terminate, suspend, change, or restrict access to all or any part of this Site without notice or liability.

LIMITATIONS OF USE

The copyright in all material on this Site, including without limitation the text, data, articles, design, source p, software, photos, images and other information (collectively the “Content”), is held by Prosper or by the original creator of the material and is protected by U.S. and International copyright laws or treaties. You agree that the Content may not be copied, reproduced, distributed, republished, displayed, posted or transmitted in any form or by any means, including, but not limited to, electronic, mechanical, photocopying, recording, or otherwise, without the express prior written consent of Prosper. You acknowledge that the Content is and shall remain the property of Prosper. You may not modify, participate in the sale or transfer of, or create derivative works based on any Content, in whole or in part. The use of the Content on any other Site, including by linking or framing, or in any networked computer environment for any purpose, is prohibited without Prosper’s prior written approval.

All data obtained from or provided by Prosper, regardless of the method of delivery, is explicitly prohibited from publication and distribution and is subject to the Prosper Data Terms of Use. Moreover, you represent that all data provided by Prosper to a user,

regardless of the method of delivery, is not used for any competing purposes and only used to permit investment using the products or services of Prosper.

You also may not, without Prosper's express written permission, "mirror" any material contained on this Site on any other server. Any unauthorized use of any Content on this Site may violate copyright laws, trademark laws, the laws of privacy and publicity, and communications statutes and regulations.

You agree to use the Content and Site only for lawful purposes. You are prohibited from any use of the Content or Site that would constitute a violation of any applicable law, regulation, rule or ordinance of any nationality, state, or locality or of any international law or treaty, or that could give rise to any civil or criminal liability. Any unauthorized use of the Site, including but not limited to unauthorized entry into Prosper's systems, misuse of passwords, or misuse of any information posted on the Site is strictly prohibited. Prosper makes no claims concerning whether the Content may be downloaded or is appropriate for use outside of the United States. If you access this Site from outside of the United States, you are solely responsible for ensuring compliance with the laws of your specific jurisdiction. Your eligibility for particular products or services is subject to final determination by Prosper.

Members of the Prosper community must be U.S. Residents that are 18 years of age or older. Children under the age of 18 are not eligible to participate in the offerings on this website.

CONTENT AND USE RESTRICTIONS

You agree not to post, upload, publish, display, transmit, share, store or otherwise make or attempt to make publicly available on the Site or on any other website, or in any email, blog, forum, medium or other communication of any kind, any private or personally identifiable information of any Prosper member or other third party, including, without limitation, names, addresses, phone numbers, email addresses, Social Security numbers, driver's license numbers, or bank account or credit card numbers, whether or not such private or personally identifiable information is displayed on or ascertainable from the Site, or obtained or obtainable from sources unrelated to the Site (such as from a "Google® search" or other online research).

You agree not to use the Site or any Content to upload, post, email, transmit or otherwise make available any unsolicited or unauthorized advertising, promotional materials, "junk mail," "spam," "chain letters," "pyramid schemes," or any other form of commercial or non-commercial solicitation or bulk communications of any kind to any Prosper member or other third party. In order to protect Prosper members from such advertising or solicitation, Prosper reserves the right to restrict the number of emails which a member may send to other members in any 24-hour period to a number which Prosper deems appropriate in our sole discretion. Directly contacting more than ten (10) Prosper members with a materially identical message within a 24-hour period is presumed to be spam and a violation of this Agreement.

You agree not to use data provided by Prosper, provided in any manner whatsoever, for any competing uses or purposes. You further agree that you have never used data, provided in any manner whatsoever, from Prosper in the past to compete with the products or services of Prosper.

TRADEMARKS

Prosper (including the Prosper logo), Prosper.com, and all related logos (collectively the “Prosper trademarks”) are trademarks or service marks of Prosper. Other company, product, and service names and logos used and displayed on this Site may be trademarks or service marks owned by Prosper or others. Nothing on this Site should be construed as granting, by implication, estoppel, or otherwise, any license or right to use any of the Prosper trademarks displayed on this Site, without our prior written permission in each instance. You may not use, copy, display, distribute, modify or reproduce any of the trademarks found on the Site unless in accordance with written authorization by us. Prosper prohibits use of any of the Prosper trademarks as part of a link to or from any site unless establishment of such a link is approved in writing by us in advance. Any questions concerning any Prosper Trademarks, or whether any mark or logo is a Prosper Trademark, should be referred to Prosper.

LINKS TO THIRD-PARTY SITES

This site may contain links to web sites controlled, owned, and operated by third parties (the “third-party sites”). Prosper cannot control and has no responsibility for the accuracy or availability of information provided on the third-party sites. You acknowledge that use of any third-party sites is governed by the terms of use for those websites, and not by this Agreement. Links to third-party sites do not constitute an endorsement or recommendation by Prosper of such sites or the content, products, advertising or other materials presented on such sites, but are only for your convenience and you access them at your own risk. Such third-party sites may have a privacy policy different from that of Prosper and the third-party site may provide less security than this Site. Prosper is not responsible for the content of any third-party web sites, nor does Prosper make any warranties or representations, express or implied, regarding the content (or the accuracy of such content) on any third-party web sites, and Prosper shall have no liability of any nature whatsoever for any failure of products or services offered or advertised at such sites or otherwise.

CONSENT TO DOING BUSINESS ELECTRONICALLY

Whether you choose to participate on the Prosper platform as a borrower, lender or group leader, from time to time you will receive disclosures, notices, documents and information (“Communications”) from Prosper Funding LLC, WebBank, an FDIC-insured Utah-chartered Industrial Bank or our respective agents (collectively, “we” or “us”). We can only give you the benefits of our service by conducting business through the Internet, and therefore we need you to consent to our giving you Communications electronically. This section informs you of your rights when receiving Communications from us electronically.

Electronic Communications. You agree that all Communications from us, WebBank, and our respective agents relating to your use of the Prosper platform may be provided or made available to you electronically by e-mail or at our website. If you consent, you still have the right to receive a free paper copy of any Communication by contacting us in the manner described below. We may discontinue electronic provision of Disclosures at any time in our sole discretion.

Scope of Consent. Your consent to receive Communications and do business electronically, and our agreement to do so, applies to all of your interactions and transactions through the Prosper platform, whether or not you place a listing or bid, or act as a group leader.

Hardware and Software Requirements. To access and retain the Communications electronically, you will need to use a computer with Internet Explorer 7.0 or above, Firefox 3.0 or above, or similar software, Adobe Acrobat and hardware capable of running this software. You acknowledge that you can access the electronic Communications in the designated formats described herein.

Mobile Technology. If you are accessing our site electronically through a mobile device, such as a tablet, smartphone or similar device, you must be able to print and save the transmitted Communications. You can find apps that support printing and saving for most mobile devices through your mobile device's app store. If your mobile device does not have this functionality, you must access our website through alternate means that provide you with the ability to print and save the Communications.

Withdrawing Consent. You may withdraw your consent to receive Communications electronically by contacting us in the manner described below. If you withdraw your consent, from that time forward (1) you cannot place any further listings or bids through the Prosper platform, (2) any pending listings or bids will automatically terminate and be removed from the Prosper platform, and (3) if you are a group leader on the Prosper platform, you cannot accept new members into your group. The withdrawal of your consent will not affect the legal validity and enforceability of any pending loans obtained through the Prosper platform, or any electronic Communications provided or business transacted between us prior to the time you withdraw your consent. With respect to pending loans on which you are a borrower, lender or group leader entitled to group leader rewards, we will send you any further Communications by mail or other non- electronic means.

Assignment. In addition, you further acknowledge that your consent to have all Communications provided or made available to you in electronic form and to do business on or through the Prosper platform is assignable to any entity that owns a (i) Promissory Note evidencing a loan you obtained through the Prosper platform; or (ii) Borrower Payment Dependent Note you purchased through the Prosper platform.

Changes in Your Contact Information. Please keep us informed of any changes in your email or mailing address so that you continue to receive all Communications without interruption. You can contact us by email at compliance@prosper.com or by writing to us at Prosper Funding LLC, c/o Prosper Marketplace, Inc., 221 Main Street, Suite 300, San Francisco, CA 94105, Attn: Compliance.

ADDITIONAL STATE LAW NOTICES FOR BORROWER MEMBERS ARIZONA RESIDENTS

Notice: You may request that the initial disclosures prescribed in the Truth in Lending Act (15 United States p sections 1601 through 1666j) be provided in Spanish before signing any loan documents.

Aviso: Usted puede solicitar que las divulgaciones iniciales prescritas en la Ley Truth in Lending Act (15 Código de los Estados Unidos secciones 1601 hasta 1666j) sean proporcionadas en español antes de firmar cualesquiera documentos del préstamo.

Notice: Before signing any loan documents or otherwise committing to a loan, you may download and print copies of those documents from our website and keep them for your review.

CALIFORNIA RESIDENTS

Married registrants may apply for a separate account. AS REQUIRED BY LAW, YOU ARE HEREBY NOTIFIED THAT A NEGATIVE CREDIT REPORT REFLECTING ON YOUR CREDIT RECORD MAY BE SUBMITTED TO A CREDIT REPORTING AGENCY IF YOU FAIL TO FULFILL THE TERMS OF YOUR CREDIT OBLIGATIONS. BUT, WE WILL NOT SUBMIT A NEGATIVE CREDIT REPORT TO A CREDIT REPORTING AGENCY ABOUT THIS OBLIGATION UNTIL THE EXPIRATION OF ANY TIME PERIOD DESCRIBED.

IOWA RESIDENTS

NOTICE TO CONSUMER: 1. Do not sign this paper before you read it. 2. You are entitled to a copy of this paper. 3. You may prepay the unpaid balance at any time without penalty and may be entitled to receive a refund of unearned charges in accordance with law.

KANSAS RESIDENTS

NOTICE TO CONSUMER: 1. Do not sign this agreement before you read it. 2. You are entitled to a copy of this agreement. 3. You may prepay the unpaid balance at any time without penalty.

MARYLAND RESIDENTS

This loan is being made under, and shall be governed by, the provisions of Subtitle 10 of Title 12 of the Commercial Law Article of the Maryland p only to the extent that such provisions are not inconsistent with federal law (12 U.S.C. § 1831d) and related regulations and interpretations.

MASSACHUSETTS RESIDENTS

Massachusetts law prohibits discrimination based upon marital status or sexual orientation.

MISSOURI RESIDENTS

Oral agreements or commitments to loan money, extend credit or to forbear from enforcing repayment of a debt including promises to extend or renew such debt are not enforceable. To protect you (borrower(s)) and us (creditor) from misunderstanding or disappointment, any agreements we reach covering such matters are contained in this writing, which is the complete and exclusive statement of the agreement between us, except as we may later agree in writing to modify it.

NORTH DAKOTA RESIDENTS

MONEY BROKERS ARE LICENSED AND REGULATED BY THE DEPARTMENT OF FINANCIAL INSTITUTIONS, 2000 SCHAFER STREET, SUITE G, BISMARCK, NORTH DAKOTA 58501-1204. THE DEPARTMENT OF FINANCIAL INSTITUTIONS HAS NOT PASSED ON THE MERITS OF THE CONTRACT AND LICENSING DOES NOT CONSTITUTE AN APPROVAL OF THE TERMS OF THE BROKER'S ABILITY TO ARRANGE ANY LOAN. COMPLAINTS REGARDING THE SERVICES OF MONEY BROKERS SHOULD BE DIRECTED TO THE DEPARTMENT OF FINANCIAL INSTITUTIONS.

OHIO RESIDENTS

Ohio laws against discrimination require that all creditors make credit equally available to all credit worthy customers, and that credit reporting agencies maintain separate credit histories on each individual upon request. The Ohio civil rights commission administers compliance with this law.

TEXAS RESIDENTS

This lender is licensed and examined by the State of Texas – Office of Consumer Credit Commissioner. Call the Consumer Credit Hotline or write for credit information or assistance with credit problems. Office of Consumer Credit Commissioner, 2601 North Lamar Boulevard, Austin, Texas 78705-4207, (800) 538-1579, www.occc.state.tx.us.

UTAH RESIDENTS

As required by Utah law, you are hereby notified that a negative credit report reflecting on your credit record may be submitted to a credit reporting agency if you fail to fulfill the terms of your credit obligations.

WASHINGTON RESIDENTS

Oral agreements or oral commitments to loan money, extend credit, or to forbear from enforcing repayment of a debt are not enforceable under Washington law.

WISCONSIN RESIDENTS

NOTICE TO CUSTOMER: (a) DO NOT SIGN THIS IF IT CONTAINS ANY BLANK SPACES. (b) YOU ARE ENTITLED TO AN EXACT COPY OF ANY AGREEMENT YOU SIGN. (c) YOU HAVE THE RIGHT AT ANY TIME TO PAY IN ADVANCE THE UNPAID BALANCE DUE UNDER THIS AGREEMENT AND YOU MAY BE ENTITLED TO A PARTIAL REFUND OF THE FINANCE CHARGE.

DISCLAIMER OF WARRANTIES

None of Prosper, its parent, any of its affiliates, providers or their respective officers, directors, employees, agents, independent contractors or licensors (collectively the “Prosper Parties”) guarantees the accuracy, adequacy, timeliness, reliability, completeness, or usefulness of any of the Content and the Prosper Parties disclaim liability for errors or omissions in the Content.

This Site and all of the Content is provided “as is” and “as available,” without any warranty, either express or implied, including the implied warranties of merchantability, fitness for a particular purpose, non-infringement or title. Additionally, there are no warranties as to the results of your use of the Content. The Prosper Parties do not warrant that the Site is free of viruses or other harmful components. This does not affect those warranties which are incapable of exclusion, restriction or modification under the laws applicable to this Agreement.

The Prosper Parties may discontinue or make changes in the Content and site at any time without prior notice to you and without any liability to you. Any dated information is published as of its date only, and the Prosper Parties do not undertake any obligation or responsibility to update or amend any such information. The Prosper Parties reserve the right to terminate any or all Site offerings or transmissions without prior notice to you.
This Site could contain technical inaccuracies or typographical errors. Use of this Site is at your own risk.

LIMITATION OF LIABILITY

Under no circumstances will the Prosper Parties be liable for any damages including general, special, direct, indirect, incidental, consequential, punitive or any other damages (including, without limitation, lost profits or business interruption) of any kind

whether in an action in contract or negligence arising or relating in any way to the use or inability to use by any party of the content, the Site or any third-party site to which this site is linked, or in connection with any failure of performance, error, omission, interruption, defect, delay in operation or transmission, computer virus or line or system failure, even if Prosper Parties, or representatives thereof, are advised of the possibility of such damages, losses or expenses. The Prosper Parties are not liable for any defamatory, offensive or illegal conduct of any user. Your sole remedy for dissatisfaction with this Site is to stop using the Site. If your use of materials from this Site results in the need for servicing, repair or correction of equipment or data, you assume any costs thereof. If the foregoing limitation is found to be invalid, you agree that the Prosper Parties' total liability for all damages, losses, or causes of action of any kind or nature shall be limited to the greatest extent permitted by applicable law.

INDEMNIFICATION

You agree to indemnify and hold harmless Prosper Parties from and against any and all claims, losses, expenses, demands or liabilities, including attorneys' fees and costs, incurred by the Prosper Parties in connection with any claim by a third party (including any intellectual property claim) arising out of (i) materials and content you submit to, post to or transmit through the Site, or (ii) your use of the Site in violation of this Agreement or in violation of any applicable law. You further agree that you will cooperate fully in the defense of any such claims. Prosper Parties reserve the right, at their own expense, to assume the exclusive defense and control of any matter otherwise subject to indemnification by you, and you shall not in any event settle any such claim or matter without the written consent of Prosper. You further agree to indemnify and hold harmless Prosper Parties from any claim arising from a third party's use of information or materials of any kind that you post to the Site.

MONITORING OF THE SITE

Prosper has no obligation to monitor the Site; however, you acknowledge and agree that Prosper has the right to monitor the Site electronically from time to time and to disclose any information as necessary or appropriate to satisfy any law, regulation or other governmental request, to operate the Site, or to protect itself or other users of the Site.

SUBMISSIONS TO THE SITE

All remarks, discussions, ideas, concepts, know-how, techniques, graphics or other submissions communicated to Prosper through this Site (collectively, "Submissions") will be deemed and remain the property of Prosper, and Prosper is entitled to use any Submission for any purpose, without restriction or compensation to the individual who has provided the Submission. Prosper shall not be subject to any obligations of confidentiality regarding Submissions except as expressly agreed by Prosper or as otherwise required by applicable law. Nothing herein contained shall be construed as limiting Prosper's responsibilities and obligations under its Privacy Policy.

USE OF PERSONALLY IDENTIFIABLE INFORMATION

Prosper's practices and policies with respect to the collection and use of personally identifiable information are governed by Prosper's Privacy Policy.

AVAILABILITY

This Site is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to applicable law or regulation. By offering this Site and Content no distribution or solicitation is made by Prosper to any person to use the Site or Content in jurisdictions where the provision of the Site and/or Content is prohibited by law.

TERMINATION

This Agreement is effective until terminated by Prosper. Prosper may terminate this Agreement at any time without notice, or suspend or terminate your access and use of the Site at any time, with or without cause, in Prosper's absolute discretion and without notice. The following provisions of this Agreement shall survive termination of your use or access to the Site: the sections concerning Indemnification, Disclaimer of Warranties, Limitation of Liability, Waiver, Applicable Law and Dispute Resolution, and General Provisions, and any other provision that by its terms survives termination of your use or access to the Site.

WAIVER

Failure by Prosper to enforce any of its rights under this Agreement shall not be construed as a waiver of those rights or any other rights in any way whatsoever.

APPLICABLE LAW AND DISPUTE RESOLUTION

This Agreement and all other aspects of your use of the Site shall be governed by and construed in accordance with the laws of the United States and, to the extent applicable, to the laws of the State of California, without regard to its conflict of laws rules. You agree that you will notify Prosper in writing of any claim or dispute concerning or relating to the Site and the information or services provided through it, and give Prosper a reasonable period of time to address it BEFORE bringing any legal action, either individually, as a class member or representative, or as a private attorney general, against Prosper.

OTHER AGREEMENTS

This Agreement shall be subject to any other agreements you have entered into with Prosper.

ADDITIONAL TERMS

Certain sections or pages on the Site may contain separate terms and conditions of use, which are in addition to the terms and conditions of this Agreement. In the event of a conflict, the additional terms and conditions will govern for those sections or pages.

SEVERABILITY

If any provision of this Agreement is found to be invalid or unenforceable, the remaining provisions shall be enforced to the fullest extent possible, and the remaining provisions of the Agreement shall remain in full force and effect.

GENERAL PROVISIONS

This Agreement supersedes any previous Terms of Use Agreement to which you and Prosper may have been bound. This Agreement will be binding on, inure to the benefit of, and be enforceable against the parties and their respective successors and assigns. Neither the course of conduct between parties nor trade practice shall act to modify any provision of the Agreement. All rights not expressly granted herein are hereby reserved. Headings are for reference purposes only and in no way define, limit, construe or describe the scope or extent of such section.

COPYRIGHT COMPLAINTS

If you believe, in good faith, that any materials on the Site infringe your copyrights, notifications of claimed copyright infringement should be sent to Prosper's designated agent. Notification should include:

- an electronic or physical signature of the person authorized to act on behalf of the owner of the copyright interest;
- a description of the copyrighted work that you claim has been infringed;
- a description of where the material you claim is infringing is located on the Site;
- a statement by you that you have a good faith belief that the disputed use is not authorized by the copyright owner, its agent or the law; and
- a statement by you, made under penalty of perjury, that the above information in your notice is accurate and that you are the copyright owner or duly authorized to act on the copyright owner's behalf.

You may contact Prosper's agent for notification of claimed copyright infringement by e- mail at copyright@prosper.com or by regular mail at Prosper Funding LLC, c/o Prosper Marketplace, Inc., 221 Main Street, 3rd Floor, San Francisco, California 94105, Attention: Compliance.

CONTACTING US

If you have questions regarding the Agreement or the practices of Prosper, please contact us by e-mail at compliance@prosper.com or by regular mail at Prosper Funding

LLC, c/o Prosper Marketplace, Inc., 221 Main Street, 3rd Floor, San Francisco, California 94105, Attention: Compliance.

Last Updated: September 3, 2015

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

EXHIBIT F

FORM OF BORROWER FUNDING NOTICE

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Funding Notice

Report Date	2/6/2017
Origination Date	2/7/2017
Total Loans	375
Total Dollars	$ 4,270,663.00

The above amount to be wired between the hours of 5am and 8am Pacific Time on Tuesday Feb 7 2017

Loan ID	Original Amount Borrowed	Rating	Term Months	Interest Rate	Origination Date	First Payment Date	Maturity Date	Number Of Payments	Monthly Payment Amount	FICO Range	State	APR	Expected Return	Stress Return
736933	$7,700.00	A	36	9.35	2/7/2017	3/7/2017	2/7/2020	36	$246.11	640-659	OH	9.15	4.00	2.00
736942	$7,000.00	D	60	24.99	2/7/2017	3/7/2017	2/7/2022	60	$205.42	640-659	OH	9.15	4.00	2.00
736945	$10,000.00	B	60	12.65	2/7/2017	3/7/2017	2/7/2022	60	$225.74	640-659	OH	9.15	4.00	2.00
736951	$35,000.00	C	60	15.93	2/7/2017	3/7/2017	2/7/2022	60	$849.83	640-659	OH	9.15	4.00	2.00
736957	$5,500.00	HR	36	31.92	2/7/2017	3/7/2017	2/7/2020	36	$239.31	640-659	OH	9.15	4.00	2.00
736960	$7,500.00	HR	36	31.92	2/7/2017	3/7/2017	2/7/2020	36	$326.33	640-659	OH	9.15	4.00	2.00
736963	$3,000.00	D	36	23.1	2/7/2017	3/7/2017	2/7/2020	36	$116.29	640-659	OH	9.15	4.00	2.00
736966	$4,000.00	HR	36	31.92	2/7/2017	3/7/2017	2/7/2020	36	$174.04	640-659	OH	9.15	4.00	2.00
736969	$5,000.00	E	36	31.24	2/7/2017	3/7/2017	2/7/2020	36	$215.67	640-659	OH	9.15	4.00	2.00
736972	$15,000.00	C	36	15.93	2/7/2017	3/7/2017	2/7/2020	36	$526.84	640-659	OH	9.15	4.00	2.00
736975	$15,000.00	B	36	11.3	2/7/2017	3/7/2017	2/7/2020	36	$493.21	640-659	OH	9.15	4.00	2.00
736978	$15,000.00	E	36	26.99	2/7/2017	3/7/2017	2/7/2020	36	$612.30	640-659	OH	9.15	4.00	2.00
736981	$15,000.00	E	36	26.99	2/7/2017	3/7/2017	2/7/2020	36	$612.30	640-659	OH	9.15	4.00	2.00
736990	$11,300.00	C	36	19.99	2/7/2017	3/7/2017	2/7/2020	36	$419.89	640-659	OH	9.15	4.00	2.00
736999	$8,000.00	D	36	25.99	2/7/2017	3/7/2017	2/7/2020	36	$322.28	640-659	OH	9.15	4.00	2.00
737008	$11,000.00	C	36	19.24	2/7/2017	3/7/2017	2/7/2020	36	$404.55	640-659	OH	9.15	4.00	2.00
737011	$7,500.00	HR	36	31.92	2/7/2017	3/7/2017	2/7/2020	36	$326.33	640-659	OH	9.15	4.00	2.00
737014	$3,500.00	HR	36	31.92	2/7/2017	3/7/2017	2/7/2020	36	$152.29	640-659	OH	9.15	4.00	2.00
737020	$7,000.00	B	36	12.1	2/7/2017	3/7/2017	2/7/2020	36	$232.83	640-659	OH	9.15	4.00	2.00
737023	$5,000.00	C	36	14.25	2/7/2017	3/7/2017	2/7/2020	36	$171.50	640-659	OH	9.15	4.00	2.00
737026	$10,000.00	E	36	27.99	2/7/2017	3/7/2017	2/7/2020	36	$413.58	640-659	OH	9.15	4.00	2.00
737029	$4,700.00	E	36	29.74	2/7/2017	3/7/2017	2/7/2020	36	$198.85	640-659	OH	9.15	4.00	2.00
737035	$7,500.00	HR	36	31.92	2/7/2017	3/7/2017	2/7/2020	36	$326.33	640-659	OH	9.15	4.00	2.00
737038	$5,000.00	A	36	7.5	2/7/2017	3/7/2017	2/7/2020	36	$155.53	640-659	OH	9.15	4.00	2.00
737041	$20,000.00	C	36	15.45	2/7/2017	3/7/2017	2/7/2020	36	$697.72	640-659	OH	9.15	4.00	2.00
737050	$3,500.00	B	60	12.1	2/7/2017	3/7/2017	2/7/2022	60	$78.03	640-659	OH	9.15	4.00	2.00
737053	$10,500.00	D	60	23.1	2/7/2017	3/7/2017	2/7/2022	60	$296.60	640-659	OH	9.15	4.00	2.00
737056	$21,100.00	D	60	24.99	2/7/2017	3/7/2017	2/7/2022	60	$619.19	640-659	OH	9.15	4.00	2.00
737059	$2,000.00	E	36	29.74	2/7/2017	3/7/2017	2/7/2020	36	$84.62	640-659	OH	9.15	4.00	2.00
737086	$5,000.00	HR	36	31.92	2/7/2017	3/7/2017	2/7/2020	36	$217.55	640-659	OH	9.15	4.00	2.00
737089	$15,000.00	E	36	27.99	2/7/2017	3/7/2017	2/7/2020	36	$620.37	640-659	OH	9.15	4.00	2.00

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737092	$20,000.00	D	60	23.99	2/7/2017	3/7/2017	2/7/2022	60	$575.24	640-659	OH	9.15	4.00	2.00
737095	$10,000.00	D	60	24.99	2/7/2017	3/7/2017	2/7/2022	60	$293.45	640-659	OH	9.15	4.00	2.00
737098	$15,000.00	D	36	23.99	2/7/2017	3/7/2017	2/7/2020	36	$588.41	640-659	OH	9.15	4.00	2.00
737101	$15,000.00	C	36	15.45	2/7/2017	3/7/2017	2/7/2020	36	$523.29	640-659	OH	9.15	4.00	2.00
737104	$25,000.00	C	36	14.8	2/7/2017	3/7/2017	2/7/2020	36	$864.19	640-659	OH	9.15	4.00	2.00
737107	$15,000.00	B	60	12.1	2/7/2017	3/7/2017	2/7/2022	60	$334.43	640-659	OH	9.15	4.00	2.00
737110	$7,000.00	B	36	13.15	2/7/2017	3/7/2017	2/7/2020	36	$236.36	640-659	OH	9.15	4.00	2.00
737113	$10,000.00	C	36	18.6	2/7/2017	3/7/2017	2/7/2020	36	$364.54	640-659	OH	9.15	4.00	2.00
737116	$20,000.00	C	36	18.15	2/7/2017	3/7/2017	2/7/2020	36	$724.55	640-659	OH	9.15	4.00	2.00
737119	$17,000.00	B	60	11.3	2/7/2017	3/7/2017	2/7/2022	60	$372.17	640-659	OH	9.15	4.00	2.00
737122	$10,000.00	C	36	19.99	2/7/2017	3/7/2017	2/7/2020	36	$371.58	640-659	OH	9.15	4.00	2.00
737131	$12,200.00	B	36	10.47	2/7/2017	3/7/2017	2/7/2020	36	$396.36	640-659	OH	9.15	4.00	2.00
737134	$10,000.00	B	60	12.65	2/7/2017	3/7/2017	2/7/2022	60	$225.74	640-659	OH	9.15	4.00	2.00
737137	$7,000.00	B	36	10.86	2/7/2017	3/7/2017	2/7/2020	36	$228.71	640-659	OH	9.15	4.00	2.00
737140	$10,000.00	D	36	24.99	2/7/2017	3/7/2017	2/7/2020	36	$397.55	640-659	OH	9.15	4.00	2.00
737215	$10,000.00	B	36	12.65	2/7/2017	3/7/2017	2/7/2020	36	$335.26	640-659	OH	9.15	4.00	2.00
737218	$15,000.00	A	36	7.9	2/7/2017	3/7/2017	2/7/2020	36	$469.35	640-659	OH	9.15	4.00	2.00
737224	$4,500.00	E	60	29.74	2/7/2017	3/7/2017	2/7/2022	60	$144.87	640-659	OH	9.15	4.00	2.00
737227	$10,000.00	A	36	7.5	2/7/2017	3/7/2017	2/7/2020	36	$311.06	640-659	OH	9.15	4.00	2.00
737233	$2,000.00	D	36	23.99	2/7/2017	3/7/2017	2/7/2020	36	$78.46	640-659	OH	9.15	4.00	2.00
737263	$20,000.00	C	36	17.45	2/7/2017	3/7/2017	2/7/2020	36	$717.54	640-659	OH	9.15	4.00	2.00
737266	$9,000.00	D	36	24.99	2/7/2017	3/7/2017	2/7/2020	36	$357.79	640-659	OH	9.15	4.00	2.00
737281	$16,000.00	D	36	25.99	2/7/2017	3/7/2017	2/7/2020	36	$644.56	640-659	OH	9.15	4.00	2.00
737314	$2,000.00	C	36	18.15	2/7/2017	3/7/2017	2/7/2020	36	$72.46	640-659	OH	9.15	4.00	2.00
737323	$3,000.00	C	36	14.8	2/7/2017	3/7/2017	2/7/2020	36	$103.70	640-659	OH	9.15	4.00	2.00
737326	$10,000.00	B	36	12.1	2/7/2017	3/7/2017	2/7/2020	36	$332.62	640-659	OH	9.15	4.00	2.00
737335	$5,600.00	E	36	31.24	2/7/2017	3/7/2017	2/7/2020	36	$241.55	640-659	OH	9.15	4.00	2.00
737341	$14,000.00	AA	36	6.9	2/7/2017	3/7/2017	2/7/2020	36	$431.64	640-659	OH	9.15	4.00	2.00
737344	$15,000.00	C	36	18.15	2/7/2017	3/7/2017	2/7/2020	36	$543.42	640-659	OH	9.15	4.00	2.00
737365	$35,000.00	B	36	12.65	2/7/2017	3/7/2017	2/7/2020	36	$1,173.40	640-659	OH	9.15	4.00	2.00
737368	$7,500.00	HR	36	31.92	2/7/2017	3/7/2017	2/7/2020	36	$326.33	640-659	OH	9.15	4.00	2.00
737380	$10,000.00	B	36	13.15	2/7/2017	3/7/2017	2/7/2020	36	$337.66	640-659	OH	9.15	4.00	2.00
737386	$15,000.00	B	36	13.15	2/7/2017	3/7/2017	2/7/2020	36	$506.49	640-659	OH	9.15	4.00	2.00
737395	$2,000.00	E	60	26.99	2/7/2017	3/7/2017	2/7/2022	60	$61.06	640-659	OH	9.15	4.00	2.00
737398	$12,000.00	AA	36	6.9	2/7/2017	3/7/2017	2/7/2020	36	$369.98	640-659	OH	9.15	4.00	2.00
737404	$7,500.00	HR	36	31.92	2/7/2017	3/7/2017	2/7/2020	36	$326.33	640-659	OH	9.15	4.00	2.00
737410	$9,000.00	C	36	19.99	2/7/2017	3/7/2017	2/7/2020	36	$334.43	640-659	OH	9.15	4.00	2.00
737422	$15,000.00	B	36	13.15	2/7/2017	3/7/2017	2/7/2020	36	$506.49	640-659	OH	9.15	4.00	2.00
737425	$28,300.00	D	36	21.85	2/7/2017	3/7/2017	2/7/2020	36	$1,078.59	640-659	OH	9.15	4.00	2.00

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737428	$25,000.00	C	36	16.29	2/7/2017	3/7/2017	2/7/2020	36	$882.51	640-659	OH	9.15	4.00	2.00
737434	$9,600.00	C	60	15.45	2/7/2017	3/7/2017	2/7/2022	60	$230.66	640-659	OH	9.15	4.00	2.00
737449	$4,000.00	HR	36	31.92	2/7/2017	3/7/2017	2/7/2020	36	$174.04	640-659	OH	9.15	4.00	2.00
737464	$15,000.00	C	36	15.93	2/7/2017	3/7/2017	2/7/2020	36	$526.84	640-659	OH	9.15	4.00	2.00
737467	$12,000.00	B	60	11.7	2/7/2017	3/7/2017	2/7/2022	60	$265.12	640-659	OH	9.15	4.00	2.00
737470	$5,000.00	E	60	30.49	2/7/2017	3/7/2017	2/7/2022	60	$163.28	640-659	OH	9.15	4.00	2.00
737473	$18,000.00	C	36	13.75	2/7/2017	3/7/2017	2/7/2020	36	$613.01	640-659	OH	9.15	4.00	2.00
737482	$10,000.00	E	36	26.99	2/7/2017	3/7/2017	2/7/2020	36	$408.20	640-659	OH	9.15	4.00	2.00
737485	$25,000.00	D	60	23.99	2/7/2017	3/7/2017	2/7/2022	60	$719.05	640-659	OH	9.15	4.00	2.00
737488	$15,000.00	AA	36	5.32	2/7/2017	3/7/2017	2/7/2020	36	$451.72	640-659	OH	9.15	4.00	2.00
737491	$11,000.00	D	60	21.85	2/7/2017	3/7/2017	2/7/2022	60	$302.87	640-659	OH	9.15	4.00	2.00
737494	$10,000.00	C	36	19.99	2/7/2017	3/7/2017	2/7/2020	36	$371.58	640-659	OH	9.15	4.00	2.00
737500	$9,000.00	B	36	12.65	2/7/2017	3/7/2017	2/7/2020	36	$301.73	640-659	OH	9.15	4.00	2.00
737524	$8,000.00	D	36	21.85	2/7/2017	3/7/2017	2/7/2020	36	$304.90	640-659	OH	9.15	4.00	2.00
737533	$9,500.00	AA	36	5.32	2/7/2017	3/7/2017	2/7/2020	36	$286.09	640-659	OH	9.15	4.00	2.00
737542	$15,000.00	C	60	19.24	2/7/2017	3/7/2017	2/7/2022	60	$391.09	640-659	OH	9.15	4.00	2.00
737602	$7,500.00	HR	36	31.92	2/7/2017	3/7/2017	2/7/2020	36	$326.33	640-659	OH	9.15	4.00	2.00
737608	$15,000.00	E	36	30.49	2/7/2017	3/7/2017	2/7/2020	36	$640.81	640-659	OH	9.15	4.00	2.00
737644	$2,000.00	C	36	18.15	2/7/2017	3/7/2017	2/7/2020	36	$72.46	640-659	OH	9.15	4.00	2.00
737650	$10,000.00	C	36	16.93	2/7/2017	3/7/2017	2/7/2020	36	$356.18	640-659	OH	9.15	4.00	2.00
737653	$5,000.00	C	60	18.15	2/7/2017	3/7/2017	2/7/2022	60	$127.38	640-659	OH	9.15	4.00	2.00
737662	$20,000.00	A	36	8.2	2/7/2017	3/7/2017	2/7/2020	36	$628.57	640-659	OH	9.15	4.00	2.00
737668	$15,000.00	B	36	12.1	2/7/2017	3/7/2017	2/7/2020	36	$498.93	640-659	OH	9.15	4.00	2.00
737719	$10,000.00	B	36	12.65	2/7/2017	3/7/2017	2/7/2020	36	$335.26	640-659	OH	9.15	4.00	2.00
737737	$8,000.00	C	36	14.8	2/7/2017	3/7/2017	2/7/2020	36	$276.54	640-659	OH	9.15	4.00	2.00
737740	$10,000.00	E	60	30.49	2/7/2017	3/7/2017	2/7/2022	60	$326.55	640-659	OH	9.15	4.00	2.00
737746	$10,000.00	AA	36	6.9	2/7/2017	3/7/2017	2/7/2020	36	$308.31	640-659	OH	9.15	4.00	2.00
737749	$11,000.00	AA	36	5.7	2/7/2017	3/7/2017	2/7/2020	36	$333.15	640-659	OH	9.15	4.00	2.00
737752	$12,000.00	D	60	23.99	2/7/2017	3/7/2017	2/7/2022	60	$345.15	640-659	OH	9.15	4.00	2.00
737758	$5,200.00	A	36	8.2	2/7/2017	3/7/2017	2/7/2020	36	$163.43	640-659	OH	9.15	4.00	2.00
737767	$7,000.00	C	36	14.25	2/7/2017	3/7/2017	2/7/2020	36	$240.09	640-659	OH	9.15	4.00	2.00

Exhibit 10.9

Execution Version

CONFIDENTIAL TREATMENT
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WARRANT AGREEMENT

by and among

PROSPER MARKETPLACE, INC.,

PF WARRANTCO HOLDINGS, LP

and

for certain limited purposes,

NEW RESIDENTIAL INVESTMENT CORP.

Dated as of February 27, 2017

CONFIDENTIAL TREATMENT
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WARRANT AGREEMENT

THIS WARRANT AGREEMENT (this "**Agreement**"), dated as of February 27, 2017, is made by and among Prosper Marketplace, Inc., a Delaware corporation (the "**Company**"), PF WarrantCo Holdings, LP, a Delaware limited partnership (the "**Warrant Holder**"), and solely with respect to its rights, and the performance of its obligations, set forth in [***] hereof, New Residential Investment Corp., a Delaware corporation ("**NRZ**").

WITNESSETH:

WHEREAS, on the date hereof, the Company is issuing and delivering warrant certificate(s) in the form of Exhibit A hereto (the "**Warrant Certificates**") evidencing warrants ("**Warrants**") to purchase up to one hundred seventy seven million seven hundred twenty thousand seven hundred and six (177,720,706) shares of Series F Preferred Stock (such number of shares, as may hereinafter be adjusted from time to time pursuant to a Recapitalization (as defined in the Certificate of Incorporation)), par value $0.01 per share ("**Series F Preferred Stock**"), of the Company, subject to adjustment as provided herein;

WHEREAS, contemporaneously with the signing of this Agreement, Prosper Funding LLC, a Delaware limited liability company ("**Prosper Funding**"), and PF LoanCo Funding LLC, as beneficiary ("**Beneficiary**") and PF LoanCo Trust ("**Purchaser**") have entered into that certain Loan Purchase Agreement, dated as of the date hereof (as amended from time to time, the "**Loan Purchase Agreement**");

WHEREAS, contemporaneously with the signing of this Agreement, Prosper Funding, Beneficiary and Purchaser have entered into that certain Servicing Agreement, dated as of the date hereof (as amended from time to time, the "**Servicing Agreement**"); and

WHEREAS, contemporaneously with the signing of this Agreement, Purchaser has also become a party and is subject (as applicable) to the Stockholder Documents (as defined below).

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements of the parties hereto herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Warrant Holder each hereby agree as follows:

ARTICLE I
Definitions

As used in this Agreement, the following terms shall have the following meanings:

[***]

"**Acceleration Event**" means a Liquidation Event pursuant to Section 9.7(a), or an LPA Warrant Acceleration Event or [***] pursuant to Section 9.7(b), in each case that triggers acceleration of the exercisability of the Warrants pursuant to the terms thereof.

"**Accredited Investor**" has the meaning set forth in Section 7.2.

"**Acquisition Agreement**" has the meaning set forth in clause (f) of the definition of "Material Contract".

"**Actual Knowledge of the Company**" means the actual (but not constructive or imputed) knowledge of any individual employed by the Company listed on Annex A of this Agreement.

"**Additional Available Warrants**" has the meaning set forth in Section 2.2(b).

"**Additional Available Total Series F Warrants**" has the meaning set forth in Section 2.2(b).

"**Additional Exercisable Warrants**" has the meaning set forth in Section 9.5(a).

"**Additional Total Series F Warrant Shares**" has the meaning set forth in Section 2.2(b).

"**Additional Warrant Exercisability Period**" has the meaning set forth in Section 9.4.

"**Additional Warrant Exercisability Period Closing Date**" has the meaning set forth in Section 9.4.

"**Additional Warrants**" has the meaning set forth in Section 2.2(b).

"**Adjustment Statement**" has the meaning set forth in Section 4.2.

"**Affiliate**" means when used with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with, such Person. As used in this definition of Affiliate, the term "control" means the power, directly or indirectly, to direct or cause the direction of the management and policies of a Person, whether through ownership of such Person's voting securities, by contract or otherwise, and the terms "affiliated", "controlling" and "controlled" have correlative meanings..

"**Agreement**" has the meaning set forth in the preamble to this Agreement.

"**AML Laws**" has the meaning set forth in Section 7.1(o)(iii).

"**Automatic Exercise Event**" has the meaning set forth in Section 3.5.

"**Beneficiary**" has the meaning set forth in the recitals to this Agreement.

"**Board**" means the board of directors of the Company.

"**Business Day**" means any day that is not a day on which banking institutions are authorized or required to be closed in the State of New York, the State of California or the State of Utah.

"**Certificate of Incorporation**" means the Company's Certificate of Incorporation, as amended and in effect as of the date hereof and as further amended from time to time after the date hereof.

"**Code**" means the Internal Revenue Code of 1986, as amended.

[***]

[***]

[***]

[***]

[***]

"**Common Stock**" means shares of Common Stock, par value $0.01 per share, of the Company.

"**Company**" has the meaning set forth in the preamble to this Agreement, and its successors and assigns.

"**Company Competitor**" means each Person listed on Annex B hereto.

"**Company Schedule of Exceptions**" means the exceptions to the representations and warranties of the Company made in Article VII of this Agreement.

"**Company SEC Reports**" means all forms, reports, statements, schedules and other documents filed by the Company or Prosper Funding with the SEC since [***].

"**Cure [***]% Test**" has the meaning set forth in Section 9.2.

[***]

[***]

[***]

[***]

"**Deemed Presented**" means any amount of Eligible Loans deemed presented by Prosper Funding pursuant to Section [***] of the Loan Purchase Agreement during any [***]. For the avoidance of doubt, any Eligible Loans deemed presented by Purchaser for purposes of Section [***] of the Loan Purchase Agreement shall be deemed presented for purposes of (a) calculating the Minimum Monthly Purchase Test and the Term Monthly Minimum Shortfall Amount and (b) the exercisability of warrants, in each case pursuant to Section 9.2, Section 9.3 and Section 9.4 hereof.

"**Deemed Purchased**" means any amount of Eligible Loans (a) with respect to which Prosper Funding [***] or (b) deemed purchased by Purchaser pursuant to Section 2.9(e) of the Loan Purchase Agreement during any [***]. For the avoidance of doubt, any Eligible Loans deemed purchased by Purchaser for purposes of Section [***] of the Loan Purchase Agreement shall be deemed purchased for purposes of (i) calculating the Maximum Monthly Purchase Amount, the Minimum Monthly Purchase Amount, the Minimum Monthly Purchase Test and the Term Monthly Minimum Shortfall Amount and (ii) the exercisability of warrants, in each case pursuant to Section 9.2, Section 9.3 and Section 9.4 hereof.

"**Eligible Loans**" has the meaning set forth in the Loan Purchase Agreement; provided, that, for the purposes of exercisability of the Warrants, in the event the Purchaser purchases a Loan despite the Loan not constituting an Eligible Loan, such Warrants shall nevertheless, solely for the purposes of exercisability of the Warrants pursuant to Section 9.2, Section 9.3 and Section 9.4, as applicable, be considered Eligible Loans.

"**End-Of-Term True-Up Date**" has the meaning set forth in Section 9.3.

"**End-Of-Term True-Up Exercisable Warrants**" has the meaning set forth in Section 9.5(a).

"**Exercisability Adjustment Report**" has the meaning set forth in Section 9.5(b).

"**Exercise Price**" has the meaning set forth in Section 3.1.

"**Expiration Date**" has the meaning set forth in Section 3.3.

[***]

"**GAAP**" means generally accepted accounting principles in effect in the United States of America as of the date hereof as consistently applied by the Company.

"**Governmental Entity**" means any court, administrative agency, tribunal, department, bureau or commission or other governmental authority or instrumentality, domestic or foreign, federal, state or local.

"**Holders**" means the Warrant Holder and any assignee or transferee of the Warrant Holder pursuant to, and in accordance with, this Agreement, and any Person that holds Underlying Securities acquired through the exercise of Warrants or the conversion of Series F Preferred Stock and, in each case, any assignee or transferee of such Persons pursuant to, and in accordance with, this Agreement.

"**<u>including</u>**" means "including, without limitation".

"**<u>Indebtedness</u>**" means (a) indebtedness for borrowed money or indebtedness issued in substitution or exchange for borrowed money or for the deferred purchase price or consideration in respect of property or services; (b) indebtedness or other obligations evidenced by notes, bonds, debentures, letters of credit or similar instruments (including any debt security); (c) all interest rate and currency swaps, caps, collars and similar agreements or hedging devices or instruments under which payments are obligated to be made, whether periodically or upon the happening of a contingency; or (d) obligations under a lease agreement that would be capitalized pursuant to GAAP (excluding, for the avoidance of doubt, in the case of each of (a) through (d) of this definition any ordinary course trade payables of, or borrower payment dependent notes or any other similar asset-backed debt instruments issued by, the Company or its Subsidiaries).

"**<u>Initial [***]% Test</u>**" has the meaning set forth in <u>Section 9.2</u>.

[***]

"**<u>Key Employee</u>**" has the meaning set forth in clause (a) of the definition of "Related Party".

"**<u>Knowledge of the Company</u>**" means the actual (but not constructive or imputed) knowledge, after due inquiry, of any individual employed by the Company listed on <u>Annex A</u> of this Agreement. "**<u>Due inquiry</u>**" for purposes of this definition shall mean the reasonable due and diligent inquiry of (a) all relevant employees, consultants and advisors of the Company and its Subsidiaries that such individual listed on <u>Annex A</u> of this Agreement should reasonably believe would have actual knowledge of the matters represented and (b) all relevant books and records of the Company and its Subsidiaries that such individual on Annex A of this Agreement should reasonably believe would contain information regarding the matters represented.

"**<u>Liquidation Event</u>**" has the meaning set forth in Section 3(d) of the Amended and Restated Certificate of Incorporation of the Company.

[***]

"**<u>Loan Purchase Agreement</u>**" has the meaning set forth in the recitals to this Agreement.

"**<u>Loan Purchase Obligation</u>**" means an amount equal to $[***].

"**<u>LPA Warrant Acceleration Event</u>**" means each of the termination events under the Loan Purchase Agreement set forth in <u>Annex C</u> hereof.

"**<u>Majority Holders</u>**" means the Holders of a majority of the Warrants and Underlying Securities then outstanding.

"**<u>Material Contract</u>**" means each of the following contracts, commitments, arrangements and understandings, whether written or oral, to which the Company or any of its Subsidiaries is a party or is otherwise bound, or by which the assets or properties of the Company or any of its Subsidiaries are bound:

(a) any WebBank Agreement;

(b) any loan purchase agreement, loan servicing agreement, backup servicing agreement or agreement related to the securitization of loans;

(c) any mortgage, indenture, note or installment obligation, or other instrument for or relating to outstanding Indebtedness of the Company or its Subsidiaries, or any guarantee by the Company or its Subsidiaries of any of the foregoing;

(d) any agreement for the sale or lease (as lessor) of any of its material assets;

(e) any agreement for the purchase or lease (as lessee) of any material assets;

(f) any agreement that effected a prior acquisition, or sale, of the business, a material portion of the assets, or the stock of another company pursuant to which the Company or any of Subsidiaries has any outstanding obligation, whether currently or in the future, to make payments, contingent or otherwise (each, an "**Acquisition Agreement**");

(g) any agreement imposing on the Company or any of its Subsidiaries any non-competition or exclusive dealing obligations;

(h) any agreement with respect to the purchase, sale or servicing of loans that includes a "most favored nation", "meet or release", "right of first refusal", "right of first offer" "or similar arrangements, including any agreement with a counterparty that gives such counterparty the right to enter into a loan purchase agreement on the same or similar terms as the terms set forth in the Loan Purchase Agreement, or the right to otherwise benefit from or receive, directly or indirectly, any of the terms of the Loan Purchase Agreement (any such agreement, an "**MFN Agreement**");

(i) any agreement for the employment of any Key Employee;

(j) any agreement concerning a partnership, joint venture or similar business arrangement with any Person;

(k) any agreement with a Governmental Entity, other than any consent or settlement orders issued by, or entered into with, a Governmental Entity that cannot be disclosed due to confidentiality restrictions; and

(l) any agreement which (i) involves annual payment or revenue by or to the Company or any Subsidiary of the Company in excess of $[***] or (ii) is otherwise material to the extent relating to the conduct of the business of the Company and its Subsidiaries.

"**Maximum Monthly Purchase Amount**" has the meaning set forth in the Loan Purchase Agreement.

"**MFN Agreement**" has the meaning set forth in clause (h) of the definition of "Material Contract".

"**Minimum Monthly Purchase Amount**" has the meaning set forth in the Loan Purchase Agreement.

"**Minimum Monthly Purchase Test**" has the meaning set forth in Section 9.3.

"**Monthly Closing Date**" has the meaning set forth in Section 9.2.

"**Monthly Exercisable Warrants**" has the meaning set forth in Section 9.5(a).

"**Monthly Purchase Acceptance**" has the meaning set forth in the Loan Purchase Agreement.

"**Monthly Purchase Request**" has the meaning set forth in the Loan Purchase Agreement.

"**Monthly Purchase Amount**" has the meaning set forth in the Loan Purchase Agreement.

"**Non-Acceleration LPA Termination Event**" has the meaning set forth in Section 9.7(a).

"**Non-Public Personal Information**" means any "non-public personal information" (as such term is defined in the Gramm-Leach-Bliley Act and/or the regulations implementing the provisions of such law and relevant state law)

and other personally identifiable information relating to existing or prospective borrowers of the Company and its Subsidiaries and their existing or prospective co-signors and guarantors (if applicable).

"**Nonqualifying Income**" means any amount that is treated as gross income for purposes of Section 856 of the Code and which is not qualifying income that is described in Section 856(c)(3) of the Code.

"**Omnibus Agreement**" means the Omnibus Agreement dated as of the date hereof by and among Warrant Holder, the Company and Prosper Funding.

"**OFAC**" has the meaning set forth in Section 7.1(o)(iii).

"**Permit**" means any, in each case material, permit, approval, consent, authorization, license, variance, or permission required by a Governmental Entity.

"**Person**" means all natural persons, corporations, limited partnerships, general partnerships, joint stock companies, limited liability companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and federal and state governments and agencies or regulatory authorities and political subdivisions thereof, or any other entity.

"**Pre-Closing Purchase Credit Amount**" means an amount equal to $[***].

"**Pre-Closing Purchase Credit Series F Warrant Shares**" has the meaning set forth in Section 9.1.

"**Proposed Additional Warrant Exercisability Closing Statement**" has the meaning set forth in Section 9.5(a).

"**Proposed End-Of-Term Closing Statement**" has the meaning set forth in Section 9.5(a).

"**Proposed Monthly Closing Statement**" has the meaning set forth in Section 9.5(a).

"**Prosper Funding**" has the meaning set forth in the recitals to this Agreement.

"**Purchaser**" has the meaning set forth in the recitals to this Agreement.

[***]

[***]

[***]

"**Reorganization**" has the meaning set forth in Section 4.1(c).

"**Related Party**" means (a) any of the Company's or any of its Subsidiaries' current directors, "C-level" employees or the persons set forth on Annex D hereto (each such director, employee or person, a "**Key Employee**"), (b) any stockholders of the Company holding 5% or more of the outstanding equity securities of the Company on a fully diluted basis, or (c) any members of the immediate family of any of the Persons set forth in clause (a).

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Securities Act**" means the Securities Act of 1933, as amended.

[***]

"**Series F Preferred Stock**" has the meaning set forth in the recitals to this Agreement.

[***]

"**Servicing Agreement**" has the meaning set forth in the recitals to this Agreement.

"**Stockholder Documents**" means, collectively, (i) the Certificate of Incorporation, as adopted in connection with the transactions contemplated under this Agreement, and (ii) the Amended and Restated Voting Agreement among the Company and the entities and persons listed on certain exhibits thereto, the Amended and Restated Right of First Refusal and Co-Sale Agreement among the Company and the entities and persons listed on certain exhibits thereto and the Amended and Restated Investor Rights' Agreement among the Company and the entities and persons listed on certain exhibits thereto, in each case dated as of the date hereof, and as may be amended thereafter from time to time.

"**Subsidiary**" of any entity means any corporation, limited liability company, partnership or other legal entity of which such entity directly or indirectly owns or controls at least a majority of the outstanding stock or other equity interest having general voting power.

"**Taxes**", or "**Tax**" means (i) any and all federal, state, local, foreign and other taxes, levies, fees, imposts, duties and charges, in all cases in the nature of a tax (including any interest, penalties or additions to the tax imposed in connection therewith or with respect thereto), whether or not imposed on the Company or its Subsidiaries, including, taxes imposed on, or measured by, income, franchise, profits or gross receipts, and also *ad valorem*, value added, sales, use, service, real or personal property, capital stock, license, payroll, withholding, employment, social security, workers' compensation, unemployment compensation, utility, severance, production, excise, stamp, occupation, premium, windfall profits, transfer and gains taxes and customs duties, whether disputed or not, (ii) any liability for the payment of any amounts of the type described in (i) as a result of being (or ceasing to be) a member of an affiliated, consolidated, combined or unitary group, and (iii) all liabilities for the payment of any amounts described in (i) or (ii) as a result of being a transferee of or successor to any Person, by contract or otherwise.

"**Tax Returns**" means returns, reports, information statements and other documentation (including any additional or supporting material) filed or maintained, or required to be filed or maintained, in connection with the calculation, determination, assessment, claim for refund or collection of any Tax and shall include any amended returns required as a result of examination adjustments made by the Internal Revenue Service or other Tax authority.

"**Term**" has the meaning set forth in the Loan Purchase Agreement.

"**Term Monthly Minimum Shortfall Amount**" has the meaning set forth in Section 9.3.

"**Transaction Documents**" means this Agreement, the Loan Purchase Agreement, the Servicing Agreement, the Omnibus Agreement, the Stockholder Documents and [***].

"**Total Series F Warrant Shares**" has the meaning set forth in Section 2.2(a).

"**Total Term Series F Warrant Shares**" means the (a) Total Series F Warrant Shares, *minus* (b) the Pre-Closing Purchase Credit Series F Warrant Shares.

"**transfer**", "**transferred**", "**selling**", "**sale**" and "**sold**" means any sale, assignment, pledge, transfer, hypothecation or other disposition or encumbrance.

"**True-Up Amount**" has the meaning set forth in Section 9.3.

"**Unaudited Balance Sheet Date**" has the meaning set forth in Section 7.1(l)(iii).

"**Unaudited Company Balance Sheet**" has the meaning set forth in Section 7.1(l)(iii).

"**Unaudited Prosper Funding Balance Sheet**" has the meaning set forth in Section 7.1(l)(iv).

"**Underlying Securities**" means the Series F Preferred Stock issuable upon the exercise of the Warrants, and the Common Stock issuable upon conversion of the Series F Preferred Stock.

"**Warrant Agreement**" has the meaning set forth in Section 3.6.

"**Warrant Certificates**" has the meaning set forth in the recitals to this Agreement.

"**Warrant Holder**" has the meaning set forth in the preamble to this Agreement.

"**Warrants**" has the meaning set forth in the recitals to this Agreement.

"**WebBank Agreements**" means (i) the Stand By Purchase Agreement, dated as of July 1, 2016, by and between WebBank and the Company, (ii) the Asset Sale Agreement, dated as of July 1, 2016, by and between WebBank and Prosper Funding, (iii) the Marketing Agreement, dated as of July 1, 2016, by and between WebBank and the Company, (iv) the Asset Servicing Agreement, dated as of July 1, 2016, by and between WebBank and the Company and (v) the Amended and Restated Deposit Control Agreement, dated as of July 28, 2016 by and between WebBank, Prosper Funding and certain other parties name therein, and (vi) each other agreement between (A) the Company or its Subsidiaries, on the one hand, and (B) WebBank, on the other hand, in the case of each of clauses (i) through (vi), as amended through the date of this Agreement.

ARTICLE II
Original Issue of Warrants

SECTION 2.1. **Form of Warrant Certificates.** Each Warrant Certificate shall be substantially in the form attached hereto as Exhibit A and shall be dated the date on which such Warrant Certificate is signed by the Company and may have such legends and endorsements typed, stamped, printed, lithographed or engraved thereon as provided in Section 3.6 or as may be required to comply with any applicable law, including applicable state or federal securities laws, or with any applicable rule or regulation pursuant thereto.

SECTION 2.2. **Execution and Delivery of Warrant Certificates.**

(a) Simultaneously with the execution of this Agreement, the Company shall execute and deliver to the Warrant Holder (i) Warrant Certificate No. 1 evidencing the Warrant to purchase the Pre-Closing Purchase Credit Series F Warrant Shares and (ii) Warrant Certificate No. 2 evidencing Warrants to collectively purchase an aggregate of up to 151,032,134 shares of Series F Preferred Stock (together, the "**Total Series F Warrant Shares**").

(b) Simultaneously with the execution of this Agreement, the Company shall execute and deliver to the Warrant Holder Warrant Certificate No. 3 evidencing Warrants (the "**Additional Warrants**") to collectively purchase an aggregate of up to 16,858,078 shares of Series F Preferred Stock (the "**Additional Total Series F Warrant Shares**"). In the event that a [***] occurs during the [***], in connection with each such occurrence, an amount of Additional Warrants shall become "**Additional Available Warrants**" (effective as of the date that such [***] shall become determinable, it being understood that the Company shall notify Warrant Holder of the amount of such [***] within [***] Business Days after each such date on which such [***] shall become determinable) in an amount equal to (i) the Additional Total Series F Warrant Shares, *multiplied by* (ii) a fraction, (A) the numerator of which shall equal the excess of $[***] over the amount of loans purchased or deemed purchased by the [***] (if any) for such calendar month with respect to such [***] during the [***], and (B) the denominator of which shall equal $[***] (the aggregate amount of shares underlying the Additional Available Warrants, the "**Additional Available Total Series F Warrant Shares**"); *provided, that*, for the avoidance of doubt, in the event of any Acceleration Event or Automatic Exercise Event during the [***], any Additional Warrants for any [***] occurring during any preceding calendar month ended prior to that date of such Acceleration Event or Automatic Exercise Event (that have not otherwise earlier become Additional Available Warrants) shall be deemed Additional Available Warrants on the date immediately prior to such Acceleration Event or Automatic Exercise Event. In the event that any Acceleration Event occurs or is consummated, as applicable, during any calendar month during the [***], no Additional Warrants shall become Additional Available Warrants with respect to any [***] occurring during such applicable calendar month. For the avoidance of doubt, for

purposes of this Agreement (including this Section 2.2(b) and Section 9.4), in no event shall there be more than [***] in aggregate during the [***], and the aggregate amount of the initial principal balance of loans with respect all such [***] failures shall not exceed $[***].

(c) From time to time, the Company shall sign and deliver Warrant Certificates in required denominations to Persons entitled thereto in connection with any transfer or exchange of Warrants as provided in Section 8.1. The Warrant Certificates shall be executed on behalf of the Company by any of its duly authorized officers for the purposes thereof. In case any officer of the Company whose signature shall have been placed upon any Warrant Certificate shall cease to be such officer of the Company before issue and delivery thereof, such Warrant Certificates may, nevertheless, be issued and delivered with the same force and effect as though such Person had not ceased to be such officer of the Company.

ARTICLE III
Exercise Price; Exercise of Warrants and Expiration of Warrants

SECTION 3.1. **Exercise Price.** Each Warrant Certificate shall entitle the Holder thereof, subject to the provisions of this Agreement, to purchase, except as provided in Article IV hereof, such number of shares of Series F Preferred Stock represented thereby at an exercise price per share of Series F Preferred Stock of $0.01 (the "**Exercise Price**"), subject to all adjustments made on or prior to the date of exercise thereof as provided in this Agreement.

SECTION 3.2. **Exercise of Warrants.** Any Warrants that have become exercisable in accordance with Article IX shall be exercisable, in whole or in part, from time to time on any Business Day in the manner provided for herein. The rights of the Holders hereunder shall survive the exercise of any Warrants.

SECTION 3.3. **Expiration of Warrants.** Any unexercised Warrants (to the extent not otherwise earlier forfeited pursuant to the terms hereof) shall finally and irrevocably expire on the tenth anniversary of the date hereof (the "**Expiration Date**") and the rights of the Holders of such Warrants to purchase shares of Series F Preferred Stock shall finally and irrevocably terminate as of 5:00 p.m. Eastern Time on the Expiration Date.

SECTION 3.4. **Method of Exercise; Payment of Exercise Price.**

(a) In order to exercise a Warrant, the Holder thereof must (i) surrender the Warrant Certificate evidencing such Warrant to the Company, with the form on the reverse of or attached to the Warrant Certificate duly executed, and (ii) pay in full the Exercise Price then in effect for the shares of Series F Preferred Stock as to which a Warrant Certificate is submitted for exercise in the manner provided in Section 3.4(b).

(b) The Holder of the applicable Warrant shall, within three (3) Business Days of the exercise of a Warrant, pay the Exercise Price in full to the Company. Such payment shall be made in cash, by bank wire transfer in immediately available funds to an account designated by the Company in advance thereof.

(c) If fewer than all of the Warrants represented by a Warrant Certificate are exercised, such Warrant Certificate shall be surrendered and a new Warrant Certificate of the same tenor and representing the number of Warrants that were not exercised shall promptly be executed and delivered to the Person or Persons as may be directed in writing by the Holder (subject to the terms hereof), and the Company shall register the new Warrant in the name of such Person or Persons.

(d) Upon surrender of a Warrant Certificate in accordance with the foregoing provisions, the Company shall promptly issue the Underlying Securities, in book-entry form, to the Holder of such Warrant Certificate, and shall, upon the request of such Holder, deliver evidence of ownership to such Holder. Upon payment of the Exercise Price therefor, such Holder shall be deemed to own and have all of the rights associated with the Underlying Securities.

SECTION 3.5. **Automatic Exercise**. Subject to the last sentence of this Section 3.5, unless written notice is otherwise provided by a Holder to the Company prior to (a) the date of consummation of any acceleration of Warrants

pursuant to Section 9.7 at any time during the Term or (b) the Expiration Date, all exercisable Warrants (together, each an "**Automatic Exercise Event**") shall automatically be exercised immediately prior to the occurrence of such acceleration event or the Expiration Date (as the case may be) without any further action on the part of the Holders (other than payment of the Exercise Price pursuant to Section 3.4(b)) as if such Warrants had been exercised by the Holders pursuant to Section 3.4 hereof. The Company shall take all actions and execute and deliver all documents reasonably necessary to effect the foregoing, and the Holders shall be entitled to receive, subject to compliance with Section 3.4(b) hereof, shares of Series F Preferred Stock as if the Holders had exercised the exercisable Warrants pursuant to Section 3.4 hereof as of such time. [***]

SECTION 3.6. **Legend.** Subject to Section 10.2, each Warrant Certificate shall bear the following legend:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREROM. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER THAT SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION OTHERWISE COMPLIES WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO THE TERMS OF THAT CERTAIN WARRANT AGREEMENT OF THE ISSUER, DATED AS OF FEBRUARY 27, 2017, AND THE STOCKHOLDER DOCUMENTS (AS DEFINED IN SUCH WARRANT AGREEMENT), IN EACH CASE AS AMENDED FROM TIME TO TIME, INCLUDING RESTRICTIONS ON TRANSFERABILITY, RESALE AND LOCK UP PERIOD IN THE EVENT OF AN INITIAL PUBLIC OFFERING. COPIES OF SUCH DOCUMENTS ARE AVAILABLE UPON A REQUEST DELIVERED TO PROSPER MARKETPLACE, INC.

ARTICLE IV
Adjustments

SECTION 4.1. In order to prevent dilution of the Warrants granted hereunder, to the extent specified below, the Exercise Price and the amount of Underlying Securities shall be subject to adjustment from time to time in accordance with this Article IV (in each case, after taking into consideration any prior adjustments pursuant to this Article IV).

(a) Adjustments for Split, Subdivision or Combination of Shares. If the Company at any time while a Warrant remains outstanding and unexpired shall split or subdivide the Series F Preferred Stock into a different number of securities of the same class, the number of shares of Series F Preferred Stock issuable upon exercise of the Warrants immediately prior to such split or subdivision shall be proportionately increased. If the Company at any time while a Warrant remains outstanding and unexpired shall combine the Series F Preferred Stock into a different number of securities of the same class, the number of shares of Series F Preferred Stock issuable upon exercise of the Warrants immediately prior to such combination shall be proportionately decreased.

(b) Adjustments for Dividends in Shares or Other Securities. If while a Warrant remains outstanding and unexpired, the holders of the Series F Preferred Stock shall have become entitled to receive, without payment therefor, other or additional stock or other securities of the Company by way of dividend, then and in each case, the Warrants shall represent the right to acquire, in addition to the number of shares of Series F Preferred Stock receivable upon exercise of the Warrants, and without payment of any additional consideration therefor, the amount of such other or additional stock or other securities of the Company that such holder would hold on the date of such exercise had it been the holder of record of the Series F Preferred Stock receivable upon exercise of the Warrants on the date hereof and had thereafter, during the period from the date hereof to and including the date of such exercise, retained such stock or securities and/or all other additional stock or securities available to it as aforesaid during said period, giving effect to all adjustments called for during such period by the provisions of this Article IV.

(c) Adjustment for Reorganization. If there shall occur any reorganization, recapitalization, reclassification, consolidation, or merger involving the Company, or any sale of all or substantially all of the assets or equity securities of the Company, in which any shares of Series F Preferred Stock are converted into or exchanged for securities, cash or other property (collectively, other than a transaction covered by Section 4.1(a), a "**Reorganization**"), then, following such Reorganization, each Holder of a Warrant Certificate shall receive upon exercise of the Warrants held thereby the kind and amount of securities, cash or other property which such Holder would have been entitled to receive pursuant to such Reorganization if such exercise had taken place immediately prior to such Reorganization. In any such case, appropriate and equitable adjustment (as mutually determined by the Majority Holders and the Board) shall be made in the application of the provisions set forth herein with respect to the rights and interests thereafter of the Holders, to the end that the provisions set forth in this Article IV shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities, cash or other property thereafter deliverable upon the exercise of the Warrants.

(d) Further Adjustments. In case at any time or from time to time the Company shall take any action that disproportionately impairs the value of the Warrants as compared to the value of the Underlying Securities or any other equity security of the Company, other than an action described in this Section 4.1, then, the Series F Preferred Stock shall be adjusted in such a manner and at such time as shall be appropriate and equitable in the circumstances.

SECTION 4.2. Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Underlying Securities pursuant to Section 4.1, the Company, at its expense, shall, as promptly as reasonably practicable thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to the Holders a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property to be received upon the exercise of the Warrants) and showing in reasonable detail the facts upon which such adjustment or readjustment is based, and the Exercise Price that will then be effective (the "**Adjustment Statement**").

SECTION 4.3. Notices of Record Date, etc. In the event that:

(a) the Company shall declare any cash dividend on any of its equity securities, or

(b) the Company shall declare any dividend upon its Series F Preferred Stock payable in additional equity securities or make any special dividend or other distribution to the holders of shares of Series F Preferred Stock, or

(c) there shall be any Reorganization or other action described in Section 4.1(a), or

(d) there shall be a voluntary or involuntary dissolution, liquidation or winding up of the Company or Prosper Funding;

then, in connection with such event, the Company shall give to the Holders (unless otherwise waived by the written consent of the Majority Holders):

(i) at least [***]' prior written notice of the date on which the books of the Company shall close or a record shall be taken for such dividend, distribution or subscription rights; and

(ii) in the case of any such Reorganization, action described in Section 4.1(a), dissolution, liquidation or winding up, at least [***]' prior written notice of the date when the same shall be consummated.

Such notice in accordance with the foregoing clause (i) shall also specify, in the case of any such dividend, distribution or subscription rights, the date on which the holders of equity securities shall be entitled thereto, and such notice in accordance with the foregoing clause (ii) shall also specify the date on which the holders of equity securities shall be entitled to exchange their equity securities for securities or other property deliverable upon such reorganization, reclassification consolidation, merger, sale, dissolution, liquidation or winding up, as the case may be. Each such written notice shall be given in accordance with Section 10.3 hereof.

SECTION 4.4. No Dilution Or Impairment. The Company shall not, by amendment of its Certificate of Incorporation or Bylaws, enter into any contract to, or through reorganization, consolidation, merger, dissolution, sale or transfer of assets or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Agreement or the Warrants. Without limiting the generality of the foregoing, the Company shall take all such action as may be necessary or reasonably appropriate in order that the Company may validly and legally issue fully paid and non-assessable equity securities upon the exercise of the Warrants.

ARTICLE V
Warrant Transfer Books

SECTION 5.1. **Warrant Transfer Books.**

(a) The Company shall keep at its principal place of business a register in which the Company shall provide for the registration of Warrant Certificates and of any exchanges of Warrant Certificates as herein provided.

(b) At the option of the Holder of a Warrant Certificate, a Warrant Certificate may be transferred or exchanged at such office and upon payment of the charges hereinafter provided. Whenever any Warrant Certificate is so surrendered for exchange, the Company shall execute and deliver the Warrant Certificates that the Holder making the transfer or exchange is entitled to receive.

(c) Subject to the requirements of this Section 5.1 and Section 8.1, all Warrant Certificates issued upon any registration of transfer or exchange of Warrant Certificates shall be the valid obligations of the Company, evidencing the same obligations, and any such Holder shall be entitled to the same benefits, and subject to the same obligations, of the Warrant Holder under this Agreement, as the Warrant Certificates surrendered for such registration of transfer or exchange.

(d) Every Warrant Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form reasonably satisfactory to the Company, duly executed by the Holder thereof or his, her or its attorney duly authorized in writing.

(e) No service or similar charge shall be owed by a Holder to the Company for any registration of transfer or exchange of Warrant Certificates; provided, however, that any Taxes that may be imposed in connection with any registration of transfer or exchange of Warrant Certificates shall be paid by the applicable Holder making such transfer or exchange of Warrant Certificates (and not for the avoidance of doubt the Company).

(f) Subject to the requirements of this Section 5.1 and Section 8.1, any Warrant Certificate when duly endorsed in blank shall be deemed negotiable and when a Warrant Certificate shall have been so endorsed, the Holder thereof may be treated by the Company and all other Persons dealing therewith as the absolute owner thereof for any purpose and as the Person entitled to exercise the rights represented thereby.

ARTICLE VI
Warrant Holder

SECTION 6.1. **Right of Action.** Other than actions that specifically require the consent of the Majority Holders hereunder (which rights of action may be enforced by the Majority Holders), all rights of action in respect of this Agreement are vested in the Holders, and any Holder, without the consent of any other Holder, may, on such Holder's own behalf and for such Holder's own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company suitable to enforce, or otherwise in respect of, such Holder's right to exercise or

exchange such Holder's Warrants in the manner provided in this Agreement or any other obligation of the Company under this Agreement.

ARTICLE VII
Representations and Warranties

SECTION 7.1. **Representations and Warranties of the Company.** The Company hereby represents and warrants to the Warrant Holder (except as (1) set forth in the corresponding section of the Company Schedule of Exceptions (it being agreed that disclosure of any item in any section of the Company Schedule of Exceptions shall be deemed disclosure with respect to any other section of this Agreement to which the relevance of such item is reasonably apparent on the face of such disclosure, without independent inquiry) or (2) [***]:

(a) Existence, Power and Ownership. It is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

(b) Authorization. It has all requisite corporate power and authority to enter into this Agreement and to perform its obligations under, and to consummate the transactions contemplated by, this Agreement and has by proper requisite corporate action duly authorized the execution and delivery of this Agreement.

(c) No Conflicts. Except as set forth in Schedule 7.1(c), none of the execution or delivery of this Agreement by the Company, the consummation of the transactions contemplated herein, or the performance of or compliance with the terms and provisions hereof by the Company will: (i) violate or conflict with any provision of the Certificate of Incorporation or Bylaws of the Company or the applicable organizational documents of any of its Subsidiaries; (ii) violate any law, regulation (including Regulation G, T, U or X), order, writ, judgment, injunction, decree or permit applicable to the Company or any of its Subsidiaries; (iii) trigger, implicate or give rise to any right or obligation under any MFN Agreement; (iv) violate or conflict with any terms or provisions of, or cause an event of default or trigger, implicate or give rise to any right or obligation under, any agreement, instrument or contract to which the Company or any of its Subsidiaries is a party; or (v) result in or require the creation of any lien, security interest or other charge or encumbrance upon or with respect to its or its Subsidiaries' properties or assets; except, in the case of clauses (ii), (iv) or (v), any such conflicts, violations, breaches, defaults or other occurrences that, individually or in the aggregate, would neither (A) be reasonably likely to materially and adversely affect the Company and its Subsidiaries nor (B) prevent, materially delay or materially impede the ability of the Company to consummate the transactions contemplated herein, or perform or comply with the terms and provisions hereof).

(d) Consents. Except as set forth in Schedule 7.1(d), no consent, approval, authorization or order of, or filing, registration or qualification with, any Governmental Entity or other Person (or group of Persons) is required in connection with the execution, delivery or performance of this Agreement or the Warrants, except for such consents, approvals, authorizations or orders the failure of which to make or obtain, would neither (A) individually or in the aggregate, be reasonably likely to materially and adversely affect the Company or its Subsidiaries nor (B) prevent, materially delay or materially impede the ability of the Company to consummate the transactions contemplated herein, or perform or comply with the terms and provisions hereof.

(e) Enforceable Obligations. This Agreement has been duly executed and delivered by the Company and, assuming due authorization, execution and delivery hereof by the Warrant Holder, constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to laws of general applicability relating to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws relating to or affecting creditors' rights and to general equity principles.

(f) Capitalization. After giving effect to the transactions contemplated hereby and by the Related Transaction Agreements, the Company's issued and outstanding securities are as set forth on Schedule 7.1(f) hereto. Other than as set forth in Schedule 7.1(f), as provided in the Related Transaction Agreements or pursuant to this Agreement, the Stockholder Documents or the Loan Purchase Agreement, there are no preemptive rights or other outstanding rights, options, warrants, conversion rights or agreements or commitments of any character relating to the Company's equity securities, and the Company has not issued any debt securities, other securities, rights or obligations

that are currently outstanding and convertible into or exchangeable or exercisable for, or giving any Person a right to subscribe for or acquire, equity securities of the Company.

(g) Issuance of Shares. The shares of Series F Preferred Stock issuable in exchange for the Warrants, when issued pursuant to the exercise of the Warrants and upon delivery of the Exercise Price therefor, as adjusted pursuant to Article IV, will be duly authorized, validly issued, fully paid and non-assessable, free and clear of restrictions on transfer, other than applicable federal and state securities law or as set forth in this Agreement, the Stockholder Documents or the Loan Purchase Agreement. The shares of Common Stock issuable upon conversion of such shares of Series F Preferred Stock, when issued pursuant to the terms of such Series F Preferred Stock, will be duly authorized, validly issued, fully paid and non-assessable, free and clear of restrictions on transfer, other than applicable federal and state securities laws or as set forth in this Agreement, the Stockholder Documents or the Loan Purchase Agreement.

(h) Subsidiaries. Other than as set forth on Schedule 7.1(h) hereto, the Company does not have any Subsidiaries. Except as set forth in the immediately preceding sentence, neither the Company nor any of its Subsidiaries, directly or indirectly, owns any equity or similar interest in, or any interest convertible or exchangeable or exercisable for, at any time, any equity or similar interest in any Person. There are no outstanding preemptive rights or other outstanding rights, options, warrants, conversion rights or agreements or commitments of any character relating to the equity interests of any of the Company's Subsidiaries, and none of the Company's Subsidiaries have issued any debt securities, other securities, rights or obligations that are currently outstanding and convertible into or exchangeable for, or giving any Person a right to subscribe for or acquire, equity securities of any such Subsidiaries.

(i) No Registration Requirement. None of the Company, any of its Subsidiaries nor any of their respective Affiliates has directly, or through any agent, (i) sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any "security" (as defined in the Securities Act) that is or would be integrated with the issuance of the Warrants or any Underlying Securities in a manner that would require the registration under the Securities Act of the Warrants or any Underlying Securities or (ii) engaged in any form of general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) in connection with the offering of the Warrants or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act. Assuming the accuracy of the representations and warranties of the Holders in Section 7.2 hereof, it is not necessary in connection with the offer, sale and delivery of the Warrants or any Underlying Securities to the Warrant Holder in the manner contemplated herein to register any of the Warrants or any Underlying Securities under the Securities Act.

(j) Affiliate Interests and Transactions. Other than as set forth on Schedule 7.1(j) hereto, (i) no Related Party is a party to any contract with the Company or any of its Subsidiaries with any outstanding obligations of either such party (other than employment related Contracts or Contracts delivered to the Warrant Holder that are related to the Company's issued and outstanding securities), (ii) since [***], no Related Party has been a party to any transaction with the Company or any of its Subsidiaries (other than employment related Contracts or Contracts related to the Company's issued and outstanding securities) and (iii) no Related Party has any interest in any property or assets used by the Company or any of its Subsidiaries with a value in excess of $[***].

(k) Indebtedness. Other than as set forth on Schedule 7.1(k) hereto, neither the Company nor any Subsidiary of the Company has outstanding, or has the right to incur under any existing Contract, any Indebtedness.

(l) Financial Statements.

(i) The audited consolidated balance sheet of the Company as of December 31, 2015, and related consolidated statement of operations, statement of other comprehensive income (loss), statement of convertible preferred stock and stockholders' deficit and statement of cash flows for the year ended December 31, 2015 and the notes thereto, (A) were prepared in accordance with GAAP, (B) present fairly in all material respects the financial condition and the results of operations of the Company and its Subsidiaries as of the dates and for the periods indicated thereon and (C) were prepared in all material respects in accordance with the books of account and records of the Company and its Subsidiaries.

(ii) The audited consolidated balance sheet of Prosper Funding as of December 31, 2015, and related consolidated statement of operations, statement of member's equity and statement of cash flows for the year ended December 31, 2015 and the notes thereto, (A) were prepared in accordance with GAAP, (B) present fairly in all material respects the financial condition and the results of operations of Prosper Funding and its Subsidiaries as of the dates and for the periods indicated thereon and (C) were prepared in all material respects in accordance with the books of account and records of Prosper Funding and its Subsidiaries.

(iii) The unaudited consolidated balance sheet of the Company (the "Unaudited Company Balance Sheet") as of September 30, 2016 (the "Unaudited Balance Sheet Date"), and the related statement of operations, statement of other comprehensive income (loss) and statement of cash flows for the nine-month period ended on the Unaudited Balance Sheet Date, (A) were prepared in accordance with GAAP, (B) present fairly the financial condition and the results of operations of the Company and its Subsidiaries as of the dates and for the periods indicated thereon, subject to normal year-end adjustments, the absence of notes and any other adjustments described therein and (C) were prepared in all material respects in accordance with the books of account and records of the Company and its Subsidiaries.

(iv) The unaudited consolidated balance sheet of Prosper Funding (the "Unaudited Prosper Funding Balance Sheet") as of the Unaudited Balance Sheet Date, and the related statement of operations and statement of cash flows for the nine-month period ended on the Unaudited Balance Sheet Date, (A) were prepared in accordance with GAAP, (B) present fairly the financial condition and the results of operations of Prosper Funding and its Subsidiaries as of the dates and for the periods indicated thereon, subject to normal year-end adjustments, the absence of notes and any other adjustments described therein and (C) were prepared in all material respects in accordance with the books of account and records of Prosper Funding and its Subsidiaries.

(m) Undisclosed Liabilities. Other than as set forth on Schedule 7.1(m) hereto, since the Unaudited Balance Sheet Date, neither the Company nor any of its Subsidiaries has any material liability or obligation (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated and whether due or to become due), except for liabilities or obligations: (i) reflected or reserved for on the Unaudited Company Balance Sheet or the Unaudited Prosper Funding Balance Sheet (including amounts classified as accounts payable and accrued liabilities, or amounts classified as payable to investors or amounts classified as "Notes at Fair Value", on the Unaudited Company Balance Sheet or the Unaudited Prosper Funding Balance Sheet), (ii) incurred in the ordinary course of business consistent with past practice since the date of the Unaudited Company Balance Sheet or the Unaudited Prosper Funding Balance Sheet, as applicable, to the extent such liabilities or obligations are less than $[***] in the aggregate, (iii) payables to investors primarily representing the obligation of the Company or any of its Subsidiaries to its investors related to cash held in an account for the benefit of such investors and payments-in-process received from borrowers, (iv) employee payroll obligations that are in the ordinary course of business consistent with past practice, (v) direct mail advertising costs incurred in the ordinary course of business consistent with past practice, (vi) incurred in connection with and pursuant to the transactions contemplated by this Agreement or (vii) relating to performance obligations, under contracts in accordance with the terms and conditions thereof which are not required by GAAP to be reflected on the Unaudited Company Balance Sheet or the Unaudited Prosper Funding Balance Sheet.

(n) Material Adverse Effect. Other than any changes or effects resulting from (i) general economic or financial market conditions that do not have a disproportionate impact on the Company and its Subsidiaries, taken as a whole, relative to other businesses that operate in the industries in which the Company and its Subsidiaries operate, (ii) conditions affecting the marketplace lending industry generally or otherwise generally applicable to the industries in which the Company or any of its Subsidiaries operates that do not have a disproportionate impact on the Company and its Subsidiaries, taken as a whole, relative to other businesses that operate in the industries in which the Company and its Subsidiaries operate, (iii) the entry into or compliance with this Agreement or the consummation of the transactions contemplated hereby or by the Loan Purchase Agreement or Shareholder Agreements, (iv) any omission to act or action taken by the Warrant Holder or any of its Affiliates or by the Company with the written consent of or at the written request of the Warrant Holder or (v) any national or international political event or occurrence, including acts or war or terrorism, that do not have a disproportionate impact on the Company and its Subsidiaries, taken as a whole, relative to other businesses that operate in the industries in which the Company and its Subsidiaries operate, since the Unaudited Balance Sheet Date there has not been any material adverse change in, or effect to, the business, results of operations, properties or financial condition of the Company and its Subsidiaries.

(o) Compliance with Applicable Law.

(i) General. Except as set forth in Schedule 7.1(o)(i), the Company and each Subsidiary of the Company is in compliance, and since [***] has complied, with all applicable laws, other than any such non-compliance that individually or in the aggregate, would neither (A) be reasonably likely to materially and adversely affect the Company or its Subsidiaries nor (B) prevent, materially delay or materially impede the ability of the Company to consummate the transactions contemplated herein, or perform or comply with the terms and provisions hereof). Except as set forth in Schedule 7.1(o)(i), since [***], neither the Company nor any Subsidiary of the Company has received any written notice of violation of any applicable laws from any state or federal governmental entity.

(ii) Privacy Laws. Except as set forth in Schedule 7.1(o)(ii), the Company and each Subsidiary of the Company is in compliance, and since [***] has complied, in all material respects, with all applicable privacy laws and all applicable safeguard laws pertaining to Non-Public Personal Information, including: the Right to Financial Privacy Act (12 USC §3401 et seq.); the Financial Services Modernization Act, also known as the Gramm-Leach-Bliley Act (15 USC §6801 et seq.; implementing regulations available at 12 CFR pts. 40, 216, 332, 573 and 16 CFR pt. 313); the federal regulatory agencies' Interagency Guidelines Establishing Standards for Safeguarding Consumer Information (12 CFR pts. 30, 208, 364, 570 and 16 CFR pt. 314); the Electronic Signatures in Global and National Commerce Act (E-Sign Act) (Public Law 106-229); the Electronic Communications Privacy Act (18 USC §2701 et seq.); the Fair Credit Reporting Act (15 USC §1681 et seq.); the Family Education Rights and Privacy Act (20 USC § 1232g); the Privacy Act of 1974 (5 USC §552a); and applicable state laws.

(iii) OFAC; Anti-Money Laundering. To the Knowledge of the Company, the investment by the Warrant Holder in the Company and the transactions contemplated by this Agreement will not violate any anti-money laundering legislation, rule, or regulation or any regulation, rule, or order administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury, in each case applicable to the Company ("**OFAC**"), including Subtitle B, Chapter V of Title 31 of the U.S. Code of Federal Regulations, in each case as amended from time to time. None of the Company or any of its Subsidiaries appears on the Specially Designated Nationals and Blocked Persons List of the OFAC as of the date of this Agreement. U.S. Persons are not prohibited from transacting business with the Company or any of its Subsidiaries by Executive Order 13224, the USA PATRIOT Act, the Trading with the Enemy Act or the foreign asset control regulations of the United States Treasury Department, in each case as in effect on the date of this Agreement (collectively, the "**AML Laws**"). None of the Company or any of its Subsidiaries is controlled by any Person (i) that appears on the Specially Designated Nationals and Blocked Persons List of OFAC or (ii) with whom a U.S. Person would be prohibited from engaging in business pursuant to the AML Laws (with ownership of 20% or more of the outstanding voting securities being presumptively a control position). None of the Company's or any of its Subsidiaries' principal places of business, or the majority of their respective business operations (measured by revenue), are located in any country in which a U.S. Person is prohibited from engaging in activity pursuant to the AML Laws.

(iv) Bribery. Since [***], neither the Company nor any of its Subsidiaries nor, to the Actual Knowledge of the Company, any of their respective directors, officers, agents or employees, or, to the Actual Knowledge of the Company, any other Person associated with or acting for or on behalf of the Company or any of its Subsidiaries, has directly or indirectly made any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to any Person, private or public, regardless of form, whether in money, property, or services (A) to obtain favorable treatment in securing business, (B) to pay for favorable treatment for business secured, (C) to obtain special concessions for the benefit of the Company or any of its Subsidiaries, or for special concessions already obtained by, or benefiting, the Company or any of its Subsidiaries or (D) in violation of any anti-bribery or anti-corruption laws applicable to such Person.

(p) Permits. Schedule 7.1(p)(i) hereto sets forth a list of each Permit that is necessary for the operations of the Company and its Subsidiaries as currently conducted. Except as set forth in Schedule 7.1(p)(ii) hereto, each of the Company and its Subsidiaries holds and is in compliance in all material respects with all such

Permits and no proceeding is pending or, to the Knowledge of the Company, threatened, to revoke or limit any such Permit, except for any such failure to hold or non-compliance that individually or in the aggregate, would neither (A) be reasonably likely to materially and adversely affect the Company and its Subsidiaries nor (B) prevent, materially delay or materially impede the ability of the Company to consummate the transactions contemplated herein, or perform or comply with the terms and provisions hereof).

(q) Material Contracts. Schedule 7.1(q)(i) hereto sets forth a complete and accurate list of each Material Contract. Each Material Contract is valid, binding and enforceable against the Company or the applicable Subsidiary of the Company, and, to the Knowledge of the Company, the other parties thereto in accordance with its terms, and is enforceable in accordance with its terms (subject to laws of general applicability relating to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws relating to or affecting creditors' rights and to general equity principles). Except as set forth in Schedule 7.1(q)(ii), the Company or the applicable Subsidiary of the Company has performed all material obligations required to be performed by it to date under each Material Contract. Except as set forth in Schedule 7.1(q)(ii), neither the Company nor the applicable Subsidiary of the Company nor, to the Knowledge of the Company, any other party thereto is in material breach of or material default under any Material Contract (and no event has occurred which, with due notice or lapse of time or both, would constitute such a material breach or material default). Except as set forth in Schedule 7.1(q)(ii), there are no, and have not been any, written claims of any material breach or material default against the Company or any Subsidiary of the Company under any Material Contract. There are no, and have not been any, written claims by the Company or any Subsidiary of the Company under any Acquisition Agreement against any other party to such Acquisition Agreement.

(r) Employees. Schedule 7.1(r)(i) hereto lists, for each Key Employee, his or her current annual salary, bonus in calendar year 2015 and bonus or projected bonus, as applicable, in calendar year 2016. Except as set forth in Schedule 7.1(r)(ii), no Key Employee is (i) a party to a contract with the Company or any Subsidiary of the Company that contains a clause restricting or limiting his or her ability to compete with any Person or be employed or engaged in a line of business or in a geographic region or (ii) to the Knowledge of the Company, a party to a contract with any other Person that contains a clause restricting or limiting his or her ability to compete with any Person or be employed or engaged in a line of business or in a geographic region. No Key Employee has given notice, written or verbal, to the Company or any of its Subsidiaries of any intention to terminate his or her employment with the Company or any Subsidiary of the Company. The consummation of the transactions contemplated by this Agreement will not result in any increase in the amount of compensation or benefits or accelerate the vesting or timing of payment of any compensation or benefits payable by the Company or any Subsidiary of the Company to or in respect of any Key Employee.

(s) Litigation. Other than as set forth on Schedule 7.1(s) hereto, there are no material claims, actions, suits, proceedings, disputes or investigations pending or, to the Knowledge of the Company, threatened before any Governmental Entity involving, affecting or relating to any assets, properties or operations of the Company or its Subsidiaries or the transactions contemplated by this Agreement.

(t) Tax.

(i) Except as set forth in Schedule 7.1(t)(i), the Company and each Subsidiary of the Company has filed (or joined in the filing of) when due all material Tax Returns required by applicable law to be filed with respect to the Company and each such Subsidiary, and all such Tax Returns were true, correct and complete in all material respects as of the time of such filing.

(ii) All material Taxes relating to periods ending on or before the date hereof owed by the Company (whether or not shown on any Tax Return) or any Subsidiary of the Company, or for which the Company or any Subsidiary of the Company may be liable under Treasury Regulations § 1.1502-6 (or analogous state or foreign provisions) by virtue of having been a member of any affiliated, consolidated, combined or unitary group at any time on or prior to the date hereof, if required to have been paid, have been paid.

(iii) Any liability of the Company or any Subsidiary of the Company for material Taxes not yet due and payable, or which are being contested in good faith, for periods through the date hereof (including the portion of any tax period that begins prior to and ends after the date hereof) are adequately reserved for in the books and records of the Company and its Subsidiaries.

(iv) Except as set forth in Schedule 7.1(t)(iv), there is no action, suit, proceeding, investigation, audit or claim now pending against, or with respect to, the Company or any Subsidiary of the Company in respect of any material Tax or assessment.

(v) The Company is treated as a domestic corporation for U.S. federal income tax purposes.

(u) Brokers. Other than as set forth on Schedule 7.1(u) hereto, all negotiations relative to this Agreement and the transactions contemplated hereby have been carried on by the Company and its Subsidiaries without the intervention of any other Person acting on their behalf in such manner as to give rise to any valid claim by any such Person against the Company or any of its Subsidiaries for a finder's fee, brokerage commission or other similar payment.

(v) No Other Representations. Except for the representations and warranties expressly set forth in this Article VII and the other Transaction Documents, the Company is not making any other express or implied representation or warranty. Without limiting the foregoing, the Warrant Holder acknowledges and agrees that it is not relying on any implied warranties, or any representations other than the representations and warranties of the Company expressly set forth in this Agreement and the Transaction Documents.

SECTION 7.2. **Representations and Warranties of the Warrant Holder.** The Warrant Holder hereby represents and warrants that as of the date of this Agreement:

(a) Existence, Power and Ownership. It is a limited partnership duly organized, validly existing and in good standing under the laws of Delaware.

(b) Authorization. It has all requisite limited partnership power and authority to enter into this Agreement and to perform its obligations under, and to consummate the transactions contemplated by, this Agreement and has by proper requisite limited partnership action duly authorized the execution and delivery of this Agreement.

(c) No Conflicts. None of the execution or delivery of this Agreement by the Warrant Holder, the consummation of the transactions contemplated herein, or the performance of or compliance with the terms and provisions hereof by the Warrant Holder will: (i) violate or conflict with any provision of the organizational documents of the Warrant Holder; (ii) violate any law, regulation, order, writ, judgment, injunction, decree or permit applicable to the Warrant Holder; (iii) violate or conflict with any terms or provisions of, or cause an event of default or trigger, implicate or give rise to any right or obligation under, any agreement, instrument or contract to which the Warrant Holder is a party; or (iv) result in or require the creation of any lien, security interest or other charge or encumbrance upon or with respect to its properties or assets; except, in the case of clauses (ii), (iii) or (iv), any such conflicts, violations, breaches, defaults or other occurrences that would not prevent, materially delay or materially impede the ability of the Warrant Holder to consummate the transactions contemplated herein, or perform or comply with the terms and provisions hereof.

(d) Consents. No consent, approval, authorization or order of, or filing, registration or qualification with, any Governmental Entity or other Person (or group of Persons) is required in connection with the execution, delivery or performance of this Agreement or the Warrants, except for such consents, approvals, authorizations or orders, the failure of which to make or obtain would not prevent, materially delay or materially impede the ability of the Warrant Holder to perform or comply with its obligations hereunder.

(e) Enforceable Obligations. This Agreement has been duly executed and delivered by the Warrant Holder and, assuming due authorization, execution and delivery hereof by the Company, constitutes a legal, valid and binding obligation of the Warrant Holder, enforceable against the Warrant Holder in accordance with its terms, subject to laws of general applicability relating to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws relating to or affecting creditors' rights and to general equity principles.

(f) Investment Intent. The Warrant Holder acknowledges that (i) neither the issuance nor sale of the Warrants, nor the issuance of the Series F Preferred Stock issuable upon the exercise thereof, have been registered under the Securities Act or under any state securities laws, (ii) the Warrant Holder is acquiring the Warrants and the Series F Preferred Stock issuable upon the exercise thereof pursuant to an exemption from registration under the Securities Act for investment with no present intention to distribute any of the securities to any Person in violation of the Securities Act or any other applicable securities laws and (iii) neither the Warrants nor the Series F Preferred Stock issuable upon the exercise thereof may be sold or otherwise disposed of except in compliance with the registration requirements or exemption provisions of the Securities Act and any other applicable securities laws and the Warrant Holder further acknowledges that if an exemption from registration or qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for the Warrants or the underlying Series F Preferred Stock, and on requirements relating to the Company which are outside of the Warrant Holder's control, and which the Company may not be under an obligation and may not be able to satisfy.

(g) Accredited Investor Status. (i) The Warrant Holder is an "**accredited investor**" as such term is defined in Rule 501(a) promulgated under the Securities Act and whose knowledge and experience in financial and business matters are such that the Warrant Holder is capable of evaluating the merits and risks of its investment in the Warrants and the Series F Preferred Stock issuable upon the exercise thereof and (ii) (A) the Warrant Holder's financial situation is such that it can bear the economic risk of holding the Warrants and the Series F Preferred Stock issuable upon the exercise thereof for an indefinite period of time, and (B) the Warrant Holder can afford to suffer complete loss of its investment in the Warrants or the Series F Preferred Stock issuable upon the exercise thereof.

(h) No Other Representations. Except for the representations and warranties expressly set forth in this Article VII and the other Transaction Documents (to the extent applicable), the Warrant Holder is not making any other express or implied representation or warranty.

ARTICLE VIII
Covenants

SECTION 8.1. **Transfers.** Subject to any restrictions set forth herein (including Section 8.2 below) or in the Stockholder Documents, compliance with applicable laws, including Federal or state securities laws, and any other applicable approvals or consents of any Governmental Entity, the (a) Warrants, (b) Series F Preferred Stock issuable upon exercise of the Warrants and (c) Common Stock issuable upon conversion of the Series F Preferred Stock shall be freely transferable, and, except as otherwise set forth in this Agreement or the Stockholder Documents, neither the Company nor the Board shall have any notice, consent or approval right in connection therewith; *provided,* that (i) any such transferee of any of the preceding shall have executed and become a party to this Agreement and the Stockholder Documents (other than for avoidance of doubt the Certificate of Incorporation) and (ii) written notice of any such transfer shall be delivered by Warrant Holder and such transferee to the Company promptly.

SECTION 8.2. **Company Competitors**. Notwithstanding any other provision of this Agreement, prior to the earlier to occur of (a) a Liquidation Event or (b) any public offering of the securities of the Company, the (i) Warrants, (ii) Series F Preferred Stock issuable upon exercise of the Warrants and (iii) Common Stock issuable upon conversion of the Series F Preferred Stock shall not be transferable by any Holder to any Company Competitor.

ARTICLE IX
Exercisability

SECTION 9.1. **Immediate Exercisability**. Without duplication of any Warrants or Additional Warrants that may become exercisable pursuant to Section 9.2, Section 9.3 and Section 9.4, 9,830,494 shares of Series F Preferred Stock (the "**Pre-Closing Purchase Credit Series F Warrant Shares**") represented by Warrant Certificate No. 1 issued as of the date hereof shall be fully exercisable as of the date hereof. For the avoidance of doubt, no Loans of any kind

purchased by Purchaser, any Affiliate of Purchaser or any other third party, in each case prior to the beginning of the Term, shall be counted for purposes of the exercisability of any Warrants or Additional Warrants pursuant to Section 9.2, Section 9.3 or Section 9.4 below.

SECTION 9.2. **Monthly Exercisability**.

(a) Subject to Section 2.8 (*Effect of Purchaser's Payment of Damages*) of the Loan Purchase Agreement for all purposes relating to the exercisability of Warrants hereunder and without duplication of the Warrants issued pursuant to Section 2.2(a)(i) for the Pre-Closing Purchase Credit Series F Warrant Shares or any Additional Warrants that may become exercisable during the Additional Warrant Exercisability Period with respect to a [***] (which shall be solely governed by the exercisability terms of Section 9.4 below), an amount of Warrants will become irrevocably exercisable (on a pro rata basis in proportion to the amount of Warrants held by each Holder) on a calendar monthly basis during the Term (other than for the avoidance of doubt the Additional Warrant Exercisability Period), with a portion of the Warrants becoming irrevocably exercisable as of the last calendar day of each such calendar month during the Term (other than for the avoidance of doubt the Additional Warrant Exercisability Period) (or, if there is an applicable [***] in respect of such calendar month during the Term, at the end of such applicable [***](such date, the "**Monthly Closing Date**")), which amount shall equal the Total Term Series F Warrant Shares, *multiplied by* a fraction (which shall not exceed an amount equal to one), the numerator of which is the greater of (a) the sum of (i) the greater of (A) the initial principal amount of Eligible Loans purchased or if applicable Deemed Purchased by Purchaser in such calendar month (including any Eligible Loans purchased pursuant to [***] occurring during such calendar month in accordance with and subject to Section [***] and Section [***] of the Loan Purchase Agreement) and (B) if Prosper Funding shall have failed to present to Purchaser in such calendar month (excluding the [***] thereof) an initial principal amount of Eligible Loans equal to at least [***]% of the Monthly Purchase Amount, [***]% of the Monthly Purchase Amount for such calendar month (provided that this Section 9.2(a)(i)(B) shall only be applicable to the extent that (1) Purchaser purchased all Eligible Loans presented to it by Prosper Funding for purchase in such calendar month (the test set forth in this Section 9.2(a)(i)(B), the "**Initial [***]% Test**") and (2) the Cure [***]% Test is not also otherwise applicable) and (ii) the greater of (A) the initial principal amount of Eligible Loans purchased by Purchaser pursuant to the [***] applicable to the [***], if any, in respect of such calendar month and (B) if Prosper Funding shall have failed to present, or have failed to have Deemed to have Presented, to Purchaser in respect of such calendar month (including any [***] applicable thereto), an initial principal amount of Eligible Loans equal to or greater than the [***], the excess of the [***] over the initial principal amount of Eligible Loans presented, or Deemed Presented, to Purchaser in such calendar month (including any [***] applicable thereto) (provided that this Section 9.2(a)(ii)(B) shall only be applicable to the extent that Purchaser purchased all Eligible Loans presented to it by Prosper Funding for purchase in such calendar month and pursuant to such [***]) (the test set forth in this Section 9.2(a)(i)(B), the "**Cure [***]% Test**", and together with the Initial [***]% Test, the "**[***]% Test**") and (b) if Prosper Funding shall have failed to present, or Deemed to have Presented, to Purchaser for purchase in such calendar month (including during the [***] thereof) an initial principal amount of Eligible Loans equal to the lesser of (i) the Minimum Monthly Purchase Amount and, (ii) in the event Purchaser has not committed to purchase all of the Eligible Loans offered to it in respect of such calendar month as set forth in the Monthly Purchase Request through the delivery of a Monthly Purchase Acceptance in accordance with Section 2.1(b) of the Loan Purchase Agreement, the sum of (A) the Monthly Purchase Amount in respect of such Monthly Purchase Request and (B) the [***]t in respect of such Monthly Purchase Request, such lesser amount (provided that this Section 9.2(b) shall only be applicable to the extent that Purchaser actually purchased all such Eligible Loans presented by Prosper Funding in respect of such calendar month (without reference to any Eligible Loans purchased in any [***]) (the test set forth in this Section 9.2(b), the "**Minimum Monthly Purchase Test**")), and the denominator of which is the Loan Purchase Obligation. For the avoidance of doubt, (1) in the event of any termination of the Loan Purchase Agreement for any reason after the date hereof, no further Warrants shall become exercisable pursuant to this Section 9.2 (other than with respect to any Eligible Loans purchased, or Deemed Purchased, in accordance with the tests and calculations set forth in this Section 9.2 prior to the date of any such termination, or to the extent applicable, pursuant to Section 9.7(b) below) and (2) the tests and the calculations set forth in this Section 9.2 shall exclude in all respects the Additional Warrants, Additional Total Series F Warrant Shares and any Eligible Loans purchased, or Deemed Purchased, by Purchaser pursuant to Section 9.4.

SECTION 9.3. **End-of-Term True-Up**. Subject to Section 2.8 (*Effect of Purchaser's Payment of Damages*) of the Loan Purchase Agreement for all purposes relating to the exercisability of Warrants hereunder and without duplication of any Additional Warrants that may become exercisable during the Additional Warrant Exercisability Period with respect to a [***] (which shall be solely governed by the terms of Section 9.4 below), upon expiration of the Term (other than for the avoidance of doubt the Additional Warrant Exercisability Period, but including, for the avoidance of doubt, any [***] with respect to a period that occurs prior to the Additional Warrant Exercisability Period)) (such date, the "**End-of-Term True-Up Date**"), an additional amount of the Warrants, if any, equal to the True-Up Amount shall become irrevocably exercisable hereunder (provided that this Section 9.3 shall only be applicable upon expiration of the Term ([***]) only if and to the extent there have been at least [***] calendar monthly exercisability periods pursuant to Section 9.1 during such Term ([***]). "**True-Up Amount**" means the amount of Warrants equal to the excess of (a) the product of (i) the Total Series F Warrant Shares issued to the Warrant Holder hereunder (i.e., all of the Warrants issued pursuant to Section 2.2(a)) and (ii) a fraction (which shall not exceed an amount equal to one), (A) the numerator of which is the initial principal amount of Eligible Loans purchased or if applicable Deemed Purchased by Purchaser during the Term (other than for the avoidance of doubt the Additional Warrant Exercisability Period) (*provided*, that the numerator shall include without duplication the sum of (1) the Pre-Closing Purchase Credit Amount, (2) [***], (3) [***] and (B) the denominator of which is the aggregate initial principal amount of Eligible Loans presented, or Deemed Presented, by Prosper Funding to Purchaser for purchase during the Term (other than for the avoidance of doubt the Additional Warrant Exercisability Period) or, if there is an applicable [***], in each case following the expiration of the Term (other than for the avoidance of doubt the Additional Warrant Exercisability Period, but including, for the avoidance of doubt, [***] with respect to a period that occurs prior to the Additional Warrant Exercisability Period)), then at the end of such applicable [***] or such other period following the Term (other than for the avoidance of doubt the Additional Warrant Exercisability Period, but including, for the avoidance of doubt, any [***] with respect to a period that occurs prior to the Additional Warrant Exercisability Period)) (subject to the Maximum Monthly Purchase Amount in any month and the Loan Purchase Obligation) (*provided*, that in the event that Prosper Funding presented, or Deemed Presented, Eligible Loans to Purchaser for purchase in any calendar month during the Term (other than for the avoidance of doubt the Additional Warrant Exercisability Period) (including pursuant to [***] or any [***] applicable to such calendar month) that was below the lesser of (x) the Minimum Monthly Purchase Amount for such calendar month and, (y) in the event the Purchaser has not committed to purchase all of the Eligible Loans offered to it in respect of such calendar month as set forth in the Monthly Purchase Request through the delivery of a Monthly Purchase Acceptance in accordance with Section 2.1(b) of the Loan Purchase Agreement, the Monthly Purchase Amount in respect of such Monthly Purchase Request for such calendar month (such differential, the "**Term Monthly Minimum Shortfall Amount**"), then solely for purposes of this Section 9.3, the aggregate amount of Eligible Loans presented, or Deemed Presented, to Purchaser for purchase during the Term (other than for the avoidance of doubt the Additional Warrant Exercisability Period, but including, for the avoidance of doubt, any [***] with respect to a period that occurs prior to the Additional Warrant Exercisability Period)) (e.g., the denominator set forth in Section 9.3(a)(ii)(B)) shall be reduced by such Term Monthly Minimum Shortfall Amount)) (*provided*, *further*, the denominator set forth in Section 9.3(a)(ii)(B) shall include without duplication the Pre-Closing Purchase Credit Amount), *over* (b) the sum of (i) the number of Warrants that became exercisable pursuant to Section 9.2 hereof and (ii) the number of Pre-Closing Purchase Credit Series F Warrant Shares. For the avoidance of doubt, (x) the denominator for purposes of Section 9.3(a)(ii)(B), shall not double-count any Eligible Loans to the extent that such Eligible Loans are re-presented on a second occasion by Prosper Funding pursuant to any applicable [***] (and a corresponding amount of Eligible Loans have already been counted for purposes of the denominator in Section 9.3(a)(ii)(B)) and (y) the numerator for purposes of Section 9.3(a)(ii)(A) shall not apply either of the [***]% Test or the [***] for purposes of calculating the amount of Eligible Loans purchased by Purchaser during the Term (other than for the avoidance of doubt the Additional Warrant Exercisability Period, but including, for the avoidance of doubt, any [***] with respect to a period that occurs prior to the Additional Warrant Exercisability Period)). For purposes of Section 9.2, Section 9.3 and Section 9.4, "**present**", "**presented**" or "**presenting**" (as it relates to Eligible Loans) shall have the meaning set forth in the Loan Purchase Agreement. For the avoidance of doubt, the tests and the calculations set forth in this Section 9.3 (including the True-Up Amount) shall exclude in all respects the Additional Warrants, Additional Total Series F Warrant Shares and any Eligible Loans purchased, or Deemed Purchased, by Purchaser pursuant to Section 9.4.

SECTION 9.4. **Additional Total Series F Warrant Shares**. Subject to Section 2.8 (*Effect of Purchaser's Payment of Damages*) of the Loan Purchase Agreement for all purposes relating to the exercisability of Warrants hereunder and without duplication of any Warrants that have become exercisable pursuant to Section 9.1, Section 9.2 or Section 9.3 above, an amount of Additional Available Warrants will become irrevocably exercisable as of the last calendar day of each calendar month during the [***] month period immediately following the end of the first [***]

calendar monthly exercisability periods during the Term, disregarding any [***] and [***] (as defined in the Loan Purchase Agreement) (or, if there is an applicable [***] in respect of such [***] month period and such [***] ends at a later time, at the end of such applicable [***] (such [***]-month period, as extended for any [***], the "**Additional Warrant Exercisability Period**" and each such date as of the last calendar day of each such calendar month, as extended for any [***] with respect to such calendar month, the "**Additional Warrant Exercisability Period Closing Date**"), equal to the Additional Available Total Series F Warrant Shares, *multiplied by* a fraction (which shall not exceed an amount equal to one), the numerator of which is the greater of (a) the sum of (i) the greater of (A) the amount of Eligible Loans purchased by Purchaser, or if applicable Deemed Purchased by Purchaser, during such calendar month of the Additional Warrant Exercisability Period (including any Eligible Loans purchased pursuant to the [***] occurring during such calendar month in accordance with and subject to Section [***] and Section [***] of the Loan Purchase Agreement) and (B) if the Initial [***]% Test is applicable (and the Cure [***]% Test is not also otherwise applicable), [***]% of the Monthly Purchase Amount for such calendar month and (ii) the greater of (A) the initial principal amount of Eligible Loans purchased by Purchaser pursuant to the [***] applicable to the [***], if any, in respect of such calendar month and (B) if the Cure [***]% Test is applicable, the excess of the [***] over the initial principal amount of Eligible Loans presented, or Deemed Presented, to Purchaser in such calendar month (including any [***] applicable thereto) and (b) if the Minimum Monthly Purchase Test is applicable, the initial principal amount of Eligible Loans equal to the lesser of (i) the Minimum Monthly Purchase Amount and, (ii) in the event the Purchaser has not committed to purchase all of the Eligible Loans offered to it in respect of such calendar month as set forth in the Monthly Purchase Request through the delivery of a Monthly Purchase Acceptance in accordance with Section [***] of the Loan Purchase Agreement, the sum of (A) the Monthly Purchase Amount in respect of such Monthly Purchase Request and (B) the [***] in respect of such Monthly Purchase Request, and the denominator of which is the [***].

SECTION 9.5. **Monthly, End-of-Term True-Up and Additional Warrant Exercisability Period Closing Statements**.

(a) As promptly as practicable following each Monthly Closing Date, the End-of-Term True-up Date and each Additional Warrant Exercisability Period Closing Date, as applicable, the Company shall prepare and submit to Warrant Holder a statement setting forth, in reasonable detail, the Company's calculation of the amount of Warrants or Additional Available Warrants, as applicable, that have become exercisable for purpose of (i) such applicable calendar month pursuant to Section 9.2 (such statement, the "**Proposed Monthly Closing Statement**" and such amount of Warrants, the "**Monthly Exercisable Warrants**"), (ii) the end-of-Term pursuant to Section 9.3 (such statement, the "**Proposed End-of-Term Closing Statement**" and such amount of Warrants, the "**End-of-Term True-Up Exercisable Warrants**") and (iii) such applicable calendar month during the Additional Warrant Exercisability Period pursuant to Section 9.4 (such statement, the "**Proposed Additional Warrant Exercisability Closing Statement**" and such amount of Additional Available Warrants, the "**Additional Exercisable Warrants**").

(b) Within [***] calendar days after the Proposed Monthly Closing Statement, Proposed End-of-Term Closing Statement or Proposed Additional Warrant Exercisability Closing Statement, as applicable, is delivered to Warrant Holder pursuant to Section 9.5(a), Warrant Holder may deliver to the Company either (i) a written acknowledgement accepting the Company's calculation of the amount of Monthly Exercisable Warrants, End-of-Term True-Up Exercisable Warrants or Additional Exercisable Warrants as set forth in the Proposed Monthly Closing Statement, the Proposed End-of-Term Closing Statement or Proposed Additional Warrant Exercisability Closing Statement, as applicable, or (ii) a written description setting forth in reasonable detail (to the extent then known to, and based upon the information then possessed by, Warrant Holder) the reasons for such rejection, including, if calculable at such time, the Warrant Holder's calculation of the amount of Monthly Exercisable Warrants, End-of-Term True-Up Exercisable Warrants or Additional Exercisable Warrants (each, an "**Exercisability Adjustment Report**"), as applicable. A failure by Warrant Holder to deliver an Exercisability Adjustment Report within the required [***] day period shall constitute Warrant Holder's acceptance of the Company's calculation of the amount of Monthly Exercisable Warrants, End-of-Term True-Up Exercisable Warrants or Additional Exercisable Warrants as set forth in the Proposed Monthly Closing Statement, Proposed End-of-Term Closing Statement or Proposed Additional Warrant Exercisability Closing Statement, as applicable. During such [***] day period, Warrant Holder shall have the right to request, and receive with reasonable promptness, copies of the loan records and work papers used or generated by the Company in connection with the preparation of the Proposed Monthly Closing Statement, Proposed End-of-Term Closing Statement or Proposed Additional Warrant Exercisability Closing Statement, as applicable.

(c) During a period of [***] days following the receipt by the Company of the Exercisability Adjustment Report, (i) the Company shall have the right to request copies of the work papers generated by Warrant Holder in connection with the preparation of the Exercisability Adjustment Report to the extent not subject to attorney-client privilege and (ii) Warrant Holder and the Company shall negotiate in good faith to resolve any difference they may have with respect to the matters raised in the Exercisability Adjustment Report.

SECTION 9.6. **Forfeiture.** At the end of the Term, after taking into account the Warrants that may become irrevocably exercisable pursuant to Section 9.3 or Section 9.4, any Warrants or Additional Warrants (or respective portion thereof) that have not become exercisable in full shall be finally and irrevocably forfeited. For the avoidance of doubt, any Additional Warrants that have not become Additional Available Warrants on or before the end of the Term shall be finally and irrevocably forfeited pursuant to this Section 9.6.

SECTION 9.7. **Acceleration Upon Certain Events.**

(a) Upon a Liquidation Event at any time prior to the end of the Term, all Warrants (other than Additional Warrants that are not Additional Available Warrants), whether exercisable or unexercisable, shall, immediately prior to such Liquidation Event, become fully exercisable without any further action on the part of any Holder; *provided that*, for the avoidance of doubt, in the event of any termination of the Loan Purchase Agreement for any reason other than an LPA Warrant Acceleration Event (each, a "**Non-Acceleration LPA Termination Event**"), then any Liquidation Event occurring subsequent to such Non-Acceleration LPA Termination Event (but prior to the end of the Term) shall not cause any Warrants or Additional Warrants to accelerate and become fully exercisable in accordance with the foregoing.

(b) Upon an LPA Warrant Acceleration Event or a [***] at any time prior to the end of the Term, all Warrants (other than Additional Warrants that are not Additional Available Warrants), whether exercisable or unexercisable, shall immediately become fully exercisable without any further action on the part of any Holder; *provided that*, for the avoidance of doubt, in the event of any termination of the Loan Purchase Agreement for any reason other than an LPA Warrant Acceleration Event or the Servicing Agreement (as defined in the Loan Purchase Agreement) for any reason other than [***], then any LPA Warrant Acceleration Event or [***] occurring subsequent to such Non-Acceleration LPA Termination Event shall not cause any Warrants or Additional Available Warrants to accelerate and become fully exercisable in accordance with the foregoing.

ARTICLE X
Miscellaneous

SECTION 10.1. **Tax Matters.**

(a) The Company shall pay all transfer, stamp and other similar taxes that may be imposed in respect of the issuance or delivery of the Warrants or in respect of the issuance or delivery by the Company of any Series F Preferred Stock upon exercise of the Warrants or the issuance or delivery by the Company of any Common Stock upon conversion of the Series F Preferred Stock.

(b) The Company shall not cause or permit its classification as a domestic corporation for U.S. federal income tax purposes to change without the prior written consent of Warrant Holder (and, if [***] or any other entity in which [***] owns a direct or indirect interest holds Warrants or Underlying Securities directly, the prior written consent of [***]).

(c) [***]

(d) [***]

SECTION 10.2. **Removal of Legends.** In the event (a) the Warrants or Underlying Securities are registered under the Securities Act or (b) the Company is presented with an opinion of counsel reasonably satisfactory to the Company that transfers of Warrants or Underlying Securities do not require registration under the Securities Act or any

other applicable federal or state securities laws, the Company shall direct its transfer agent, and the transfer agent shall, upon surrender by a Holder of its certificates evidencing such Warrants or Underlying Securities to the transfer agent, exchange such certificates for certificates without the first paragraph of the legend referred to in Section 3.6.

SECTION 10.3. **Notices.** Any notices or other communications hereunder shall be in writing and shall be deemed given if delivered personally or by a nationally recognized overnight courier service, such as Federal Express, or mailed by registered or certified mail (return receipt requested and first-class postage prepaid) or sent via e-mail to the parties hereto at the following address (or at such other address for a party as shall be specified by like notice, provided that a notice of change in address shall not be deemed to have been given until received by the addressee):

If to the Company: Prosper Marketplace, Inc.
221 Main Street #300
San Francisco, CA 94105
Attn: General Counsel
Telephone No.: [***]
Email: [***]

With a copy to: Orrick, Herrington & Sutcliffe LLP
405 Howard Street
(which shall not San Francisco, CA 94105
constitute notice Attn: [***]
to the Company) Telephone No.: [***]
Email: [***]

If to the Holders: c/o [***]
[***]
Attention: [***]
E-mail: [***]

and to such additional addresses as provided by any Holder

With a copy to: Willkie Farr & Gallagher LLP
787 Seventh Avenue
(which shall not New York, NY 10019
constitute notice Attn: [***]
to any Holder) Telephone No.: [***]
Email: [***]

or such other address as shall have been furnished to the party giving or making such notice, demand or delivery.

SECTION 10.4. **Applicable Law; Jurisdiction.**

(a) Applicable Law. The validity of this Agreement and the construction, interpretation, and enforcement hereof, and the rights of the parties hereto with respect to all matters arising hereunder or related hereto shall be determined under, governed by, and construed in accordance with the internal laws of the State of New York (excluding and without regard for the conflicts of laws principles thereof).

(b) Jurisdiction. The Company and each Holder hereby expressly and irrevocably submits to the exclusive jurisdiction of the United States District Court for the Southern District of New York and the jurisdiction of any other competent court of the State, City and County of New York, and with respect to each, any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or for recognition or enforcement of any judgment, and each party hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding shall be heard and determined in such New York state court or, to the extent permitted by law, in such Federal court. The Company and each Holder waives, to the extent not prohibited by applicable law, any right it may have to assert the doctrine of forum non *conveniens* or to object to venue to the extent any proceeding is brought in accordance with this Section 10.4(b). The Company and each Holder agrees that process in any proceeding referred to in this Section 10.4(b) may be served on any party hereto anywhere in the world by notice given in accordance with Section 10.3.

SECTION 10.5. **Persons Benefiting.** This Agreement shall be binding upon and inure to the benefit of the Company and the Warrant Holder, and their successors, permitted assigns, beneficiaries, executors and administrators, and the Holders from time to time. Except as otherwise expressly provided herein, nothing in this Agreement is intended or shall be construed to confer upon any Person, other than the Company and the Holders, any right, remedy or claim under or by reason of this Agreement or any part hereof.

SECTION 10.6. **Counterparts.** This Agreement may be executed in any number of counterparts, including by means of electronic mail transmission, each of which shall be deemed an original, but all of which together constitute one and the same instrument.

SECTION 10.7. **Amendments.** Neither this Agreement nor any provisions hereof shall be waived, modified, changed, discharged or terminated other than in a writing signed by the Company and the Majority Holders.

SECTION 10.8. **Headings.** The headings of the several Articles and Sections of this Agreement are inserted for convenience and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 10.9. **Entire Agreement.** This Agreement and the other Transaction Documents constitute the entire agreement among the Persons party hereto and thereto with respect to the subject matter hereof, and supersede all prior agreements and understandings, both written and oral, among such Persons with respect to the subject matter hereof. Each party hereby agrees that the Holders shall be express third-party beneficiaries of this Agreement and shall have the right to enforce the rights of the Warrant Holder under this Agreement and any other right ascribed to a Holder under this Agreement, including, without limitation, the right to seek remedies against the Company for a breach by the Company of any of its covenants or representations or warranties hereunder. Except as otherwise expressly provided in the immediately preceding sentence, nothing expressed or referred to in this Agreement shall be construed to give any Person other than the parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement. In the event of any conflict, discrepancy or ambiguity between the terms and conditions contained in this Agreement and any schedules or attachments hereto, the terms and conditions contained in this Agreement shall take precedence.

SECTION 10.10. **Severability.** The provisions of this Agreement and the Warrants are severable, and if any clause or provision shall be held invalid, illegal or unenforceable in whole or in part, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, and shall not in any manner affect any other clause or provision of this Agreement or the Warrants.

SECTION 10.11. **Survival of Warranties.** The representations and warranties of the Company and the Warrant Holder contained in or made pursuant to this Agreement and the Warrants shall survive the execution and delivery of this Agreement until the expiration of the Term.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, as of the day and year first above written.

PF WARRANTCO HOLDINGS, LP
By: [___], its General Partner

By: ____
Name:
Title:

PROSPER MARKETPLACE, INC.

By: ____
Name:
Title:

[NRZ]

By: ____
Name:
Title:

EXHIBIT A

FORM OF FACE OF WARRANT CERTIFICATE

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREROM. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER THAT SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION OTHERWISE COMPLIES WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO THE TERMS OF THAT CERTAIN WARRANT AGREEMENT OF THE ISSUER, DATED AS OF [FEBRUARY __], 2017, AND THE STOCKHOLDER DOCUMENTS (AS DEFINED IN SUCH WARRANT AGREEMENT), IN EACH CASE AS AMENDED FROM TIME TO TIME, INCLUDING RESTRICTIONS ON TRANSFERABILITY, RESALE AND LOCK UP PERIOD IN THE EVENT OF AN INITIAL PUBLIC OFFERING. COPIES OF SUCH DOCUMENTS ARE AVAILABLE UPON A REQUEST DELIVERED TO PROSPER MARKETPLACE, INC.

WARRANT TO PURCHASE SHARES OF SERIES F PREFERRED STOCK OF PROSPER MARKETPLACE, INC.

No.   Certificate for   Warrants

This certifies that **[INSERT NAME OF HOLDER]**, or registered assigns, is the registered holder of the number of Warrants, set forth above. Each Warrant entitles the holder thereof (a "**Holder**"), subject to the provisions contained herein and in the Warrant Agreement (as defined below), to purchase from Prosper Marketplace, Inc., a Delaware corporation (the "**Company**"), one share of Series F Convertible Preferred Stock, par value $0.01 per share, of the Company ("**Series F Preferred Stock**"), subject to adjustment as provided herein and in the Warrant Agreement, at the exercise price of **$0.01** per share of Series F Preferred Stock (the "**Exercise Price**"), subject to adjustment as provided herein and in the Warrant Agreement.

This Warrant Certificate is issued under and in accordance with the Warrant Agreement, dated as of February 27, 2017 (as amended from time to time, the "**Warrant Agreement**"), by and between the Company and the "Warrant Holder" identified therein, and is subject to the terms and provisions contained in the Warrant Agreement, including with respect to exercisability, to all of which terms and provisions the Holder of this Warrant Certificate consents by acceptance hereof. The Warrant Agreement is hereby incorporated herein by reference and made a part hereof. Reference is hereby made to the Warrant Agreement for a full statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Company and the Holders of the Warrants. Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Warrant Agreement.

As provided in the Warrant Agreement and subject to the terms and conditions set forth therein, any Warrants that have become exercisable in accordance with Article IX of the Warrant Agreement shall be exercisable, in whole or in part, from time to time on any Business Day. The rights of the Holders under the Warrant Agreement shall survive the exercise of the Warrants.

The Exercise Price and the number of shares of Series F Preferred Stock issuable upon the exercise of each Warrant are subject to adjustment as provided in the Warrant Agreement.

All shares of Series F Preferred Stock issuable by the Company upon the exercise of the Warrants shall, upon such issue, be duly and validly issued and fully paid and non-assessable.

In order to exercise a Warrant the Holder hereof must surrender this Warrant Certificate at the principal place of business of the Company, with the Exercise Subscription Form on the reverse hereof duly executed by the Holder hereof, with signature guaranteed as therein specified, together within at least three (3) Business Days of the exercise of any of the Warrants represented by this Warrant Certificate required payment in full of the Exercise Price then in effect for the Underlying Securities as to which the Warrant(s) represented by this Warrant Certificate is (are) submitted for exercise, all subject to the terms and conditions hereof and of the Warrant Agreement. Any such payment of the Exercise Price shall be by bank wire transfer in immediately available funds to an account designated by the Company in advance thereof. Upon the receipt of the Exercise Subscription Form, the Company shall, at its own expense, use its best efforts to seek the approval of any Governmental Entity to the extent the issuance of equity securities under the Warrant(s) being exercised require(s) the consent of the any Governmental Entity, and shall notify the Holder exercising such Warrant(s) of the approval of such Governmental Entity of such exercise.

The Company shall pay all transfer, stamp and other similar taxes that may be imposed in respect of the issuance or delivery of the Warrants or in respect of the issuance or delivery by the Company of any securities upon exercise of the Warrants.

No service or similar charge shall be owed by a Holder to the Company for any registration of transfer or exchange of Warrant Certificates; provided, however, that any Taxes, including all transfer, stamp and other similar taxes, that may be imposed in connection with any registration of transfer or exchange of Warrant Certificates shall be paid by the applicable Holder making such transfer or exchange of Warrant Certificates (and not for the avoidance of doubt the Company).

Each taker and Holder of this Warrant Certificate by taking or holding the same, consents and agrees that this Warrant Certificate when duly endorsed in blank shall be deemed negotiable and that when this Warrant Certificate shall have been so endorsed, the Holder hereof may be treated by the Company and all other Persons dealing with this Warrant Certificate as the absolute owner hereof for any purpose and as the Person entitled to exercise the rights represented hereby.

The validity of this Warrant Certificate and the construction, interpretation, and enforcement hereof, and the rights of the parties hereto with respect to all matters arising hereunder or related hereto shall be determined under, governed by, and construed in accordance with the internal laws of the State of New York (excluding and without regard for the conflicts of laws principles thereof).

The Company and each Holder hereby expressly and irrevocably submits to the exclusive jurisdiction of the United States District Court for the Southern District of New York and the jurisdiction of any other competent court of the State, City and County of New York, and with respect to each, any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or for recognition or enforcement of any judgment, and each party hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding shall be heard and determined in such New York state court or, to the extent permitted by law, in such Federal court. The Company and each Holder waives, to the extent permitted under applicable law, any right it may have to assert the doctrine of forum non *conveniens* or to object to venue to the extent any proceedings is brought in accordance with this paragraph. The Company and each Holder agrees that process in any proceeding referred to in this paragraph may be served on any party hereto anywhere in the world by notice given in accordance with Section 10.3 of the Warrant Agreement.

This Warrant Certificate and the Warrant Agreement are subject to amendment as provided in the Warrant Agreement.

Copies of the Warrant Agreement are on file at the principal place of business of the Company and may be obtained by writing to the Company at the following address:

____

____
Attn: ______________

Facsimile No.: ______________
Phone: ______________
Email: _______________

Dated: [_____]

PROSPER MARKETPLACE, INC.

By: ____
Name:
Title:

FORM OF REVERSE OF WARRANT CERTIFICATE

EXERCISE SUBSCRIPTION FORM

(To be executed only upon exercise of Warrant)

To: Prosper Marketplace, Inc. (the "Company")

The undersigned irrevocably exercises [________] of the Warrants for the purchase of one (subject to adjustment in accordance with the Warrant Agreement) share of Series F Convertible Preferred Stock, par value $0.01 of the Company, for each Warrant hereby exercised represented by the Warrant Certificate.

Within three (3) Business Days, the undersigned will make payment of $ __________ (such payment being by bank wire transfer in immediately available funds), all at the Exercise Price and on the terms and conditions specified in the Warrant Certificate and the Warrant Agreement therein referred to.

The undersigned irrevocably surrenders this Warrant Certificate and all right, title and interest therein to the Company and directs that the Series F Preferred Stock deliverable upon the exercise of such Warrants be registered in the name and address specified below.

Date:

____

(Signature of Owner)(1)

____

(Street Address)

____

(City) (State) (Zip Code)

Signature Guaranteed by:

Securities to be issued to:

Please insert social security or identifying number:

Name:

Street Address:

City, State and Zip Code:

---

(1) The signature must correspond with the name as written upon the face of the within Warrant Certificate in every particular, without alteration or any change whatsoever, and must be guaranteed by a financial institution.

ANNEX A

Knowledge

[***]

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

ANNEX B

Company Competitors

[***]

ANNEX C

LPA Warrant Acceleration Event

In the event that the Loan Purchase Agreement is terminated as a result of any of the below events, each of which would constitute a "Termination Event" (as defined in the Loan Purchase Agreement), such event shall constitute an "LPA Warrant Acceleration Event" for purposes of Section 9.7(b) of the Agreement. Capitalized terms not otherwise defined shall have the respective meanings set forth in the Loan Purchase Agreement.

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
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1. Subject to Article 7 of the Loan Purchase Agreement. a breach of a representation or warranty included in Section 4.2 of the Loan Purchase Agreement has occurred as of the applicable Purchase Date and Seller has failed to repurchase the applicable Loan or Loans in each case within [***] of a written demand for repurchase from [***] being received by Seller, which demand shall specify in reasonable detail the basis for such repurchase; *provided that* in the event of a [***], any such proposed failure shall not constitute a Termination Event under the Loan Purchase Agreement, or an LPA Warrant Acceleration Event for purposes of Section 9.7 of the Agreement, until any such dispute in connection with the repurchase obligation is first resolved [***].

2. (a) Seller shall fail to perform or observe any obligation, covenant or agreement contained in the Loan Purchase Agreement (other than those covenants set forth below under Section [***]) and Section [***] of the Loan Purchase Agreement) that (i) materially adversely affects, or would reasonably be expected to adversely affect, Seller's ability to fulfill its obligations in accordance with the Loan Purchase Agreement or (ii) adversely affects, or would reasonably be expected to adversely affect, the collectability, enforceability or validity of [***] and (b) such failure, if capable of being cured, is not cured within [***] days of the earlier of the date on which (1) written notice of such failure is received by Seller or (2) Seller has Actual Knowledge that such failure affects a Loan purchased by Purchaser under the Loan Purchase Agreement.

3. The Termination Event set forth in Section 8.1(c)(iii) of the Loan Purchase Agreement.

4. The Termination Event set forth in Section 8.1(c)(v) of the Loan Purchase Agreement.

5. The Termination Event set forth in Section 8.1(c)(vi) of the Loan Purchase Agreement.

6. (a) Any representation or warranty of Seller contained in the Loan Purchase Agreement (other than representations the breach of which requires a repurchase of a Loan thereunder) was false or misleading when made and such misstatement (i) materially adversely affects, or would reasonably be expected to material adversely affect, Seller's ability to perform its obligations in accordance with the Loan Purchase Agreement or (ii) adversely affects, or would reasonably be expected to adversely affect, the collectability, enforceability or validity of [***] and (b) such misstatement, if capable of being cured, is not cured within [***] days of the earlier of the date on which (1) written notice of such misstatement is received by Seller or (2) Seller has Actual Knowledge that such misstatement affects a Loan purchased by Purchaser under the Loan Purchase Agreement. For the avoidance of doubt, any repurchase by Seller of any Loans with respect to which there is, or was, a breach of any representation or warranty included in Section 4.2 of the Loan Purchase Agreement shall be deemed to cure any such misstatement for purposes of the foregoing.

7. (a) Seller (i) [***] or (ii) becomes subject to any regulatory action that is reasonably likely to restrict or prohibit Seller from acquiring or originating new Eligible Loans or performing its obligations under the Loan Purchase Agreement that, in the case of both (i) and (ii) above, (A) materially adversely affects, or would reasonably be expected to materially adversely affect, Seller's ability to perform its obligations in accordance with the Loan Purchase Agreement or (B) adversely affects, or would reasonably be expected to adversely affect, the collectability, enforceability or validity [***] and (b) such occurrence, if capable of being cured, is not cured within [***] days of the earlier of the date on which (1) written notice of such occurrence is received by Seller or (2) Seller has Actual Knowledge that such occurrence affects a Loan purchased by Purchaser under the Loan Purchase Agreement.

8. The Termination Event set forth in Section 8.1(c)(xi) of the Loan Purchase Agreement.

9. The occurrence of a [***], which shall mean that as of the end of any Due Period (as defined in the Loan Purchase Agreement), the [***] (as defined in the [***]) exceeds (x) during the period from the Closing Date of the Loan Purchase Agreement through January 31, 2018, [***]% or (y) thereafter, [***]%.

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
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ANNEX D

Related Parties

1. [***]

ANNEX E

[***]

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
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SCHEDULE OF EXCEPTIONS

Capitalized terms used but not defined in this Schedule of Exceptions shall have the respective meanings ascribed to such terms in the Warrant Agreement (the "**Agreement**"), dated as of February 27, 2017, by and between Prosper Marketplace, Inc., a Delaware corporation (the "**Company**"), and PF WarrantCo Holdings, LP, a Delaware limited partnership (the "**Warrant Holder**").

This Schedule of Exceptions is qualified in its entirety by reference to the Agreement. Any information disclosed in this Schedule of Exceptions, or any references to dollar amounts, shall not be deemed to be an acknowledgment or representation that such items are material, to establish any standard of materiality or to define further the meaning of such terms for purposes of the Agreement.

This Schedule of Exceptions has been arranged, for purposes of convenience, as separately titled Schedules corresponding to certain sections of the Agreement; however, any information disclosed in any Schedule will constitute a disclosure for purposes of every other section of this Schedule of Exceptions notwithstanding the lack of specific cross-reference thereto to the extent the relevance of such disclosure or response to such other Schedule is reasonably apparent on the face of such information that such information is applicable to such other Schedule or subsection, in each case without independent inquiry. In no event shall the inclusion of any matter in this Schedule of Exceptions be deemed or interpreted to broaden the representations, warranties, covenants or agreements of the Company contained in the Agreement. Except as required to be set forth in this Schedule of Exceptions pursuant to the terms of the Agreement, no item set forth herein shall constitute, or be deemed to constitute, an admission or indication by the Company that such item meets any or all of the criteria set forth in the Agreement for inclusion (including as an exception to any representation or warranty) in this Schedule of Exceptions. The information contained in this Schedule of Exceptions is disclosed solely for the purposes of the Agreement, and no information contained herein shall be deemed to be an admission by the Company to any third party of any matter whatsoever, including of any violation of law or breach of any agreement. No reference in this Schedule of Exceptions relating to any possible breach, non-compliance with or violation of any agreement, law or regulation shall be construed as an admission or indication that any such breach or violation exists or has actually occurred. Nothing in this Schedule of Exceptions shall constitute an admission of any liability or obligation of the Company or any other party to any third party or shall confer or give to any third party any remedy, claim, liability, reimbursement, cause of action or other right.

This Schedule of Exceptions includes brief descriptions or summaries of certain agreements, copies of which have been made available in the Company's electronic data room prepared for purposes of the transactions contemplated by the Transaction Documents or otherwise upon reasonable request made on or prior to the date hereof. Such descriptions do not purport to be comprehensive, and are qualified in their entirety by reference to the text of the agreements described.

* * * *

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[***] indicates that text has been omitted which is the subject of a confidential treatment request.
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<u>Schedule 7.1(c) No Conflicts</u>

<u>(ii)</u>

1. *See* Schedule 7.1(d), Item 2.

2. Pursuant to Section 2(a)(i) of the Amended and Restated Voting Agreement dated February 27, 2017 amongst the Company and the persons listed on Exhibit A and Exhibit B thereto, an Affiliate of the Warrant Holder shall have the right to appoint one (1) member to the Board upon consummation of the Transaction (the "**<u>Consortium Director</u>**"). Set forth below are applicable state regulatory notice requirements in connection with any such appointment of the Consortium Director.

[***][Two pages redacted]

CONFIDENTIAL TREATMENT
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Schedule 7.1(d) Consents.

1. In connection with the transactions contemplated by the Transaction Documents (the "**Transaction**"), the Company is required to file a Form 8-K under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), within four (4) business days of the date of the consummation of the Transaction. In addition, pursuant to Section 2(a)(i) of the Amended and Restated Voting Agreement dated November 1, 2016 amongst the Company and the persons listed on Exhibit A and Exhibit B thereto, the Company is required to file a Form 8-K under the Exchange Act within four (4) business days of an Affiliate of the Warrant Holder appointing one (1) member to the Board upon consummation of the Transaction (the "**Consortium Director**").

2. [***]

The Company may file a Form D (Notice of Exempt Offering of Securities) with respect to the issuance of the Warrants to the Warrant Holder pursuant to certain potentially available exemptions from registration of such securities under the Securities Act.

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Schedule 7.1(f) Capitalization.

(i) Attached as Exhibit 1 to this Schedule 7.1(f)(i) is the Company's issued and outstanding securities after giving effect to the issuance of the Warrants under the Agreement.

(ii)

1. The following are outstanding equity commitments made under offer letters to employees of the Company or its Subsidiaries or in connection with an employee's promotion. These options have not yet been approved by the Compensation Committee of the Board. All of the below options are subject to the Terms and Conditions of the Company's 2015 Equity Incentive Plan (the "**Plan**"), including the standard form option agreement for US employees.

Last Name	First Name	Job Title	Stock Options*	Vesting Start Date	Vesting Schedule	Reason

[***][Six pages redacted]

2. The following are outstanding equity commitments made under offer letters. These Restricted Stock Unit ("**RSU**") Awards have not yet been approved by the Compensation Committee of the Board. All of the below RSU Awards are subject to the Terms and Conditions of the Plan, including the standard form of RSU grant notice and RSU agreement for U.S. Employees.

Last Name	First Name	Job Title	RSUs	Vesting Start Date	Vesting Schedule

[***]

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Schedule 7.1(h) Subsidiaries

1. Prosper Funding – Subsidiary of the Company

2. Prosper Asset Holdings LLC – Subsidiary of Prosper Funding

3. Prosper Capital Management LLC – Subsidiary of the Company

4. Prosper Healthcare Lending LLC – Subsidiary of the Company

5. BillGuard, Inc. – Subsidiary of the Company

6. BillGuard Technologies Limited – Subsidiary of BillGuard, Inc.

7. Prosper Capital Consumer Credit Fund LP

CONFIDENTIAL TREATMENT
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Schedule 7.1(j) Affiliate Interests and Transactions.

1. Prosper Marketplace, Inc. Series A Preferred Stock Purchase Agreement, dated January 14, 2013.
2. Management Rights Agreement by and between the Company and SC US GF V Holdings, Ltd., dated January 15, 2013.
3. Prosper Marketplace, Inc. Series B Preferred Stock Purchase Agreement, dated September 23, 2013.
4. Prosper Marketplace, Inc. Series C Preferred Stock Purchase Agreement, dated May 1, 2014.
5. Prosper Marketplace, Inc. Series D Preferred Stock Purchase Agreement, dated April 7, 2015.
6. Prosper Marketplace, Inc. Amended and Restated Investors' Rights Agreement, dated April 7, 2015.
7. Prosper Marketplace, Inc. Amended and Restated Voting Agreement, dated April 7, 2015.
8. Prosper Marketplace, Inc. Amended and Restated Right of First Refusal and Co-Sale Agreement, dated April 7, 2015.
9. [***]
10. Indemnification Agreement between the Company and Aaron Vermut, dated as of May 31, 2013.
11. Indemnification Agreement between the Company and Stephan Vermut, dated as of January 22, 2013.
12. Indemnification Agreement between the Company and Christopher M. Bishko, dated as of May 14, 2013.
13. Indemnification Agreement between the Company and Rajeev V. Date, dated as of July 18, 2013.
14. Indemnification Agreement between the Company and Patrick W. Grady, dated as of January 15, 2013.
15. Indemnification Agreement between the Company and David R. Golob, dated as of May 15, 2014.
16. Indemnification Agreement between the Company and Nigel W. Morris, dated as of June 9, 2014.
17. Indemnification Agreement between the Company and Ronald Suber, dated as of January 22, 2013.
18. Indemnification Agreement between the Company and Sachin D. Adarkar, dated as of March 1, 2010.
19. Indemnification Agreement between the Company and David Kimball, dated as of March 18, 2016.

20. Indemnification Agreement between the Company and Kunal Kaul, dated as of February 12, 2016 and effective as of December 28, 2015.

21. Amended and Restated Services and Indemnity Agreement among the Company, Prosper Funding, David V. DeAngelis, Bernard J. Angelo and Global Securitization Services, LLC, dated as of May 30, 2013.

22. Stock Option Agreements and/or Restricted Stock Unit Award Agreements by and between the Company and members of the Board and the Company's officers.

23. Certain Related Parties have registered as retail investors on the Company's website, and have entered into agreements with the Company (including Investor Registration Agreements) in connection with that registration. Any borrower payment dependent notes issued by the Company or any its Subsidiaries and purchased by such Related Parties were obtained on arms-length terms on the same terms and conditions as those obtained by other retail investors.

24. Certain Related Parties have registered as borrowers on the Company's website, and have entered into agreements with the Company (including Borrower Registration Agreements) on arms-length terms in connection with that registration.

25. [***]

26. [***]

27. [***]

28. [***]

29. Series A Preferred Stock Transfer Agreement among Target Chrome Ltd., Ronald Suber, Aaron Vermut, Merlin Acorn L.P. and the Company, dated April 30, 2015.

30. Series A Preferred Stock Transfer Agreement among Target Titan Ltd., Ronald Suber, Aaron Vermut, Merlin Acorn L.P. and the Company, dated April 30, 2015.

31. Series A Preferred Stock Transfer Agreement among Target Ventures Partners FC Ltd., Ronald Suber, Aaron Vermut, Merlin Acorn L.P., and the Company, dated April 30, 2015.

32. Series A Preferred Stock Transfer Agreement among Bindley Capital Investors, LLC, Ronald Suber, Aaron Vermut, Merlin Acorn L.P., and the Company, dated May 13, 2015.

33. Series A Preferred Stock Transfer Agreement among Thomas J. Salentine, Ronald Suber, Aaron Vermut, Merlin Acorn L.P., and the Company, dated May 13, 2015.

34. Series A Preferred Stock Transfer Agreement among Kingfisher Equity Partners, LP, Ronald Suber, Aaron Vermut, Merlin Acorn L.P., and the Company, dated May 15, 2015.

35. Stock Repurchase Agreement by and between the Company and Sachin Adarkar, dated June 12, 2015.

36. Stock Repurchase Agreement by and between the Company and Bradley Pennington, dated June 12, 2015.

37. Stock Repurchase Agreement by and between the Company and RSIP 2014 Gift Trust, dated June 12, 2015.

38. Stock Repurchase Agreement by and between the Company and Stephan P. Vermut and Barbara T. Vermut 2002 Trust, dated June 12, 2015.

39. Stock Repurchase Agreement by and between the Company and Stephan P. Vermut and Barbara T. Vermut 2002 Trust, dated June 12, 2015.

40. Stock Repurchase Agreement by and between the Company and Aaron Vermut, dated June 12, 2015.

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Schedule 7.1(k) Indebtedness.

1. Dependent Notes Indenture dated January 22, 2013, by and between Prosper Funding and Wells Fargo Bank, National Association; First Supplemental Indenture dated May 10, 2013, by and between Prosper Funding and Wells Fargo Bank, National Association.

2. Under the agreement the Company entered into with Wells Fargo, Inc. ("**Wells Fargo**"), Prosper Funding is required to maintain a reserve balance of $[***] as security for any chargeback risk that Wells Fargo may bear as a result of facilitating Automated Clearing House transactions.

3. Under the Company's or its Subsidiaries' borrower and investor agreements, the Company or its Subsidiaries may hold money for investor members and borrowers on their behalf in accounts that the Company or its Subsidiaries maintain.

4. The WebBank Agreements referenced in Schedule 7.1(q) require that the Company maintain the following collateral accounts:

    a. A collateral account in an amount equal to the greater of (i) $[***] and (ii) to the extent loans originated under the marketing agreement exceed $[***], $[***], to secure the Company's obligations to WebBank under the WebBank Agreement.

    b. A collateral account in an amount equal to the difference between the total expected loan trailing fee collections and the paid loan trailing fees, calculated on a monthly basis, to secure Prosper Funding's obligations under the Asset Sale Agreement with WebBank.

5. Contingent consideration in relation to the acquisition of BillGuard Inc. This amount totals $[***] and was paid in December 2016.

6. In May 2016 the Company underwent a restructuring and as a result has recorded a restructuring liability of $[***] on the Unaudited Company Balance Sheet.

7. The borrower payment dependent notes issued by the Company and Prosper Funding to retail investors, the payments of which are dependent upon Prosper Funding's receipt of payments from the borrower on the corresponding borrower loan.

8. Letter of Credit issued by Wells Fargo to Columbia REIT 221 Main LLC (the Company's landlord) for $[***] in regard to 221 Main Street SF, CA.

9. Letter of Credit issued by Wells Fargo to 400 Commerce LLC (the Company's landlord) for $[***] in regard to 400 Commerce Drive, Newark, DE.

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Schedule 7.1(m) Undisclosed Liabilities.

[***] [Two pages redacted]

10. On November 17, 2016, PMI, PFL and Colchis entered into a Settlement and Release Agreement, pursuant to which Colchis agreed to terminate the Colchis agreements and waive all rights conferred under such agreements in exchange for a $9 million cash payment by PMI and an agreement by PMI to issue a warrant to purchase shares of a new series of preferred stock representing 7% of PMI's capitalization on a fully diluted basis as of the date of the issuance of the warrant for $.01 per share.

[***]

Schedule 7.1(o) Compliance with Applicable Law

(i)

1. On November 26, 2008, the Company and the North American Securities Administrators Association ("**NASAA**") executed a settlement term sheet. The term sheet set forth the material terms of a consent order to resolve matters relating to the Company's sale and offer of unregistered securities and the omission of material facts in connection with such offers and sales. NASAA recommend that each state adopt the terms of the settlement, however, the settlement is not binding on any state. The terms of the settlement involve the Company's payment of up to $1 million, which NASAA will allocate among the 50 states and the District of Columbia, based on the Company's loan sale transaction volume in each state prior to November 24, 2008. The Company will not be required to pay any portion of the fine allocated to those states that do not execute a consent order with the Company. The terms of the settlement require the states to terminate their investigation of the Company's activities related to the sale of securities before November 24, 2008. If a state does not elect to participate in the NASAA settlement, such state would not be prevented from pursuing its own remedies in connection with the Company's sale of securities before November 24, 2008. On April 21, 2009, the Company reached agreement with NASAA on the final terms of the consent order for consideration by the states. As of June 30, 2016, the Company had entered into 35 consent order agreements and has paid an aggregate of $785,164.00 million in penalties.

[***][Two pages redacted]

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Schedule 7.1(p) Permits

(i)

State Licenses			
Name of State	**License or Permit Number**	**Name of License**	**Entity**
Arizona	[***]	Collection Agency License	Company
Arkansas	[***]	Collection Agency License	Company
California	[***]	Finance Lender License	Company
Colorado	[***]	Supervised Lender License	Company
Connecticut	[***]	Small Loan Company License	Company
Florida	[***]	Consumer Finance License	Company
Idaho	[***]	Regulated Lender License	Company
Idaho	[***]	Collection Agency License	Company
Kansas	[***]	Supervised Loan License	Company
Kansas	[***]	Credit Notification License	Company
Louisiana	[***]	Collection Agency License	Company
Maryland	[***]	Collection Agency Exemption	Company
Massachusetts	[***]	Third Party Loan Servicer Registration	Company
Michigan	[***]	Regulatory Loan License	Company
Montana	[***]	Consumer Loan License	Company
New Jersey	[***]	Registered Collection Agency Bond	Company
New Mexico	[***]	Collection Agency License	Company
New Mexico	[***]	Collection Agency Managers License (Linda S Allen - NM Resident Manager)	Company
Oklahoma	[***]	Supervised Lender License	Company
Oregon	[***]	Consumer Finance Act License	Company
Oregon	[***]	Collection Agency License	Company
Pennsylvania	[***]	Consumer Discount Company License	Company
Rhode Island	[***]	Debt Collector Registration	Company

Texas	[***]	Regulated Loan License	Company
Texas	[***]	Third Party Debt Collector Filing	Company
Utah	[***]	Consumer Credit Notification	Company
Utah	[***]	Foreign Collection Agency Registration	Company
Vermont	[***]	Lender License	Company
Washington	[***]	Collection Agency License	Company
West Virginia	[***]	Collection Agency License	Company
Wisconsin	[***]	Consumer Act Registration	Company
Wyoming	[***]	Supervised Lender License	Company

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Connecticut	[***]	Small Loan Company License	Prosper Funding
Kansas	[***]	Supervised Loan License	Prosper Funding
Kansas	[***]	Credit Notification License	Prosper Funding
Pennsylvania	[***]	Consumer Discount Company License	Prosper Funding
Vermont	[***]	Lender License	Prosper Funding
[***]	In process	Lending	Company
[***]	In process	Lending	Prosper Funding
[***]	In process	Credit Notification License	Company
Federal Securities Registrations			
Name of Government Entity	**Registration Number**	**Name of Registration**	**Entity**
SEC	333-204880-01	Registration Statement on Form S-1 (Borrower Payment Dependent Notes, $1,500,000,000)	Prosper Funding
SEC	333-204880	Registration Statement on Form S-1 (PMI Management Rights)	Company
State Securities Registrations			
Name of State	**License or Permit Number**	**Name of License**	**Entity**
Alaska	[***]	Registration of Securities	Prosper Funding /Company
California	[***]	Registration of Securities	Prosper Funding /Company
Colorado	[***]	Registration of Securities	Prosper Funding /Company
Connecticut	[***]	Registration of Securities	Prosper Funding /Company
D.C.	[***]	Registration of Securities	Prosper Funding /Company
Delaware	[***]	Registration of Securities	Prosper Funding /Company
Florida	[***]	Registration of Securities	Company
Florida	[***]	Registration of Securities	Prosper Funding
Georgia	[***]	Registration of Securities	Prosper Funding /Company
Idaho	[***]	Registration of Securities	Prosper Funding /Company
Illinois	[***]	Registration of Securities	Prosper Funding /Company

Indiana	[***]	Registration of Securities	Prosper Funding /Company
Louisiana	[***]	Registration of Securities	Prosper Funding
Maine	[***]	Registration of Securities	Prosper Funding /Company
Michigan	[***]	Registration of Securities	Prosper Funding /Company

Minnesota	[***]	Registration of Securities	Prosper Funding
Mississippi	[***]	Registration of Securities	Prosper Funding /Company
Missouri	[***]	Registration of Securities	Prosper Funding /Company
Montana	[***]	Registration of Securities	Company
Montana	[***]	Registration of Securities	Prosper Funding
Nevada	[***]	Registration of Securities	Prosper Funding /Company
New Hampshire	[***]	Registration of Securities	Prosper Funding /Company
New York	[***]	Registration of Securities	Company
New York	[***]	Registration of Securities	Prosper Funding
Oregon	[***]	Registration of Securities	Prosper Funding /Company
Rhode Island	[***]	Registration of Securities	Prosper Funding /Company
South Carolina	[***]	Registration of Securities	Prosper Funding /Company
South Dakota	[***]	Registration of Securities	Prosper Funding /Company
Utah	[***]	Registration of Securities	Prosper Funding /Company
Virginia	[***]	Registration of Securities	Prosper Funding
Washington State	[***]	Registration of Securities	Prosper Funding /Company
Wisconsin	[***]	Registration of Securities	Prosper Funding /Company
Wyoming	[***]	Registration of Securities	Prosper Funding /Company
Florida	[***]	Issuer-Dealer Registration	Company
Florida	[***]	Issuer-Dealer Registration	Prosper Funding
New Hampshire	[***]	Issuer-Dealer Registration	
Oregon	[***]	Issuer-Dealer Registration	Prosper Funding /Company
Virginia	[***]	Issuer-Dealer Registration	Prosper Funding
Business Qualifications			
Name of State	**License or Permit Number**	**Department**	**Entity**
Delaware	[***]	Secretary Of State, Division Of Corporations	Company
Delaware	[***]	Secretary Of State, Division Of Corporations	Prosper Funding

Delaware	[***]	Secretary Of State, Division Of Corporations	Prosper Healthcare Lending LLC
Delaware	[***]	Secretary Of State, Division Of Corporations	Prosper Asset Holdings LLC
Delaware	[***]	Secretary Of State, Division Of Corporations	Prosper Capital Consumer Credit Fund, LP
Delaware	[***]	Secretary Of State, Division Of Corporations	BillGuard, Inc.

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

Delaware	[***]	Secretary Of State, Division Of Corporations	Prosper Capital Management, LLC
California	[***]	Secretary Of State	Prosper Asset Holdings LLC
California	[***]	Secretary Of State	Prosper Capital Management, LLC
Alabama	[***]	Secretary Of State, Corporations Division	Prosper Funding
Alaska	[***]	Department of Natural Resources	Prosper Funding
Arizona	[***]	Corporation Commission, Corporations Division	Prosper Funding
Arkansas	[***]	Secretary Of State, Business Department	Prosper Funding
California	[***]	Secretary Of State	Prosper Funding
Colorado	[***]	Secretary Of State	Prosper Funding
Connecticut	[***]	Secretary Of State, Commercial Recording Division	Prosper Funding
District Of Columbia	[***]	Department Of Consumer And Regulatory Affairs, Business and Professional Licensing Administration, Corporations Division	Prosper Funding
Florida	[***]	Department Of State, Division Of Corporations	Prosper Funding
Georgia	[***]	Secretary Of State, Corporations Division	Prosper Funding
Hawaii	[***]	Department Of Commerce And Consumer Affairs, Business Registration Division	Prosper Funding
Idaho	[***]	Secretary Of State, Business Entities	Prosper Funding
Illinois	[***]	Secretary Of State, Department Of Business Services	Prosper Funding
Indiana	[***]	Secretary Of State, Business Services Division	Prosper Funding
Iowa	[***]	Secretary Of State, Corporations Department	Prosper Funding
Kansas	[***]	Secretary Of State	Prosper Funding
Kentucky	[***]	Secretary Of State	Prosper Funding

Louisiana	[***]	Secretary Of State, Commercial Division, Corporations Section	Prosper Funding
Maine	[***]	Secretary Of State, Bureau Of Corporations, Elections And Commissions	Prosper Funding
Maryland	[***]	State Department Of Assessments And Taxation	Prosper Funding
Massachusetts	[***]	Secretary Of The Commonwealth	Prosper Funding

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[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

Michigan	[***]	Corporations, Securities & Commercial Licensing Division	Prosper Funding
Minnesota	[***]	Secretary Of State, Business Services Office	Prosper Funding
Mississippi	[***]	Secretary Of State, Business Services Division	Prosper Funding
Missouri	[***]	Secretary Of State, Business Services Department	Prosper Funding
Montana	[***]	Secretary Of State	Prosper Funding
Nebraska	[***]	Business Services Division	Prosper Funding
Nevada	[***]	Secretary Of State, Commercial Recordings Division	Prosper Funding
New Hampshire	[***]	Secretary Of State, Corporation Division	Prosper Funding
New Jersey	[***]	Department Of The Treasury, Division Of Revenue, Business Services Bureau	Prosper Funding
New Mexico	[***]	Secretary of State, Corporations Bureau	Prosper Funding
New York	[***]	Department Of State, Division Of Corporations, State Records And Uniform Commercial Code	Prosper Funding
North Carolina	[***]	Secretary Of State, Corporations Division	Prosper Funding
North Dakota	[***]	Secretary Of State, Business Information/Registration Division	Prosper Funding
Ohio	[***]	Secretary Of State	Prosper Funding
Oklahoma	[***]	Secretary Of State	Prosper Funding
Oregon	[***]	Secretary Of State, Corporation Division	Prosper Funding
Pennsylvania	[***]	Department Of State, Corporation Bureau	Prosper Funding
Rhode Island	[***]	Secretary Of State, Corporations Division	Prosper Funding
South Carolina	[***]	Secretary Of State, Division Of Corporations	Prosper Funding
South Dakota	[***]	Secretary Of State	Prosper Funding

Tennessee	[***]	Department Of State, Division Of Business Services	Prosper Funding
Texas	[***]	Secretary Of State, Statutory Filings Division, Corporations Section	Prosper Funding
Utah	[***]	Department Of Commerce, Division Of Corporations & Commercial Code	Prosper Funding
Vermont	[***]	Secretary Of State, Corporations/ UCC Division	Prosper Funding
Virginia	[***]	State Corporation Commission	Prosper Funding

Washington	[***]	Office Of The Secretary Of State, Corporations Division	Prosper Funding
West Virginia	[***]	Secretary Of State	Prosper Funding
Wisconsin	[***]	Department Of Financial Institutions	Prosper Funding
Wyoming	[***]	Secretary Of State	Prosper Funding
Utah	[***]	Certificate of Registration Department Of Commerce, Division Of Corporations & Commercial Code	Prosper Healthcare Lending LLC
Alabama	[***]	Secretary Of State, Corporations Division	Company
Alaska	[***]	Department of Natural Resources	Company
Arizona	[***]	Corporation Commission, Corporations Division	Company
Arkansas	[***]	Secretary Of State, Business Department	Company
California	[***]	Secretary Of State	Company
Colorado	[***]	Secretary Of State	Company
Connecticut	[***]	Secretary Of State, Commercial Recording Division	Company
District Of Columbia	[***]	Department Of Consumer And Regulatory Affairs, Business and Professional Licensing Administration, Corporations Division	Company
Florida	[***]	Department Of State, Division Of Corporations	Company
Georgia	[***]	Secretary Of State, Corporations Division	Company
Hawaii	[***]	Department Of Commerce And Consumer Affairs, Business Registration Division	Company
Idaho	[***]	Secretary Of State, Business Entities	Company
Illinois	[***]	Secretary Of State, Department Of Business Services	Company
Indiana	[***]	Secretary Of State, Business Services Division	Company

Iowa	[***]	Secretary Of State, Corporations Department	Company
Kansas	[***]	Secretary Of State	Company
Kentucky	[***]	Secretary Of State	Company
Louisiana	[***]	Secretary Of State, Commercial Division, Corporations Section	Company
Maine	[***]	Secretary Of State, Bureau Of Corporations, Elections And Commissions	Company

Maryland	[***]	State Department Of Assessments And Taxation	Company
Massachusetts	[***]	Secretary Of The Commonwealth	Company
Michigan	[***]	Corporations, Securities & Commercial Licensing Division	Company
Mississippi	[***]	Secretary Of State, Business Services Division	Company
Missouri	[***]	Secretary Of State, Business Services Department	Company
Montana	[***]	Secretary Of State	Company
Nebraska	[***]	Business Services Division	Company
Nevada	[***]	Secretary Of State, Commercial Recordings Division	Company
New Hampshire	[***]	Secretary Of State, Corporation Division	Company
New Jersey	[***]	Department Of The Treasury, Division Of Revenue, Business Services Bureau	Company
New Mexico	[***]	Secretary of State, Corporations Bureau	Company
New York	[***]	Department Of State, Division Of Corporations, State Records And Uniform Commercial Code	Company
North Carolina	[***]	Secretary Of State, Corporations Division	Company
North Dakota	[***]	Secretary Of State, Business Information/Registration Division	Company
Ohio	[***]	Secretary Of State	Company
Oklahoma	[***]	Secretary Of State	Company
Oregon	[***]	Secretary Of State, Corporation Division	Company
Pennsylvania	[***]	Department Of State, Corporation Bureau	Company
Rhode Island	[***]	Secretary Of State, Corporations Division	Company
South Carolina	[***]	Secretary Of State, Division Of Corporations	Company

South Dakota	[***]	Secretary Of State	Company
Tennessee	[***]	Department Of State, Division Of Business Services	Company
Texas	[***]	Secretary Of State, Statutory Filings Division, Corporations Section	Company
Utah	[***]	Department Of Commerce, Division Of Corporations & Commercial Code	Company
Vermont	[***]	Secretary Of State, Corporations/ UCC Division	Company

Virginia	[***]	State Corporation Commission	Company
Washington	[***]	Office Of The Secretary Of State, Corporations Division	Company
West Virginia	[***]	Secretary Of State	Company
Wisconsin	[***]	Department Of Financial Institutions	Company
Wyoming	[***]	Secretary Of State	Company
California	[***]	San Francisco Municipal License	Company
California	[***]	San Francisco Municipal License	Prosper Funding
California	[***]	Certificate of Qualification to conduct business in state	BillGuard, Inc.
New York	[***]	Certificate of Qualification to conduct business in state	BillGuard, Inc.
California	[***]	San Francisco Municipal License	Company
California	[***]	San Francisco Municipal License	Prosper Funding
Delaware	[***]	Business License	Company
Employer Identification Numbers			
Name of Government Entity	**License or Permit Number**	**Name of License**	**Entity**
Internal Revenue Service	[***]	Employer Identification Number	Company
Internal Revenue Service	[***]	Employer Identification Number	Prosper Funding
Internal Revenue Service	[***]	Employer Identification Number	Prosper Asset Holdings LLC
Internal Revenue Service	[***]	Employer Identification Number	Prosper Healthcare Lending LLC
Internal Revenue Service	[***]	Employer Identification Number	BillGuard, Inc.
Internal Revenue Service	[***]	Employer Identification Number	Prosper Capital Management, LLC
Internal Revenue Service	[***]	Employer Identification Number	Prosper Capital Consumer Credit Fund LP

(ii)
The Company is currently in the process of obtaining the following Permits and has made filings in such respect:

Entity	State	License Type	License Authority
PMI	[***]	[***]	[***]

PFL	[***]	[***]	[***]
PMI	[***]	[***]	[***]

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Schedule 7.1(q) Material Contracts.

(i)

(a) [***]

(b)

[***][16 pages redacted]

(c)

1. *See* Schedule 7.1(k).

(d)

None.

(e) [***]

(f)

1. Agreement and Plan of Merger by and among BillGuard, Inc., Beach Merger Sub, Inc., the Company and Shareholder Representative Services LLC, dated as of September 23, 2015.
2. Agreement and Plan of Merger by and among the Company, Prosper Healthcare Lending, LLC, American HealthCare Lending, LLC and Shaun Sorensen, as Agent for the Company Holders, dated as of January 23, 2015.

(g) [***]

(h) [***]

(i)

1. Offer Letter by and between the Company and Sachin Adarkar, dated as of August 7, 2009.
2. Offer Letter by and between the Company and Kunal Kaul, dated as of December 1, 2015.
3. Offer Letter by and between the Company and David Kimball, dated as of February 13, 2016 (CFO).
4. Offer Letter by and between the Company and David Kimball, dated as of November 23, 2016 (CEO).
5. Offer Letter by and between the Company and Brad Pennington, dated as of January 30, 2012.
6. Letter by and between the Company and Brad Pennington, dated as of November 18, 2016.
7. Offer Letter by and between the Company and Usama Ashraf, dated as of January 19, 2017.

(j)

None.

(k)

[***][14 pages redacted]

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Schedule 7.1(r) Employees.

(i)

Executive Officer	Title	Current Annual Base Salary	2015 Bonus*	Projected 2016 Bonus****
David Kimball	Chief Executive Officer and Chief Financial Officer	$500,000	[***] **	$257,812.50
Ron Suber	President	[***]	[***]	[***]
Brad Pennington	Chief Risk Officer	$350,000	[***]	$262,500
Sachin Adarkar	General Counsel, Chief Compliance Officer and Secretary	[***]	[***]	[***]
Kunal Kaul	Executive VP, Operations	$300,000	[***] ***	$225,000

* 2015 bonuses were paid in first quarter of 2016.
** For CFO sign-on bonus.
***Mr. Kaul's bonus was prorated based on his start date.
**** The Company expects to pay 2016 bonuses in March 2017.

(ii)

[***]

Schedule 7.1(s) Litigation.

1. Colchis, an asset management firm that historically purchased notes and loans on the Company's platform as an institutional investor, filed a JAMS demand for arbitration against Prosper Funding and the Company in April 2015 asserting claims in regard to the Colchis Agreement. The case number is JAMS Reference No. 1100080774, and the arbitrator is Hon. Irma Gonzalez. The parties sought declaratory and injunctive relief as to whether certain policies implemented and products offered by the Company and Prosper Funding comply with, or alternatively, violate the operative agreements' most favored nation, first come first served, and other asserted contract provisions. The parties also sought declaratory and injunctive relief as to whether certain substantive rights survive interminably under the contracts after termination or expiration of the agreements, including the alleged right to bid on all loans and notes on a first come, first served basis through an active platform. A nine-day hearing was held in July 2016, with post-hearing briefing submitted and closing arguments made in September 2016. On October 17, 2016, the arbitrator issued a final award in favor of Colchis.

   On November 17, 2016, PMI, PFL and Colchis entered into a Settlement and Release Agreement, pursuant to which Colchis agreed to terminate the Colchis agreements and waive all rights conferred under such agreements in exchange for a $9 million cash payment by PMI and an agreement by PMI to issue a warrant to purchase shares of a new series of preferred stock representing 7% of PMI's capitalization on a fully diluted basis as of the date of the issuance of the warrant for $.01 per share ("**Colchis Warrant**"). The Colchis Warrant was issued by PMI to Colchis on December 16, 2016.
2. [***]
3. [***]
4. [***]
5. *See* Section (k) of Schedule 7.1(q)(i).
6. *See* Schedule 7.1(q)(ii), Item 2.
7. *See* Schedule 7.1(o), Item 8.

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Schedule 7.1(t) Tax.

(i)

[***]

(iii)

[***]

(iv)

[***]

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Schedule 7.1(u) Brokers.

The Engagement Letter, pursuant to which the Company has engaged FT Partners as its financial and strategic advisor in connection with possible transactions involving the Company.

Exhibit 10.10

Execution Version

CONFIDENTIAL TREATMENT
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BACKUP SERVICING AGREEMENT (NOTE CHANNEL)

This BACKUP SERVICING AGREEMENT (NOTE CHANNEL), dated as of February 24, 2017 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, this "Agreement"), is entered into by and among PROSPER FUNDING LLC, a Delaware limited liability company ("PFL"), and PROSPER MARKETPLACE, INC., a Delaware corporation ("PMI" and, together with PFL, collectively, "Prosper"), in each case, as servicer (in such capacity, together with their respective successors and permitted assigns, "Servicer"), and FIRST ASSOCIATES LOAN SERVICING, LLC, a Delaware limited liability company, as backup servicer (in such capacity, together with its successors and permitted assigns, "Backup Servicer").

WHEREAS, from time to time, PFL purchases, without recourse, unsecured consumer loans from WebBank, a Utah chartered industrial bank, and/or any other bank origination partner of Prosper (collectively, "Bank");

WHEREAS, from time to time, PFL issues Borrower Payment Dependent Notes that are entirely dependent for payment on payments received on the corresponding Loan;

WHEREAS, Servicer acts as servicer with respect to the Loans and the Borrower Payment Dependent Notes, for which it desires to contract with a third party to perform certain backup servicing, custodial and verification duties;

WHEREAS, Backup Servicer has expertise in the business of servicing unsecured consumer loans;

WHEREAS, this Agreement shall supersede that certain Backup Servicing Agreement, dated as of January 9, 2014, entered into by and between PFL and Backup Servicer, as amended, restated, amended and restated, supplemented or otherwise modified from time to time prior to the date hereof, in all respects;

WHEREAS, Servicer desires that Backup Servicer perform certain backup servicing and verification duties in accordance with the terms of this Agreement, and assume the role of successor servicer ("Successor Servicer") for the Serviced Assets under the terms of the Successor Loan Servicing Agreement attached hereto as Exhibit D (the "Successor Servicing Agreement") pursuant to the conditions described therein and herein, if requested to do so by the indenture trustee ("Indenture Trustee") under that certain Amended and Restated Borrower Payment Dependent Notes Indenture, dated as of January 22, 2013 (as amended, restated, amended and restated, supplemeted or otherwise modified from time to time, the "Indenture"), by and between PFL and Wells Fargo Bank, National Association; and

WHEREAS, Backup Servicer is willing to perform the backup servicing and verification duties specified herein and to assume the role of Successor Servicer under the terms of the Successor Servicing Agreement with respect to the Serviced Assets pursuant to the conditions described therein and herein.

NOW, THEREFORE, in consideration of the mutual agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Servicer and Backup Servicer hereby agree as follows:

1. Definitions.

(a) "Affiliate" means, when used with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with, such Person. As used in this definition of Affiliate, the term "control" means the power, directly or indirectly, to direct or cause the direction of the management and policies of a Person, whether through ownership of such Person's voting securities, by contract or otherwise, and the terms "affiliated", "controlling" and "controlled" have correlative meanings.

(b) "Annual Test" has the meaning assigned thereto in Section 5 hereof.

(c) "Applicable Laws" means all federal, state and local laws, statutes, rules, regulations, court orders and decrees, administrative orders and decrees, and other legal requirements of any and every conceivable type applicable to a party and relating to or affecting the servicing, collection or administration of any Loan, and all requirements of any Governmental Authority having jurisdiction over a party with respect to its servicing activities, including, but not limited to, the Fair Debt Collection Practices Act, the Electronic Transfers Act, the Fair Credit Reporting Act, the Consumer Financial Protection Act of 2010 and the Equal Credit Opportunity Act, as any such laws, statutes, regulations, orders or requirements may be amended and in effect from time to time during the term of this Agreement.

(d) "Appointment Effective Date" has the meaning assigned thereto in Section 3(a) hereof.

(e) "Appointment Period" has the meaning assigned thereto in Section 3(a) hereof.

(f) "Backup Servicer" has the meaning assigned thereto in the preamble to this Agreement.

(g) "Backup Servicing Fee" has the meaning assigned thereto in Exhibit C hereto.

(h) "Backup Servicing Information" has the meaning assigned thereto in Section 4(b) hereof.

(i) "Bankruptcy Code" means Title 11 of the United States Code, 11 U.S.C. §§ 101 et. seq., as amended from time to time.

(j) "Borrower Payment Dependent Notes" means the borrower payment dependent notes issued and sold by PFL through its Retail Platform.

(k) "Business Day" means a day other than (i) a Saturday, (ii) a Sunday, (iii) any day that is a legal holiday under the laws of the State of California or the State of Utah, or (iv) any day on which a bank located in the State of California or the State of Utah is authorized or permitted by law to close for business.

(l) "Confidential Information" has the meaning assigned thereto in Section 16(a) hereof.

(m) "Customer NPPI" has the meaning assigned thereto in Section 16(b) hereof.

(n) "Debtor Relief Laws" means (i) the Bankruptcy Code and (ii) all other applicable liquidation, conservatorship, bankruptcy, moratorium, arrangement, receivership, insolvency, reorganization, suspension of payments, adjustment of debt, marshalling of assets or similar debtor relief laws of the United States, any state or any foreign country from time to time in effect affecting the rights of creditors generally.

(o) "Governmental Authority" means, with respect to any Person, any federal, state or local regulatory agency or other governmental agency, department, court, commission, board, bureau, instrumentality or political subdivision thereof, or any entity or officer exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case, having jurisdiction over such Person, any Loan or any Obligor.

(p) "Indemnified Parties" has the meaning assigned thereto in Section 12(b) hereof.

(q) "Indenture" has the meaning assigned thereto in the recitals to this Agreement.

(r) "Indenture Trustee" has the meaning assigned thereto in the recitals to this Agreement.

(s) "Insolvency Event" means, with respect to any Person, if any of the following events shall occur: (i) such Person shall file a petition or commence a Proceeding (A) to take advantage of any Debtor Relief Law or (B) for the appointment of a trustee, conservator, receiver, liquidator or similar official for or relating to such Person or all or substantially all of its property, or for the winding up or liquidation of its affairs, and such petition or Proceeding shall not have been dismissed or stayed within sixty (60) days of its filing or commencement, (ii) such Person shall consent or fail to object to any such petition filed or Proceeding commenced against or with respect to it or all or substantially all of its property, or any such petition or Proceeding shall not have been dismissed or stayed within sixty (60) days of its filing or commencement, or a court, agency or other supervisory authority with jurisdiction shall not have decreed or ordered relief with respect to such petition or Proceeding, (iii) such Person shall admit in writing its inability to pay its debts generally as they become due, (iv) such Person shall make an assignment for the benefit of its creditors, or (v) such Person shall take any action in furtherance of any of the foregoing.

(t) "Investor File" means a file pertaining to each Borrower Payment Dependent Note containing, among other things, (i) information relating to ownership of such Borrower Payment Dependent Note, (ii) all payment information relating to such Borrower Payment Dependent Note, (iii) contact information for the owner of such Borrower Payment Dependent Note and (iv) other documents relating to such Borrower Payment Dependent Note that Servicer shall keep in such file, in accordance with its customary procedures.

(u) "Loan" means any loan purchased by PFL from Bank for which PFL has issued Borrower Payment Dependent Notes through the Retail Platform.

(v) "Loan Document" means any promissory note or other document executed by an Obligor to evidence the indebtedness of each Obligor under a Loan and setting forth the terms of such indebtedness; it being understood and agreed that each such document is created and stored in electronic form only and, therefore, that no single original of any such document exists.

(w) "Loan Files" means a file pertaining to each Loan containing, among other things, electronic copies of each of the following documents (i) the related fully-executed Loan Documents, (ii) all original assumption, consolidation, extension, modification or waiver agreements, if any, relating to such Loan, and loan documents evidencing any assumption, consolidation, extension, modification or waiver of such Loan, (iii) documentation evidencing any forbearance plan or deferment plan relating to such Loan and (iv) other documents relating to such Loan or the related Obligor that Servicer shall keep in such file, in accordance with its customary procedures.

(x) "Loan Trailing Fee" has the meaning assigned thereto in Exhibit B hereof.

(y) "Losses" has the meaning assigned thereto in Section 12(a) hereof.

(z) "Material Adverse Effect" means, with respect to any Person and to any event or circumstance, a material adverse effect on (i) the business, condition (financial or otherwise), operations, performance or properties of such Person and its Affiliates, taken as a whole, or (ii) the ability of such Person to perform its obligations under this Agreement.

(aa) "Monthly Master File" has the meaning assigned thereto in Section 4(c) hereof.

(bb) "Monthly Report" has the meaning assigned thereto in Section 4(c) hereof.

(cc) "Obligor" means, with respect to a Loan, each borrower, guarantor or other Person obligated to make payments thereon pursuant to the related Loan Documents.

(dd) "Person" means an individual, joint stock company, trust, unincorporated association, joint venture, corporation, business trust, partnership or other organization or entity (whether governmental or private).

(ee) "Privacy Requirements" has the meaning assigned thereto in Section 16(b) hereof.

(ff) "Proceeding" means any suit in equity, action at law or other judicial or administrative proceeding.

(gg) "Representatives" has the meaning assigned thereto in Section 16(a) hereof.

(hh) "Retail Platform" means the online credit platform owned and operated by PFL, and any of its related systems and data for the purchase of Borrower Payment Dependent Notes by retail investors.

(ii) "Serviced Assets" means the Loans and/or Borrower Payment Dependent Notes serviced by Servicer pursuant ot the Indenture.

(jj) "Servicer" has the meaning assigned thereto in the preamble to this Agreement.

(kk) "SPE" has the meaning assigned thereto in the recitals to this Agreement.

(ll) "Successor Servicer" has the meaning assigned thereto in the recitals to this Agreement.

(mm) "Successor Servicing Agreement" has the meaning assigned thereto in the recitals to this Agreement.

(nn) "Successor Servicing Fee" has the meaning assigned thereto in Exhibit B hereto.

2. Loans Covered by this Agreement. As of the date hereof, this Agreement applies to any and all Loans serviced by Servicer from time to time.

3. Appointment.

(a) The parties hereto hereby agree that any time during the period beginning on the date hereof and ending on the date on which this Agreement is terminated pursuant to Section 14 hereof (such period, the "Appointment Period"), Indenture Trustee may appoint Backup Servicer to act as Successor Servicer under the Successor Servicing Agreement with respect to the Serviced Assets, upon written notice to Backup Servicer in the event of an Event of Default (as defined in the Indenture). Within thirty (30) days of receipt of notice (the "Appointment Effective Date") that Indenture Trustee has appointed Backup Servicer as Successor Servicer, Backup Servicer shall execute and deliver to Indenture Trustee the Successor Servicing Agreement in substantially the form attached as Exhibit D hereto and shall assume, within such thirty (30) days period, all duties and rights of the servicer under the Successor Servicing Agreement, without any further action by Servicer, and Servicer shall use reasonable efforts to ensure the prompt and smooth transition and transfer to Backup Servicer of the Serviced Assets and all related Loan Files and other records maintained as Servicer with respect to Serviced Assets. Upon the Appointment Effective Date, Servicer hereby assigns to Backup Servicer, in its capacity as Successor Servicer, any effective authorization received by Servicer from any and all Obligors with respect to the Loans to initiate electronic debt entries to the designated checking or savings account of such Obligors. If requested by Indenture Trustee, Backup Servicer shall promptly deliver at such time such written instruments of acceptance of appointment as Successor Servicer under the Successor Servicing Agreement as Indenture Trustee may require. Notwithstanding anything to the contrary in this Agreement, Backup Servicer shall not be obliged to complete the transfer of servicing and perform the duties as Successor Servicer to the extent Servicer fails to perform its obligations under Sections 4(b), (c), (f) and (g).

(b) Backup Servicer hereby agrees that in the event that Backup Servicer becomes Successor Servicer during the Appointment Period, (i) Backup Servicer shall be ready, willing and able to assume, and shall assume, Servicer's responsibilities for servicing the Serviced Assets as set forth in the Successor Servicing Agreement, (ii) Backup Servicer shall be entitled to the Successor Servicing Fees (subject to the proviso set forth in Section 8) upon the appointment of Backup Servicer as Successor Servicer with respect to such Serviced Assets, and (iii) all fees set forth herein (other than the Successor Servicing Fees) shall no longer be payable to Backup Servicer. Backup Servicer shall maintain one bank account which it will use for all ACH payments from Loans, unless otherwise agreed to by Backup Servicer and Indenture Trustee.

1. Duties of Backup Servicer.

(a) In furtherance of its undertaking in Section 3 above, from and after the date hereof until the Appointment Effective Date, Backup Servicer agrees to perform the backup servicing and verification functions as set forth in this Section 4 with respect to the Loans. On and after the Appointment Effective Date, Backup Servicer shall serve as Servicer under the Successor Servicing Agreement with respect to the Serviced Assets.

(b) Servicer shall provide to Backup Servicer nightly information that shall include, at a minimum, (i) the status of each Loan and its current position; (ii) all transaction information posted to each Loans; (iii) payments on each Loan that have been scheduled for a future date; and (iv) current information regarding ownership of each Loan, payment processing information, including, without limitation, all information and authorizations necessary to pull payments by ACH, and borrower and lender contact information with respect to each Loan (the "Backup Servicing Information"). Servicer shall provide the Backup Servicing Information via Backup Servicer's secure FTP site or through such other means as shall be agreed to by Servicer and Backup Servicer. In the event that any Backup Servicing Information has not been received by Backup Servicer within a period of time to be mutually agreed upon, Backup Servicer shall notify Servicer of such occurrence within twenty-four (24) hours thereafter in order for Servicer to attempt to resend such Backup Servicing Information; provided, that to the extent Backup Servicer has not provided notice thereof within six (6) hours of the agreed upon period, Servicer's failure to provide the information set forth in this clause (b) for the related night shall not constitute a breach of this Agreement.

(c) On or before [***] (Pacific time) on the [***] Business Day of each month, Servicer shall transfer to Backup Servicer (i) a detailed master file in electronic format or another format acceptable to Backup Servicer (the "Monthly Master File") for the Loans as of the last day of the preceding calendar month, and (ii) a report and a schedule of Loans (the "Monthly Report"), and Backup Servicer shall maintain and store such Monthly Master File and Monthly Report on a secure FTP site.

(d) Within five (5) Business Days of receipt of the Monthly Master File, Backup Servicer shall load the information from the Monthly Master File into Backup Servicer's data system and Backup Servicer shall verify, by notice to Servicer, the information set forth on Exhibit A hereto, to the extent such information is contained in the Monthly Master File. The verification shall compare the information on the Monthly Report to the information produced on Backup Servicer's data system using the Monthly Master File.

(e) Within fifteen (15) Business Days of receipt of the Monthly Master File, Backup Servicer shall deliver to Servicer and Indenture Trustee a certificate (i) stating that the Monthly Master File has been received, is in an acceptable format, and Backup Servicer is able to begin servicing of any or all of the Loans within thirty (30) days of receipt of the Monthly Master File, and (ii) certifying that it has confirmed the accuracy of the information specified in Exhibit A hereto contained in the Monthly Report related to the Monthly Master File or describing any discrepancies discovered in the information specified in Exhibit A hereto contained in the Monthly Report related to the Monthly Master File.

(f) In the event Backup Servicer reports a discrepancy between the information set forth in the Monthly Master File and the related Monthly Report as determined or calculated by Servicer from that determined or calculated by Backup Servicer, Servicer and Backup Servicer shall use good faith efforts to promptly reconcile such discrepancy.

(g) Servicer shall maintain the Investor File on a secure site. Servicer shall provide Backup Servicer access to the Investor File immediately upon notice from Indenture Trustee that Indenture Trustee has appointed Backup Servicer as Successor Servicer. Backup Servicer shall have no duties with respect to the Borrower Payment Dependent Notes prior to the Appointment Efective Date.

(h) Servicer agrees to provide Backup Servicer with any information with respect to the Serviced Assets that it may reasonably request and that may be reasonably necessary for the performance of its services hereunder.

(i) Except as provided herein, (i) Backup Servicer shall have no obligation to supervise, verify, monitor or administer the performance of Servicer and shall have no liability for any action taken or omitted by Servicer, and (ii) Servicer shall have no obligation to supervise, verify, monitor or administer the performance of Backup Servicer and shall have no liability for any action taken or omitted by Backup Servicer. In performing its duties hereunder, Backup Servicer shall have full power and authority to do or cause to be done any and all things in connection with its duties hereunder which it may deem necessary or desirable within the terms of this Agreement.

(j) Standard of Care. Backup Servicer shall use a standard of care and diligence reasonable in the consumer loan servicing industry in providing the services called for under this Agreement and will act in compliance with all Applicable Laws.

2. Annual Testing. Not less than once per calendar year (or more frequently as mutually agreed upon by Servicer and Backup Servicer), Servicer and Backup Servicer shall conduct a test (each, an "Annual Test") of Backup Servicer's ability to assume and perform its obligations as Successor Servicer and service the Serviced Assets. Each Annual Test will consist of (i) a temporary test transfer of Obligor loan documentation for a sample of fifty (50) Loans by Servicer to Backup Servicer, (ii) a demonstration by Backup Servicer of Backup Servicer's ability to to successfully load such sample of Loans onto its systems and (iii) any other tests reasonably requested by Servicer. Client and Backup Servicer shall reasonably agree on the date of each Annual Test no fewer than sixty (60) days prior to such Annual Test. The parties hereto shall cooperate in good faith to ensure that each Annual Test is conducted in a reasonable, efficient and timely manner. Backup Servicer shall document and immediately notify Servicer of any issues that Backup Servicer discovers in connection with any such Annual Test, and Backup Servicer shall remedy such issues to the reasonable satisfaction of Servicer as soon as reasonably practicable.

3. Cooperation in Financings. In connection with any financing of Loans, Backup Servicer shall, to the extent reasonably practicable and at Servicer's sole expense, cooperate with Servicer to provide any information reasonably requested by Servicer for inclusion in a prospectus, private placement memorandum or other offering materials, and shall provide certifications to any underwriters, placement agents or purchasers of Servicer's debt as to the accuracy of such information in all material respects, and as to such other matters in connection therewith as Servicer may reasonably request. If any transaction or agreement (including the purchase or sale of a Loan or any interest in a Loan) between or among Servicer and any other entity causes Backup Servicer to incur any reasonable and documented out-of-pocket fees, costs or expenses, including but not limited to reasonable and documented out-of-pocket attorney's fees and fees for information technology support services, Servicer agrees to reimburse Backup Servicer for all such fees, costs and expenses promptly upon written demand by Backup Servicer.

4. Backup Servicer's Fees. In connection with this Agreement, Servicer shall pay Backup Servicer the Backup Servicing Fees.

5. Successor Servicer's Fees. In connection with this Agreement, Indenture Trustee shall pay Successor Servicer the Successor Servicing Fees; provided, that to the extent applicable, Successor Servicer shall pay any Loan Trailing Fee received by Successor Servicer (i) to the extent PFL is a going concern at the time of receipt of such Loan Trailing Fee, to Servicer, and (ii) otherwise, to Bank, in each case, within five (5) Business Days of receipt thereof.

6. Consultation Requirements; Joinders. Servicer shall consult fully with Backup Servicer as may be necessary from time to time for Backup Servicer to perform or carry out its obligations hereunder. In addition to the existing agreements set forth in Schedule 1, Prosper shall use reasonable best efforts to enter into any and all joinders to agreements between Prosper and its collection agents necessary for Backup Servicer to assume the rights and obligations of Prosper as servicer under such agreements on the Appointment Effective Date; provided, however, that Prosper shall not provide joinders to agreements with Prosper's collection agents to any other backup servicer of Prosper loans.

7. Access to Records. Backup Servicer shall, upon reasonable notice and at reasonable times during normal business hours, permit Servicer and its employees, accountants and counsel to (i) examine, inspect and make copies of and abstracts from books, records, documents and other information concerning the conduct and performance of Backup Servicer of its obligations hereunder or in the possession or under the control of Backup Servicer relating to the Loans, (ii) visit and inspect any of the offices and properties of Backup Servicer, for the purpose of examining, making copies of or abstracts from such materials described in clause (i) above, and (iii) discuss matters relating to Backup Servicer's performance hereunder with its and their officers, directors, employees and independent public accountants. In addition, Backup Servicer shall (x) as soon as reasonably practicable, furnish documentation reasonably requested by Prosper's loan investors and (y) reasonably cooperate with Prosper and its servicing vendors, including, without limitation, its call centers and collection agencies, in connection with the testing of servicing capability; provided, however, that such cooperation shall not materially increase Backup Servicer's costs to perform its obligations under this Agreement.

8. Representations and Warranties. Backup Servicer hereby makes the following representations, warranties and covenants as of the date hereof:

(a) Organization and Good Standing. It (i) is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Delaware, (ii) has the power and all licenses, permits and authorizations necessary to own its assets and to transact the business in which it is presently engaged and (iii) has all power and authority, and all licenses, permits and authorizations required to execute and deliver this Agreement and to perform the services hereunder.

(b) Due Qualification. It is duly qualified to do business and, where necessary, is in good standing as a foreign limited liability company (or is exempt from such requirements), except where the failure to so qualify or obtain such approvals would not have a Material Adverse Effect.

(c) Due Authorization. It has duly authorized, by all necessary action on its part, the execution and delivery of this Agreement and the consummation of the transactions provided for or contemplated by this Agreement.

(d) No Conflict. Its execution and delivery of this Agreement, its performance of the transactions contemplated by this Agreement and the fulfillment of the terms hereof applicable to it will not conflict with, result in any breach of any of the material terms and provisions of, or constitute (with or without notice or lapse of time or both) a material default under, any material indenture, contract, agreement, mortgage, deed of trust or other instrument to which it is a party or by which it or its properties are bound.

(e) No Violation. Its execution and delivery of this Agreement, its performance of the transactions contemplated by this Agreement and its fulfillment of the terms hereof applicable to it, will not conflict with or violate any Applicable Law or any order or decree of any Governmental Authority or the governing documents of Backup Servicer or any mortgage, indenture, contract or other agreement to which Backup Servicer is a party or by which Backup Servicer or any of its property or assets may be bound.

(f) No Proceedings. There are no proceedings pending or, to the best of its knowledge, threatened or investigations pending or threatened against it before or by any Governmental Authority (i) asserting the invalidity of this Agreement, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement, (iii) seeking any determination or ruling that, in its reasonable judgment, would materially and adversely affect its performance of its obligations under this Agreement, (iv) seeking any determination or ruling that would materially and adversely affect the validity or enforceability of this Agreement or (v) which, if with the passage of time could individually or in the aggregate reasonably be expected to be material to the ongoing operation of Backup Servicer or its business or the performance of its obligations hereunder or otherwise have a Material Adverse Effect.

(g) All Consents Required. All material authorizations, consents, orders, approvals or other actions of any Governmental Authority required to be obtained or effected by it in connection with its execution and delivery of this Agreement, its performance of the transactions contemplated by this Agreement and the fulfillment of the terms hereof applicable to it have been duly obtained or effected and are in full force and effect.

(h) Enforceability. This Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with the terms hereof, except as the enforceability of this Agreement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereinafter in effect affecting the enforcement of creditors' rights and except as such enforceability may be limited by general principles of equity (whether considered in a proceeding at law or in equity).

9. Indemnity.

(a) Servicer agrees to defend, indemnify and hold Backup Servicer and any officers, managers, members, employees or agents of Backup Servicer harmless against any and all claims, losses, penalties, fines, forfeitures, legal fees and related costs, judgments, and any other costs, fees, and expenses (collectively, "Losses") that Backup Servicer may sustain under this Agreement in connection with claims asserted at any time by third parties against Backup Servicer which result from any act taken or any omission by Backup Servicer acting in good faith or Backup Servicer's performance (or lack of performance) under this Agreement, unless such Losses are the result of (i) the breach of this Agreement by Backup Servicer, (ii) Backup Servicer's failure to comply with requirements of Applicable Laws, in performing its duties as Backup Servicer hereunder, (iii) the gross negligence, bad faith or willful misconduct of Backup Servicer or (iv) any failure of the representations and warranties made by Backup Servicer hereunder or thereunder or in connection herewith to be true and correct in all material respects when made.

(b) Backup Servicer agrees to indemnify and hold Servicer, Indenture Trustee and their respective officers, managers, members, beneficial ownership interest owners, employees or agents ("Indemnified Parties") harmless against any and all Losses sustained by any Indemnified Party in connection with claims asserted at any time by third parties against such Indemnified Party which result from the breach by Backup Servicer or its agents or subcontractors of its covenants or other agreements, representations or warranties set forth in this Agreement, unless such Losses are the result of (i) the breach of this Agreement by such Indemnified Party, (ii) such Indemnified Party's failure to comply with requirements of Applicable Laws, in performing its duties hereunder or (iii) the gross negligence, bad faith or willful misconduct of such Indemnified Party.

(c) The indemnities in this Section 12 shall survive the termination of this Agreement or the removal or resignation of Backup Servicer.

10. Limitation of Liability.

(a) In conjunction with Backup Servicer's obligations hereunder, Backup Servicer is authorized to accept and rely on all the accounting, records and work of Servicer, and Backup Servicer shall have no duty, responsibility, obligation or liability for the acts or omissions of Indenture Trustee or Servicer. The degree of examination of such accounting, records and work which Backup Servicer deems necessary to complete any conversion and portfolio transfer in connection with Backup Servicer becoming a Successor Servicer shall not be construed as a representation by Backup Servicer of the accuracy of such accounting, records and work.

(b) Neither Backup Servicer nor any of its members, managers, officers, employees or agents will be under any liability to Servicer or any other Person for any action taken or for refraining from the taking of any action in the capacity as Backup Servicer under this Agreement whether arising from express or implied duties under this Agreement; provided, however, that this provision does not protect Backup Servicer or any such Person against any liability that would otherwise be imposed by reason of (i) the negligence or willful misconduct of Backup Servicer, (ii) Backup Servicer's failure to comply with requirements of Applicable Laws, in performing its duties as Backup Servicer hereunder, (iii) the breach of this Agreement by Backup Servicer, (iv) any failure of the representations and warranties made by Backup Servicer hereunder or in connection herewith to be true and correct in all material respects when made or (v) any obligation of Backup Servicer under Section 12(b) hereof. Backup Servicer and any of its members, managers, officers, employees or agents may rely in good faith on any document of any kind prima facie properly executed and submitted by any Person with respect to any matters arising hereunder. Backup Servicer will not be under any obligation to appear in, prosecute or defend any legal action which is not incidental to its servicing responsibilities hereunder and that in its reasonable opinion may involve it in any expense or liability.

(c) Backup Servicer will have no responsibility and will not be in default hereunder or incur any liability for any failure, error, malfunction or any delay in carrying out any of its duties under this Agreement if such failure or delay results from Backup Servicer acting in accordance with information prepared or supplied by any Person other than Backup Servicer or the failure of any such other Person to prepare or provide such information. In the event Backup Servicer becomes aware of errors, which in the opinion of Backup Servicer, impairs its ability to perform its services hereunder, Backup Servicer shall immediately notify Servicer of such errors. Backup Servicer will have no responsibility, will not be in default and will incur no liability for (i) any act or failure to act of any third party, including Indenture Trustee or Servicer, (ii) any inaccuracy or omission in a notice or communication received by Backup Servicer from any third party or (iii) the acts or omissions of any successor Backup Servicer. Except for the obligations undertaken by Backup Servicer in this Agreement, Backup Servicer will have no obligation to take any action, or to perform any of the duties of Servicer, under any other documents until such time as Backup Servicer has become a Successor Servicer.

(d) Backup Servicer offers no representations concerning, and shall have no liability hereunder with respect to, the collectability or enforceability of the Serviced Assets. Backup Servicer shall have no responsibility and shall not be in default hereunder nor incur any liability for any failure, error, malfunction or any delay in carrying out any of its duties under this Agreement if any such failure or delay results from Backup Servicer acting in accordance with Applicable Laws, regulations or rules or from acts of God, war or terrorism, insurrection, strikes, stoppages of labor, power or equipment failure or malfunction (including that of any common carrier or transmission line), loss or malfunction of communications or computer (hardware or software) services, emergency conditions, tornado, flood, fire, earthquake or similar event, adverse weather conditions or any other factor, medium, instrumentality or any cause or circumstances, directly or indirectly, beyond Backup Servicer's control or for information prepared or supplied by a Person other than Backup Servicer as contemplated hereunder or the failure of any such Person to prepare or provide such information.

(e) **THERE ARE NO IMPLIED WARRANTIES MADE BY ANY PARTY HERETO, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, IN NO EVENT SHALL ANY PARTY HERETO BE LIABLE FOR ANY CONSEQUENTIAL, PUNITIVE, INCIDENTAL OR SPECIAL DAMAGES (EXCEPT TO THE EXTENT SUCH DAMAGES ARE AWARDED TO A THIRD PARTY IN AN ACTION FOR WHICH A PARTY HERETO HAS AN INDEMNIFICATION OBLIGATION), INCLUDING, BUT NOT LIMITED TO, DAMAGES FOR LOSS OF CURRENCY, FUNDS, DATA, PROFITS OR GOODWILL, REGARDLESS OF WHETHER SUCH PARTY HAS BEEN ADVISED OF THE LIKELIHOOD OF SUCH LOSS OR DAMAGE AND REGARDLESS OF THE FORM OF ACTION.**

11. Termination.

(a) This Agreement may be terminated by Servicer (i) following ninety (90) days' notice by Servicer to Backup Servicer or (ii) immediately upon the occurrence of any of the following conditions:

(1) an Insolvency Event with respect to Backup Servicer; or

(2) any gross negligence or willful misconduct of Backup Servicer.

(b) This Agreement may be terminated immediately by either Servicer or Backup Servicer to the extent Backup Servicer or Servicer, respectively, commits a material breach of this Agreement which has not been cured within thirty (30) days of the terminating party's written notice of said breach to the non-terminating party. After a termination by Servicer, Backup Servicer shall continue to perform all backup servicing and verification functions under this Agreement until the date specified in a termination notice or, if no such date is specified in such termination notice, until a date mutually agreed upon by Backup Servicer and Servicer.

(c) Backup Servicer may terminate this Agreement if it does not receive any payment required to be made to it under the terms of this Agreement, which failure continues unremedied for a period of thirty (30) days after written notice of such failure shall have been given to Servicer.

(d) This Agreement will be automatically and immediately terminated if Backup Servicer becomes Successor Servicer pursuant to Section 3 hereof.

12. Backup Servicer Not to Resign. Except as set forth in Section 14, Backup Servicer shall not resign from the obligations and duties hereby imposed on it except by mutual written consent of Backup Servicer and Servicer or upon the determination that its duties hereunder are no longer permissible under Applicable Law and such incapacity cannot be cured by Backup Servicer without any unreasonable costs or expenses. Any such determination permitting the resignation of Backup Servicer must be in the reasonable determination of Backup Servicer and must be accompanied by a certificate of an authorized officer of Backup Servicer reasonably acceptable to Servicer certifying as to the basis of such impermissibility under Applicable Law.

13. Confidential Information.

(a) Backup Servicer will preserve the confidentiality of any non-public information obtained by it in connection with its performance of its responsibilities hereunder ("Confidential Information"); provided, however, that nothing herein shall prevent Backup Servicer from disclosing such information to (i) Backup Servicer's managers, officers, members, employees, affiliates, agents, subservicers and professional consultants (collectively, "Representatives") in connection with Backup Servicer's obligations under this Agreement; provided, that Backup Servicer is liable for the acts or omissions of Representatives in breach of this Agreement, (ii) any federal or state regulatory agency having jurisdiction over Backup Servicer, (iii) any federal or state regulatory agency or Governmental Authority to which such disclosure is required (A) to effect compliance with any law, rule, regulation or order applicable to Backup Servicer, (B) in response to any subpoena or legal process, (C) in connection with any litigation or adversary proceedings to which Backup Servicer or any other party hereto is a party, or (D) as required to execute and administer this Agreement or (iv) to the extent such information becomes public through no act or fault of Backup Servicer. In the case of any disclosure permitted by clause (ii) or (iii) above, Backup Servicer shall use commercially reasonable efforts to (x) provide Servicer with advance notice of any such disclosure and (y) cooperate with Servicer in limiting the extent or effect of any such disclosure.

(b) Backup Servicer understands and agrees that any Non-Public Personal Information (within the meaning ascribed to such term under the FTC's Rule regarding Privacy of Consumer Financial Information (16 CFR Part 313)) of any Obligor (including any co-signor or guarantor) of the payment obligation for any Loan ("Customer NPPI") is subject to Title V of the Gramm-Leach-Bliley Act, 15 U.S.C. §§ 6801 et seq., the FTC's Rule regarding the Privacy of Consumer Financial Information, 16 CFR Part 313, the FTC's Standards for Safeguarding Customer Information, 16 CFR Part 314, and other applicable state and federal laws regarding the privacy or security of Customer NPPI (collectively, the "Privacy Requirements"). Backup Servicer agrees that it shall comply with the Privacy Requirements and will promptly notify the other parties hereto of any breach of the Privacy Requirements or the provisions of this Section 16. Without limiting the generality of the foregoing, Backup Servicer shall implement and maintain (i) access controls on information systems; (ii) access restrictions at physical locations containing Customer NPPI; (iii) encryption of electronic communications of Customer NPPI, secure connections for website access and with respect to other transmissions by Backup Servicer of Customer NPPI; (iv) monitoring systems and procedures to detect attempts to access servers on which Customer NPPI resides; (v) measures to protect against destruction, loss or damage of Customer NPPI due to potential environmental hazards such as fire and water damage or technological failures; (vi) testing of key controls, systems and procedures; and (vii) monitoring the information security policies of any of its subcontractors that are provided with Customer NPPI.

(c) If Backup Servicer learns or has reason to believe that Servicer's Confidential Information has been disclosed or accessed by an unauthorized party (each, a "Security Event"), Backup Servicer will immediately give notice of such event to Servicer to the extent permitted by law or law enforcement authorities. In such notification, Backup Servicer will report on the nature of the incident, the estimated impact on Servicer and investigative action taken or planned. Notwithstanding anything in this provision, Backup Servicer will also comply fully with all Applicable Law applicable to security breaches. Except as may be required by Applicable Law or law enforcement authorities, to the extent the breach involves Customer NPPI, Backup Servicer will not notify any of Servicer's customers or potential customers of such Security Event without Servicer's express consent or upon Servicer's specific instruction. Backup Servicer will be responsible for the costs of any required notifications.

(d) Within fifteen (15) calendar days after termination of this Agreement, Backup Servicer shall return to Servicer or destroy (and certify as to the destruction thereof, without retaining any copies) all originals and duplicates of any Confidential Information, in any form or medium; provided, however, that Backup Servicer shall be allowed to retain backup copies of the Confidential Information consistent with its established document retention policies.

(e) Backup Servicer shall make no use of Customer NPPI or other Confidential Information other than to fulfill its obligations hereunder.

(f) This Section 16 shall survive the termination of this Agreement or the removal or resignation of Backup Servicer.

14. Backup Servicer Security Commitment. Backup Servicer shall at its own expense on an annual basis have an SSAE 16, type II audit performed and Backup Servicer shall provide Servicer with the results of such audit.

15. Insurance. Backup Servicer at its sole expense agrees to maintain the following insurance coverage during the Term:

(a) All insurance required by federal, state or local law and statute, including worker's compensation insurance;

(b) Employer's general liability insurance of $2,000,000 per claim and in the aggregate; and

(c) Errors & Omissions insurance of $2,000,000 per claim and in the aggregate.

16. Counterparts. This Agreement may be executed simultaneously in any number of counterparts. Each counterpart shall be deemed to be an original, and all such counterparts shall constitute one and the same instrument. The parties hereto agree that this Agreement and signature pages may be transmitted between them by facsimile or by electronic mail and that faxed and PDF signatures may constitute original signatures and that a faxed or PDF signature page containing the signature (faxed, PDF or original) is binding upon the parties.

17. Governing Law. THE AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, EXCEPT TO THE EXTENT PREEMPTED BY FEDERAL LAW, WITHOUT REGARD TO ITS CONFLICTS OF LAWS.

18. WAIVER OF JURY TRIAL. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTION CONTEMPLATED HEREBY.

19. Waiver. No waiver, amendment, modification or termination of any provision of this Agreement shall be effective without the written concurrence of each party hereto, and any waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

20. Notices. All notices, demands, instructions and other communications required or permitted under this Agreement must be in writing and will be deemed to have been duly given upon delivery or, in the case of a letter mailed by registered first class mail, postage prepaid, three days after deposit in the mail. Unless otherwise specified in a notice sent in accordance with the provisions of this Section 23, notices, demands, instructions and other communications in writing will be given to the respective parties at their respective addresses listed on the signature page to this Agreement.

21. Further Assurances. Each of Servicer and Backup Servicer agrees to do and perform, from time to time, any and all acts and to execute any and all further instruments required or reasonably requested by the other parties hereto in order to effect more fully the purposes of this Agreement.

22. Third Party Beneficiary. Each Indemnified Party is an intended third party beneficiary of this Agreement and shall be entitled to enforce this Agreement as if it were a party hereto.

23. Assignment; Successors and Assigns. Neither Servicer nor Backup Servicer shall have the right to assign, in whole or in part, this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld. It is specifically understood and agreed that (i) any subcontracting of any functions by Backup Servicer shall not alter in any way any of Backup Servicer's obligations or liabilities, or the rights of Servicer, under this Agreement and (ii) in the event Backup Servicer subcontracts obligations in accordance with this Section 26, Servicer shall not be required to (but may at its option) deal directly with any such subcontractor in pursuing or enforcing any right or remedy of Servicer under this Agreement. Notwithstanding the first sentence of this Section 26, Servicer may (i) assign any or all of its rights and obligations under this Agreement to any parent, subsidiary or affiliate of Servicer without Backup Servicer's consent, and the assignor and the assignee under such assignment shall both remain liable under this Agreement, or (ii) assign this Agreement, to a lender, trustee or collateral agent to secure a financing of those Serviced Assets, provided that Servicer shall remain liable under this Agreement. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

24. Integration. This Agreement, including, without limitation, any Exhibits referred to herein and annexed hereto, constitute the entire agreement between the parties hereto with respect to the subject matter

hereof. There are no agreements, representations, warranties, promises, covenants, commitments or undertakings between the parties hereto other than those expressly set forth herein. This Agreement supersedes all prior agreements, representations, warranties, promises, covenants, commitments or undertakings between the parties hereto, whether written or oral, with respect to the subject matter contained in this Agreement.

25. No Petition. To the fullest extent permitted by law, each of Backup Servicer and Servicer agrees that it shall not file, commence, join, or acquiesce in a petition or a proceeding that causes (a) the other party to be a debtor under any Debtor Relief Law or (b) a trustee, conservator, receiver, liquidator, or similar official to be appointed for the other party or any substantial part of any of its property.

[*Signature page follows*]

IN WITNESS WHEREOF, each of the parties has duly executed this Agreement as of the date first written above.

BACKUP SERVICER:

FIRST ASSOCIATES LOAN SERVICING, LLC

By: ___________________________
Name: __________________________
Title: __________________________

Address:
15373 Innovation Drive, Suite 300
San Diego, CA 92128
Attention: Laurence Chiavaro
Executive Vice President

[SIGNATURE PAGE TO FIRST ASSOCIATES BACKUP SERVICING AGREEMENT (NOTE CHANNEL)]

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

SERVICER:

PROSPER FUNDING LLC

By: ___________________________

Name: David Kimball

Title: Chief Executive Officer

Address:

c/o Prosper Marketplace, Inc.
221 Main Street, Suite 300
San Francisco, CA 94105
Attention: General Counsel

[SIGNATURE PAGE TO FIRST ASSOCIATES BACKUP SERVICING AGREEMENT (NOTE CHANNEL)]

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

Schedule 1

Collection Agent Agreements

1. Letter, dated as of May 31, 2016, by Prosper Marketplace, Inc. and accepted by I.C. System, Inc.

2. Letter, dated as of May 17, 2016, by Prosper Marketplace, Inc. and accepted by Tritium Research, Inc.

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

Exhibit A

Information to be Confirmed by Backup Servicer

1. The number and aggregate outstanding balance of Loans at the beginning of the collection period

2. The number and principal balance of delinquent and defaulted Loans at the close of the collection period

3. The number and aggregate outstanding balance of Loans at the close of the collection period

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Exhibit B

Successor Servicing Fee

For any servicing period, a servicing fee for [***] equal to the product of (a) [***]%, (b) [***] and (c) a fraction, the numerator of which is the number of calendar days during such servicing period and the denominator of which is 365.

With respect to [***], a loan trailing fee (the "Loan Trailing Fee") equal to the product of (a) [***]%, (b) [***] and (c) a fraction, the numerator of which is the number of calendar days in the month to which such payment relates and the denominator of which is the number of calendar days in the year that includes such month.

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

Exhibit C

Backup Servicing Fee

(a) The backup servicing fee (the "Backup Servicing Fee") to be billed to Servicer by Backup Servicer monthly in advance shall be equal to [***] for such month. Such Backup Servicing Fee shall no longer accrue in the event Backup Servicer becomes Successor Servicer with respect to the Serviced Assets.

Legal and any due diligence requested by Servicer are additional, and legal fees incurred by Backup Servicer in connection with entering into this Agreement.

(b) Consulting time provided by Backup Servicer to Servicer will be billed at $[***] per hour per person, or at the applicable rates of Backup Servicer as of such date, for reasonable time expended at the request of (and with the approval of), or the initiation of, Servicer. Servicer agrees to pay such reasonable fees within thirty (30) days of receipt of an invoice from Backup Servicer.

(c) Reasonable and documented out-of-pocket expenses incurred by Backup Servicer in its performance of its duties hereunder, including, but not limited to, expenses incurred for travel for site visits, due diligence, and transfer of servicing, in each case, to the extent approved by Servicer in advance.

(d) The fees and expenses set forth herein are stated in U.S. Dollars, and all invoicing and payments hereunder shall also be in U.S. Dollars. Billing is in advance and the Servicer shall pay outstanding invoices within thirty (30) days after receipt of an invoice for the same or incur interest charges of 1.5% per month on any outstanding balance or the maximum allowable by law, whichever is less. All such payments will be made with reference to "FACRN5844".

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

Exhibit D

Successor Servicing Agreement

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

SUCCESSOR LOAN SERVICING AGREEMENT

DATED AS OF ___________, 20__

BETWEEN

FIRST ASSOCIATES LOAN SERVICING, LLC,

AS SERVICER,

AND

[NAME OF INDENTURE TRUSTEE],

AS INDENTURE TRUSTEE

(UNSECURED CONSUMER LOANS)

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

This SUCCESSOR LOAN SERVICING AGREEMENT, dated as of ___________, 20__ (the "Effective Date"), is made by and between First Associates Loan Servicing, LLC, a Delaware limited liability company, as successor servicer (together with its successors and permitted assigns, "Servicer"), and [name of indenture trustee], a [state of formation and form of entity] (together with its successors and permitted assigns, "Indenture Trustee").

RECITALS

WHEREAS, Servicer, Prosper Funding LLC, a Delaware limited liability company ("PFL"), and Prosper Marketplace, Inc., a Delaware corporation, entered into a Backup Servicing Agreement, dated as of December __, 2016 (the "Backup Servicing Agreement");

WHEREAS, from time to time, PFL purchases, without recourse, unsecured consumer loans and/or related participations ("Loans") from WebBank, a Utah chartered industrial bank, and/or any other bank origination partner of Prosper (collectively, "Bank");

WHEREAS, PFL has issued Borrower Payment Dependent Notes that are entirely dependent for payment on payments received on the corresponding Loan;

WHEREAS, Indenture Trustee is indenture trustee under that certain Amended and Restated Borrower Payment Dependent Notes Indenture, dated as of January 22, 2013 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Indenture"), by and between PFL and Wells Fargo Bank, National Association;

WHEREAS, Indenture Trustee has elected to appoint Servicer as, and Servicer has agreed to become, Successor Servicer (as defined in the Backup Servicing Agreement) to service the Loans and the Borrower Payment Dependent Notes, and Servicer and Indenture Trustee desire to set forth the terms and conditions under which Servicer will service such Loans and Borrower Payment Dependent Notes.

NOW, THEREFORE, in consideration of the mutual agreements hereinafter set forth, and for other good and reasonable consideration, the receipt and adequacy of which is hereby acknowledged, Servicer and Indenture Trustee hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01. Definitions. The following terms are defined as follows:

"Accepted Servicing Practices" means, with respect to each Loan, the loan servicing practices and procedures set forth on Exhibit B, together with any amendments or other modifications thereto made by Servicer from time to time.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with, such Person. As used in this definition of Affiliate, the term "control" means the power, directly or indirectly, to direct or cause the direction of the management and policies of a Person, whether through ownership of such Person's voting securities, by contract or otherwise, and the terms "affiliated", "controlling" and "controlled" have correlative meanings.

"Agreement" means this Successor Loan Servicing Agreement, including all exhibits and schedules attached hereto or delivered in connection herewith, as such agreement may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

"Ancillary Fees" means any insufficient fund charges and other administrative fees, including, without limitation, extension processing fees, NSF fees, payment processing fees and other similar fees imposed in relation to servicing activities in the amounts consistent with Applicable Law, the Loan Documents and this Agreement, but in all event not including or duplicative of (i) Servicing Fees, (ii) Loan Trailing Fees, (iii) origination fees, (iv) payments of principal and interest, (v) payments of default interest or late payment fee or (vi) Collection Fees. Servicer shall be entitled to receive all Ancillary Fees collected on the Loans, which amounts will be paid over to Servicer from proceeds of the related Loans.

"Applicable Laws" means all federal, state and local laws, statutes, rules, regulations, court orders and decrees, administrative orders and decrees, and other legal requirements of any and every conceivable type applicable to Servicer's servicing any Loan or Borrower Payment Dependent Note, and all requirements of any Regulatory Authority having jurisdiction over Servicer, as any such laws, statutes, regulations, orders or requirements may be amended and in effect from time to time during the term of this Agreement.

"Bankruptcy Loan" means any Charged Off Loan for which voluntary proceedings under Chapter 13 of the Bankruptcy Code have been commenced by the applicable Borrower.

"Borrower" means, with respect to any Loan, each of the borrower of such Loan and each other obligor (including any co-signor or guarantor) of the payment obligation for such Loan.

"Borrower Payment Dependent Notes" means the borrower payment dependent notes issued and sold by PFL through its Retail Platform.

"Business Day" means any day other than (i) a Saturday, (ii) a Sunday, (iii) any day that is a legal holiday under the laws of the State of California or the State of Utah, or (iv) any day on which a bank located in the State of California or the State of Utah is authorized or permitted to close for business.

"Charged Off Loan" means any Loan (i) that has been due for at least 120 consecutive days or (ii) that Servicer otherwise deems uncollectible, in accordance with the Servicing Standard.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collection Agent" means any Person to whom Servicer transfers servicing and collection activities for a Delinquent Loan or Charged Off Loan; provided, that such Person is included in the list of collection agents attached hereto as Schedule 1, which Schedule may be amended, restated, amended and restated, supplemented or otherwise modified by Servicer from time to time upon written notice to Indenture Trustee.

"Collection Fees" means any fees or charges payable to a Collection Agent in connection with its servicing or collection efforts with respect to any Delinquent Loan or Charged Off Loan.

"Confidential Information" means:

(i) information regarding Discloser's customers, capital structure, financial condition and results of operations, financial and risk models, projections, loss and return estimates, compliance and risk management systems, loan pricing, customer fees and charges, vendor pricing, organizational structure, employee compensation and benefits, stock and other deferred compensation plans, employee and stockholder agreements, as well as non-public information regarding pending or threatened litigation or regulatory matters involving Discloser;

(ii) information regarding Discloser's inventions, discoveries, developments, improvements, processes, systems, methods, devices, patents, patent applications, trademarks, intellectual property, know-how, trade secrets, instruments, materials, products, programs, techniques, designs, research/development activities and plans, data, specifications, computer programs/code (object or source), costs of production, promotional methods, marketing plans/strategies, clinical plans, business opportunities, vendors, and customer lists;

(iii) with respect to Indenture Trustee, as Discloser, any Customer NPPI;

(iv) this Agreement and any other documents, instruments or agreements entered into or delivered in connection herewith or therewith;

(v) information: (A) that is marked "Confidential", "Proprietary" or in some similar way; (B) that Discloser identifies as Confidential Information when disclosed or within a reasonable time afterwards; or (C) that Recipient knows or should know to be confidential or proprietary to Discloser; and

(vi) any third party information with respect to which Discloser is subject to restrictions on disclosure or use based on the confidential nature of such information; <u>provided</u>, <u>however</u>, that "Confidential Information" does not include any information:

(A) that was publicly known or made generally available to the public prior to its disclosure hereunder;

(B) that becomes publicly known or is made generally available to the public following its disclosure hereunder through no wrongful act or omission of Recipient or anyone to whom Recipient has disclosed such information;

(C) that Recipient rightfully possessed without any duty of confidentiality prior to its disclosure hereunder;

(D) that was independently developed by Recipient without use of or reference to any information received by or on behalf of Recipient hereunder; or

(E) that Recipient rightfully obtained from a third party, where such third party was not subject to any restrictions on disclosure with respect to such information.

"<u>Customer NPPI</u>" means any Non-Public Personal Information of any actual or potential Borrower or other customer of Servicer.

"<u>Debtor Relief Laws</u>" means any of: (i) the United States Bankruptcy Code and (ii) all other applicable liquidation, conservatorship, bankruptcy, moratorium, arrangement, receivership, insolvency, reorganization, suspension of payments, adjustment of debt, marshalling of assets or similar debtor relief laws of the United States, any state or any foreign country from time to time in effect affecting the rights of creditors generally.

"<u>Delinquent Loan</u>" means a Loan that is more than 15 days past due.

"<u>Deposit Account</u>" means an account specified by Indenture Trustee which is owned by Indenture Trustee or maintained for the benefit of Indenture Trustee.

"<u>Discloser</u>" has the meaning set forth in <u>Section 6.01</u>.

"Due Date" means the day of the calendar month on which the Monthly Payment is due on a Loan, exclusive of any grace period.

"Extraordinary Servicing Activities" means activities relating to the realization of Proceeds, the enforcement of the obligations of Borrowers or the defense of the rights of the owners of Loans that are (i) not identified as Accepted Servicing Practices and (ii) are (A) outside of the scope of servicing activities undertaken by Servicer or its Affiliates in the ordinary course of servicing consumer loans for its or their own account or for the account of their respective customers, clients, assigns and transferees, or (B) are reasonably likely to create or result in Materially Increased Liabilities, including the appearance in, initiation of or prosecution or defense of legal actions, arbitral proceedings, bankruptcy proceedings or similar adversarial proceedings, or the preparation of or response to pleadings, filings, motions, discovery requests, subpoenas or other similar activities ancillary thereto.

"FATCA Provisions" means Sections 1471 through 1474 of the Internal Revenue Code.

"FBO Collection Account" means a deposit account segregated from Servicer's or its Affiliates' own funds and general assets maintained by Servicer at Wells Fargo Bank, National Association for the benefit of Indenture Trustee and other purchasers of loans from PFL, or such other additional or replacement account or accounts segregated from Servicer's or its Affiliates' own funds and general assets as may from time to time be maintained by Servicer for the benefit of Indenture Trustee.

"FTC" means the Federal Trade Commission.

"Indemnified Parties" has the meaning set forth in Section 5.03.

"Indenture Trustee" has the meaning set forth in the recitals to this Agreement.

"Indenture Trustee Indemnified Parties" has the meaning set forth in Section 4.03(a).

"Insolvency Event" means, with respect to any Person, if any of the following events shall occur: (i) such Person shall file a petition or commence a Proceeding (A) to take advantage of any Debtor Relief Law or (B) for the appointment of a trustee, conservator, receiver, liquidator or similar official for or relating to such Person or all or substantially all of its property, or for the winding up or liquidation of its affairs, (ii) such Person shall consent or fail to object to any such petition filed or Proceeding commenced against or with respect to it or all or substantially all of its property, or any such petition or Proceeding shall not have been dismissed or stayed within sixty 60 days of its filing or commencement, or a court, agency or other supervisory authority with jurisdiction shall not have decreed or ordered relief with respect to such petition or Proceeding, (iii) such Person shall admit in writing its inability to pay its debts generally as they become due, (iv) such Person shall make an assignment for the benefit of its creditors, (v) such Person shall voluntarily suspend payment of its obligations, or (vi) such Person shall take any action in furtherance of any of the foregoing.

"Liquidated Loan" means a Loan that has been liquidated, whether by way of a payment in full, a disposition, a refinance, a compromise, a charge-off as a Charged Off Loan or any other means of liquidation of such Loan.

"Liquidation Proceeds" means cash proceeds, if any, received in connection with the liquidation of a Liquidated Loan.

"Loan" means any loan for which PFL has issued a Borrower Payment Dependent Note.

"Loan Confidential Information" means any Confidential Information contained in a Servicing File.

"Loan Document" means any promissory note or other document executed by a Borrower to evidence the indebtedness of each Borrower under a Loan and setting forth the terms of such indebtedness; it being understood and agreed that each such document is created and stored in electronic form only and, therefore, that no single original of any such document exists.

"Loan Modification" means, with respect to any Loan, any waiver, modification or variance of any term of any Loan or any consent to the postponement of strict compliance with any such term or any other grant of an indulgence or forbearance to the related Borrower.

"Loan Trailing Factor" means [***]%.

"Loan Trailing Fee" means, with respect to a Loan, a fee equal to the product of (a) the Loan Trailing Factor, (b) [***] and (c) a fraction, the numerator of which is the number of calendar days in the month to which such payment relates and the denominator of which is the number of calendar days in the year that includes such month.

"Material Adverse Change" means, with respect to a Person, any material adverse change in the business, financial condition, operations, properties or prospects of such Person.

"Material Adverse Effect" means, with respect to a Person, (a) a Material Adverse Change with respect to such Person or any of its Affiliates taken as a whole; (b) a material impairment of the ability of such Person to perform under this Agreement (which impairment cannot be timely cured, to the extent a cure period is applicable); or (c) a material adverse effect upon the legality, validity, binding effect or enforceability of this Agreement against such Person.

"Materially Increased Liabilities" means any imposition on Servicer of: (i) obligations or duties that are materially different in scope or materially more burdensome (economically or operationally) than Servicer's express obligations and duties under this Agreement, including in relation to the manner of servicing Loans and Borrower Payment Dependent Notes, reporting (including reporting under the Securities and Exchange Act of 1934 (as amended)), audits and inspections, collections or cash management; (ii) obligations or liabilities in relation to the accuracy or completeness of offering materials in relation to securities offerings or sales by Persons that are not Affiliates of Servicer; (iii) materially increased risk of being subject to or being required to appear in or defend adversarial proceedings initiated by third Persons or investigations or actions on the part of any Regulatory Authority; or (iv) materially increased risk of reputational harm.

"Monthly Payment" means the scheduled monthly payment of principal and/or interest on a Loan.

"Net Proceeds" means, with respect to a Loan on any date of determination, the Proceeds less any applicable Servicing Compensation, Loan Trailing Fees and Collection Fees earned and unpaid to date.

"Non-Public Personal Information" has the meaning ascribed to such term in the FTC's Rule regarding Privacy of Consumer Financial Information (16 C.F.R. Part 313).

"Party" means either Servicer or Indenture Trustee and "Parties" means all of Servicer and Indenture Trustee.

"Pass-through Expenses" means third-party legal expenses incurred by Servicer.

"Payment Date" means a date on which any payment of principal and/or interest on a Loan is acknowledged to be paid under the terms of such Loan.

"Person" means any individual, corporation (including a business trust), partnership, joint venture, association, bank, limited liability company, joint-stock company, estate, trust, unincorporated organization, government or any agency or political subdivision thereof, or any other entity.

"Portfolio Interest Exemption" means the exemption from U.S. tax under Section 871(h) or Section 881(c) of the Internal Revenue Code.

"Principal Prepayment" means any payment or other recovery of principal on a Loan that is received in advance of its scheduled Due Date.

"Privacy Laws" has the meaning set forth in Section 6.03(a).

"Proceeding" means any suit in equity, action at law or other judicial or administrative proceeding.

"Proceeds" means, with respect to a Loan, (i) all payments on account of principal on such Loan, including all Principal Prepayments; (ii) all payments on account of interest and fees (including Collection Fees) on such Loan; (iii) all Liquidation Proceeds and other recoveries; and (iv) any other payments on or proceeds of such Loan, including those received or recovered by or through Servicer, any Subcontractor or any Collection Agent.

"Promissory Note" means, with respect to each Loan, the promissory note or other record or evidence of the indebtedness of a Borrower.

"Recipient" has the meaning set forth in Section 6.01.

"Regulatory Authority" means any federal, state or local regulatory agency or other governmental agency, department, court, commission, board, bureau, instrumentality or political subdivision thereof, or any entity or officer exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case, having jurisdiction over a Party, any Loan, any Borrower Payment Dependent Note or any Borrower.

"Regulatory Conflict" has the meaning set forth in Section 3.01(d).

"Retail Platform" means the online credit platform owned and operated by PFL, and any of its related systems and data for the purchase of Borrower Payment Dependent Notes by retail investors.

"Servicer" has the meaning set forth in the preamble to this Agreement.

"Servicer Indemnified Parties" has the meaning set forth in Section 4.03(b).

"Servicer Event of Default" has the meaning set forth in Section 7.01.

"Servicing Compensation" means the compensation payable to Servicer hereunder consisting of (a) the Servicing Fees, (b) the Ancillary Fees and (c) the Pass-through Expenses.

"Servicing Fee" has the meaning set forth in Exhibit A.

"Servicing Fee Rate" means, with respect to any Loan, subject to the provisions of Section 3.06(b), the "Servicing Fee Rate" set forth in Exhibit A.

"Servicing File" means, with respect to any Loan, the documents, files and records held or maintained by or on behalf of Servicer pertaining specifically to such Loan or the servicing thereof, including, without limitation, computer files, data tapes, books, records, electronic copies of documents, notes and Loan Documents relating to such Loan; it being understood and agreed that all of the items that constitute a Servicing File only exist in electronic form and, therefore, that no single original of any such item exists.

"Servicing Period" means, with respect to any Loan, any period beginning on the immediately preceding Payment Date (or in the case of the first such period, the Effective Date) and ending on the day immediately preceding such Payment Date.

"Servicing Rights" means, with respect to any Loan, the rights and interests to service and administer such Loan and the responsibility for performing the servicing functions for such Loan.

"Servicing Standard" has the meaning set forth in Section 3.01(a).

"Servicing Transfer Costs" means all reasonable out-of-pocket costs and expenses incurred in connection with the transfer of servicing, including, without limitation, any reasonable out-of-pocket costs or expenses associated with the complete transfer of all Servicing Files and other servicing data and information, and the completion, correction or manipulation of such servicing data and information as may be reasonably required by Indenture Trustee to correct any errors or insufficiencies in the Servicing File or such other data and information that prevent Indenture Trustee (or any successor servicer) from servicing the Loans in a manner that complies with the Accepted Servicing Practices, but not including overhead or similar internal costs.

"Subcontractor" means, subject to the terms hereof, any vendor, third party service provider or other Person that is not responsible for the overall servicing (as "servicing" is commonly understood) of Loans and Borrower Payment Dependent Notes but performs one or more discrete functions with respect to Loans and Borrower Payment Dependent Notes under the direction or authority of Servicer.

"U.S. Financial Institution" means a U.S. Person that is a "financial institution", as such term is defined in 26 C.F.R. 1.1.165-12(c)(1)(iv).

"U.S. Person" means a "United States person", as such term is defined in Section 7701(a)(30) of the Internal Revenue Code.

Section 1.02. Rules of Construction.

(a) As used in this Agreement: (i) all references to the masculine gender shall include the feminine gender (and vice versa); (ii) all references to "include," "includes," or "including" shall be deemed to be followed by the words "without limitation"; (iii) references to any law or regulation refer to that law or regulation as amended from time to time and include any successor law or regulation; (iv) references to another agreement, instrument or other document means such agreement, instrument or other document as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time in accordance with the terms thereof; (v) references to "dollars" or "$" shall be to United States dollars unless otherwise specified herein; (vi) unless otherwise specified, all references to days, months or years shall be deemed to be preceded by the word "calendar"; (vii) all references to "quarter" shall be deemed to mean calendar quarter; and (viii) unless otherwise specified, all references to an article, section, subsection, exhibit or schedule shall be deemed to refer to, respectively, an article, section, subsection, exhibit or schedule of or to this Agreement.

(b) The fact that any Party provides approval or consent shall not mean or otherwise be construed to mean that: (i) either Party has performed any due diligence with respect to the requested or required approval or consent, as applicable; (ii) either Party agrees that the item or information for which the other Party seeks approval or consent complies with any Applicable Laws; (iii) either Party has assumed the other Party's obligations to comply with all Applicable Laws arising from or related to any requested or required approval or consent; or (iv) except as otherwise expressly set forth in such approval or consent, either Party's approval or consent impairs in any way the other Party's rights or remedies under the Agreement, including indemnification rights for any failure to comply with all Applicable Laws.

ARTICLE I.

ENGAGEMENT OF SERVICER TO PERFORM SERVICING

Section 2.01. Contract for Servicing; Possession of Servicing Files.

(a) From and after the Effective Date and until the earlier of: (i) such date as such Loans become a Liquidated Loan; or (ii) this Agreement is terminated in accordance with Section 7.01, Indenture Trustee appoints and contracts with Servicer as an independent contractor, subject to the terms of this Agreement, for the servicing of such Loan and the related Borrower Payment Dependent Notes. Servicer is the owner of the Servicing Rights relating to each Loan serviced by Servicer hereunder, subject to Indenture Trustee's rights hereunder with respect to such Servicing Rights in the event of Servicer's default hereunder.

(b) Servicer shall establish and maintain a Servicing File with respect to each Loan and Borrower Payment Dependent Note in order to service such Loan and Borrower Payment Dependent Note pursuant to this Agreement. Ownership of such Servicing File shall vest in Indenture Trustee, and the Servicing File shall be retained and maintained, in trust, by Servicer in a custodial capacity only; provided, however, that Indenture Trustee acknowledges and agrees that Servicer will retain electronic copies of: (i) the Loan Documents for such Loan as well as (ii) any other items, documents, data or information that comprise such Servicing File; provided, further, that subject to Article VI, Servicer will retain the right (A) to use and permit its Affiliates to use the same in the performance of its obligations hereunder and in the conduct of its and its Affiliates' businesses generally (subject to the confidentiality provisions of this Agreement), including, without limitation, to facilitate the acquisition and sale of consumer loans to persons other than Indenture Trustee, and to fulfill the reporting obligations of Servicer and its Affiliates with respect to any such sales, and (B) to use, deliver or release copies of any such data, information or documents, and permit its Affiliates to use, deliver or release copies thereof, to its or their accountants, counsel or advisors, to regulators or other Regulatory Authorities of competent jurisdiction, or to other Persons to the extent necessary and appropriate to respond to subpoenas or other appropriate demands therefor in connection with any action, proceeding, arbitration or investigation in any forum of or before any Regulatory Authority. Servicer shall mark its records to reflect ownership of the Loans and Borrower Payment Dependent Notes by Indenture Trustee. Except as permitted under this Section 2.01(b), Servicer shall release from its custody the contents of any Servicing File retained by it only to Indenture Trustee or such other Persons as Indenture Trustee may authorize.

(c) If any error, inaccuracy, omission or incorrect or non-standard practice or procedure (collectively "Errors") exist in any materials delivered to Servicer by the prior servicer of the Loans and Borrower Payment Dependent Notes which cause Servicer to make or continue any Errors (collectively, "Continued Errors"), Servicer shall have no liability for such Continued Errors; provided, however, that Servicer, agrees to use its commercially reasonable efforts to prevent Continued Errors. In the event that Servicer becomes aware of Errors or Continued Errors, it shall use its commercially reasonable efforts to reconstruct and reconcile such data and to prevent future Continued Errors. Servicer shall be entitled to recover its reasonable costs thereby expended.

Section 2.02. Use of Subcontractors.

Indenture Trustee acknowledges that Servicer may use one or more Subcontractors to assist or facilitate Servicer's duties hereunder in connection with the servicing of the Loans and Borrower Payment

Dependent Notes; provided, that the use of a Subcontractor shall not relieve Servicer of any of its obligations hereunder. Servicer shall remain responsible for any and all acts or omissions of its Subcontractors to the same extent as if such acts or omissions were taken or omitted by Servicer directly.

Section 2.03. Assistance and Cooperation of Indenture Trustee.

If any actions of Indenture Trustee are necessary or appropriate in connection with the servicing and administration of the Loans and Borrower Payment Dependent Notes hereunder, then upon the request of Servicer, Indenture Trustee shall use its commercially reasonable efforts to perform such actions in a timely manner and to cooperate with and assist Servicer in connection with such actions; provided, however, that Indenture Trustee shall not contact any Borrower, other than in connection with an audit, without the prior written consent of Servicer.

ARTICLE II.

Servicing of Loans AND BORROWER PAYMENT DEPENDENT NOTES

Section 3.01. Servicer to Service.

(a) Servicer, as an independent contractor, shall service and administer each Loan from and after the Effective Date with reasonable care using that degree of skill and attention that is (i) deemed commercially reasonable in the unsecured consumer loan servicing industry and (ii) no less than the degree of skill and attention that it uses in relation to its servicing and administration of unsecured consumer loans for the account of its Affiliates or its or their other customers, clients, assigns and transferees, and, in all cases in accordance with the terms of this Agreement, the Accepted Servicing Practices and Applicable Laws (such standard of care being, the "Servicing Standard"), and Servicer shall have full power and authority, acting alone or through the utilization of Subcontractors, to do any and all things in connection with such servicing and administration as limited by the Servicing Standard.

(b) Servicer may grant, permit or enter into any Loan Modification for any Loan, provided, that such Loan Modification (i) is in accordance with the Servicing Standard and (ii) is determined by Servicer at the time of such modification to be a practical manner to obtain a reasonable recovery from such Loan based upon its prior servicing experience for similar unsecured consumer loans.

(c) Without limiting the generality of the foregoing, Servicer is hereby authorized and empowered to execute and deliver on behalf of itself and Indenture Trustee, all notices or instruments of satisfaction, cancellation or termination, or of partial or full release, discharge and all other comparable instruments, with respect to the Loans and Borrower Payment Dependent Notes; provided, however, that Servicer shall not be entitled to release, discharge, terminate or cancel any Loan or the related Loan Documents unless (i) Servicer shall have received payment in full of all principal, interest and fees owed by the Borrower related thereto, or (ii) in the case of a Delinquent Loan, Servicer accepts a short pay or reduced payment of full principal, interest and fees owed on such Loan in accordance with the Servicing Standard. If reasonably required by Servicer, Indenture Trustee shall furnish Servicer with any powers of attorney and other documents reasonably necessary or appropriate to enable Servicer to carry out its servicing and administrative duties under this Agreement and Servicer shall indemnify and hold Indenture Trustee harmless for any costs, liabilities or expenses incurred by Indenture Trustee in connection with any use of such power of attorney by Servicer or its agents in breach of this Agreement.

(d) Other than the Pass-through Expenses, Servicer shall pay out of its own funds all expenses incurred in connection with its servicing activities hereunder, including, without limitation, expenses related to enforcement of the Loans, the reasonable fees and expenses of its outside counsel and independent

accountants and all other fees and expenses; provided, however, that Servicer will not be required to undertake any Extraordinary Servicing Activities unless it shall have received assurances of reimbursement for and indemnification reasonably acceptable to it in relation to the costs, expenses and liabilities attendant to the performance thereof.

(e) With respect to the Borrower Payment Dependent Notes, Servicer shall solely (i) make deposits in the FBO Collection Account as set forth in Section 3.03(b), (ii) provide Indenture Trustee, on a monthly basis, a report of funds collected in the FBO Collection and a file reporting ownership of each Loan for which proceeds were collected based on the Loan ownership information provided by the prior servicer of the Loans, and (iii) provide portfolio reporting on a monthly basis to Indenture Trustee. Indenture Trustee shall remit payment to the holders of Borrower Payment Dependent Notes with respect to the Borrower Payment Dependent Notes and Servicer shall have no liability with respect to such payments. Any reporting regarding payments made with respect to the Borrower Payment Dependent Notes shall be made by Indenture Trustee.

Section 3.02. Collection and Liquidation of Loans.

(a) Collection of Payments. Continuously from the Effective Date until the date each Loan becomes a Liquidated Loan or otherwise ceases to be subject to this Agreement, in accordance with the Servicing Standard, Servicer shall use commercially reasonable efforts to collect all Monthly Payments and any other payments due under each of the Loans when the same shall become due and payable.

(b) Loss Mitigation. With respect to any Loan, in accordance with the Servicing Standard, Servicer shall use commercially reasonable efforts to realize upon Loans in such a manner that reasonably attempts to maximize the receipt of principal and interest, including pursuing any Loan Modification pursuant to Section 3.01(b) or pursuing other loss mitigation or other default recovery actions in accordance with the Servicing Standard.

(c) Charged Off Loans and Delinquent Loans. Promptly following any Loan becoming a Charged Off Loan, Servicer shall charge off that Loan (such date, a "Charge Off Date"). Subject to the Servicing Standard, Servicer may transfer the servicing and collection activities for any Delinquent Loan or Charged Off Loan to a Collection Agent, and Servicer shall be relieved of its ongoing servicing and collection obligations hereunder with respect to such Loan (however, if and when all past due amounts are received with respect to any Delinquent Loan, Servicer shall resume its servicing and collection obligations with respect to such Loan), except as to the obligation to handle all Proceeds of such Loans in accordance with Section 3.02(d) below. To the extent Servicer receives information from a Collection Agent regarding any Charged Off Loans or Delinquent Loans, Servicer shall include such information in the reports regarding the Loans that are required to be delivered under this Agreement. Neither Servicer nor any Collection Agent shall have the right to sell, assign, transfer, liquidate or otherwise dispose of any Charged Off Loan without the prior written consent of Indenture Trustee except as specifically permitted under this Section 3.02(c).

(d) Recovery of Charged Off Loans and Bankruptcy Loans. With respect to any Charged Off Loan or Bankruptcy Loan, Servicer and the applicable Collection Agents shall be permitted to accept a payment from the related Borrower of an amount less than outstanding principal balance of such Loan in final satisfaction of such Loan; provided, that (i) such Borrower is unable to pay or settle for the outstanding principal balance of such Loan in full, as reasonably determined by Servicer or the applicable Collection Agent and (ii) Servicer shall (and shall cause the applicable Collection Agent to) review any such partial payment agreement every 90 days in order to re-evaluate the Borrower's financial position and ability to pay the principal balance in full and may reduce or increase any such partial payment agreement.

Section 3.03. Deposits to Accounts.

(a) Servicer shall direct or otherwise cause the applicable Borrower of each Loan to make all payments directly to the FBO Collection Account, and shall direct each Collection Agent to deposit all Proceeds of any Loan received by such Collection Agent directly to the FBO Collection Account. With respect to any Proceeds deposited in the FBO Collection Account, Servicer will cause the applicable Net Proceeds to be remitted to the Deposit Account within approximately two (2) Business Days of deposit into the FBO Collection Account.

(b) Without limiting the foregoing, to the extent any Proceeds are received by Servicer, other than remitted directly to the FBO Collection Account, Servicer will cause such Proceeds to be deposited into the FBO Collection Account as promptly as is reasonably practicable and in any event within two (2) Business Days of receipt thereof.

(c) Indenture Trustee shall be responsible for all fees and charges imposed by Wells Fargo Bank, National Association, or any successor bank, with respect to the FBO Collection Account or the Deposit Account, which fees and charges shall expressly include but not be limited to account fees, money transfer fees and any legal or other fees associated with entering into any control or other agreements covering the FBO Collection Account or the Deposit Account. Wells Fargo Bank, National Association, may apply any fees and charges incurred with respect to the FBO Collection Account or the Deposit Account against any balances in the FBO Collection Account or the Deposit Account.

Section 3.04. Credit Reporting.

Servicer shall accurately and fully furnish, in accordance with the Fair Credit Reporting Act and its implementing regulations as well as Servicer's own policies and practices, accurate and complete information (*e.g.*, favorable and unfavorable) on its borrower credit files to each of the following credit repositories: Trans Union, LLC and Experian Information Solutions, Inc.

Section 3.05. Servicing Compensation.

(a) Payment of Fees. Servicer and Indenture Trustee acknowledge and agree that, as consideration to Servicer for servicing the Loans and Borrower Payment Dependent Notes subject to this Agreement, Indenture Trustee shall be responsible for paying Servicer the Servicing Fee, the Loan Trailing Fee and any Ancillary Fee for each Loan subject to this Agreement during any month or part thereof to the extent Servicer has not netted such Servicing Fees, the Loan Trailing Fee or Ancillary Fee from Proceeds remitted by a Borrower or a Collection Agent to the FBO Collection Account.

(b) Servicing Fee Rate. The Servicing Fee Rate shall not be subject to change with respect to any Loan after the Effective Date thereof. The parties hereto acknowledge that the Servicing Fee Rate applicable to any Loan as of the date of this Agreement is one percent (1%) per annum.

ARTICLE III.

Representations, Warranties and covenants

Section 4.01. Representations and Warranties of Servicer.

As a condition to the consummation of the transactions contemplated hereby, as of the Effective Date, Servicer hereby makes the following representations and warranties to Indenture Trustee:

(a) Servicer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has all licenses necessary to carry on its business as now being conducted, and is licensed, qualified and in good standing in each state where the laws of such state require licensing or qualification in order to conduct business of the type conducted by Servicer, except to the extent that the failure to obtain or maintain any such license would not reasonably be expected to have a Material Adverse Effect with respect to Servicer, and in any event Servicer is in compliance with all Applicable Laws to the extent necessary to ensure the enforceability of the terms of this Agreement and its ability to perform its obligations hereunder.

(b) Servicer has the full limited liability company power and authority to execute and deliver this Agreement and to perform in accordance herewith; the execution, delivery and performance of this Agreement (including all instruments of transfer to be delivered pursuant to this Agreement) by Servicer, and the consummation of the transactions contemplated hereby have been duly and validly authorized; this Agreement evidences the valid, binding and enforceable obligation of Servicer (except as such enforceability may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally and by general principles of equity) and all requisite limited liability company action has been taken by Servicer to make this Agreement valid and binding upon Servicer in accordance with its terms.

(c) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated by this Agreement (assuming receipt of all necessary consents), nor compliance with its terms and conditions, (i) will result in the creation or imposition of any lien, charge or encumbrance of any nature upon the Loans or the Borrower Payment Dependent Notes, or (ii) conflicts with or results in the breach of, or constitutes a default under, any Loan or any material contract, agreement or other instrument to which Servicer is a party or which may be applicable to Servicer or its assets.

(d) No consent, approval, license, registration, authorization or order of any Regulatory Authority is required for the execution, delivery and performance by Servicer of, or compliance by Servicer with, this Agreement, including the servicing of each Loan and Borrower Payment Dependent Note hereunder, or if required, such consent, approval, license, registration, authorization or order has been obtained prior to the related Effective Date, in each case except to the extent that the failure to obtain any such consent, approval, license, registration, authorization or order would not reasonably be expected to have a Material Adverse Effect with respect to Servicer or adversely affect the validity, enforceability or collectability of the Loans or the Borrower Payment Dependent Notes.

(e) There are no judgments, proceedings or investigations pending against Servicer or, to Servicer's knowledge, threatened against Servicer, before any Regulatory Authority having jurisdiction over Servicer or its properties: (i) asserting the invalidity of this Agreement; (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement; or (iii) seeking any determination or ruling that would reasonably be expected to have a Material Adverse Effect with respect to Servicer.

(f) Servicer is solvent and no voluntary or involuntary bankruptcy petition has been commenced by or against Servicer, nor has Servicer made an offer or assignment or compromise for the benefit of creditors and Servicer will not be rendered insolvent by the consummation of the transactions contemplated hereby.

Section 4.02. Representations, Warranties and Covenants of Indenture Trustee.

As a condition to the consummation of the transactions contemplated hereby, Indenture Trustee hereby makes the following representations and warranties to, and covenants with, Servicer:

(a) Indenture Trustee is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it was formed and has all licenses necessary to carry on its business as now being conducted, and is licensed, qualified and in good standing in each state where the laws of such state require licensing or qualification in order to conduct business of the type conducted by Indenture Trustee, except to the extent that the failure to obtain or maintain any such license would not reasonably be expected to have a Material Adverse Effect with respect to Indenture Trustee, and in any event Indenture Trustee is in compliance with all Applicable Law to the extent necessary to ensure the enforceability of the terms of this Agreement, and its ability to perform its obligations hereunder.

(b) Indenture Trustee has the full power and authority to execute and deliver this Agreement and to perform in accordance herewith; the execution, delivery and performance of this Agreement by Indenture Trustee, and the consummation of the transactions contemplated hereby have been duly and validly authorized; this Agreement evidences the valid, binding and enforceable obligation of Indenture Trustee (except as such enforceability may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally and by general principles of equity) and all requisite action has been taken by Indenture Trustee to make this Agreement valid and binding upon Indenture Trustee in accordance with its terms.

(c) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated by this Agreement (assuming receipt of all necessary consents), nor compliance with its terms and conditions, conflicts with or results in the breach of, or constitute a default under, any Loan, any Borrower Payment Dependent Note or any material contract, agreement or other instrument to which Indenture Trustee is a party or which may be applicable to Indenture Trustee or its assets.

(d) No consent, approval, license, registration, authorization or order of any Regulatory Authority is required for the execution, delivery and performance by Indenture Trustee of, or compliance by Indenture Trustee with, this Agreement, or if required, such consent, approval, license, registration, authorization or order has been obtained prior to the Effective Date, in each case except to the extent that the failure to obtain any such consent, approval, license, registration, authorization or order would not reasonably be expected to have a Material Adverse Effect with respect to Indenture Trustee.

(e) There are no judgments, proceedings or investigations pending against Indenture Trustee or, to Indenture Trustee's knowledge, threatened against Indenture Trustee, before any Regulatory Authority having jurisdiction over Indenture Trustee or its properties: (i) asserting the invalidity of this Agreement; (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement; or (iii) seeking any determination or ruling that would reasonably be expected to have a Material Adverse Effect with respect to Indenture Trustee.

(f) Indenture Trustee is solvent and no voluntary or involuntary bankruptcy petition has been commenced by or against Indenture Trustee, nor has Indenture Trustee made an offer or assignment or compromise for the benefit of creditors.

(g) Neither the facilities through which Indenture Trustee will perform its obligations hereunder nor the individuals acting on Indenture Trustee's behalf in performing such obligations are located in the State of Alabama or the State of Indiana.

(h) Indenture Trustee is fully compliant with all applicable provisions of the AML-BSA Laws and the Foreign Corrupt Practices Act of 1977, as amended, and has adopted policies and procedures reasonably designed to ensure its ongoing compliance with such laws, which policies and procedures are consistent with generally accepted standards within Indenture Trustee's industry for ensuring such compliance.

(i) Payments on Loans may be subject to the backup withholding tax under Section 3406 of the Internal Revenue Code if the recipient fails to furnish certain information, including its taxpayer identification numbers, or otherwise fails to establish an exemption from such tax. Payments of interest on Loans held by a U.S. Person other than certain exempt recipients are required to be reported to the Internal Revenue Service. Payments of interest on Loans held by a non-U.S. Person are generally subject to 30% withholding tax under Chapter 3 of the Internal Revenue Code unless an exemption applies. Payments of interest and principal on Loans held by a non-U.S. Person may also be subject to withholding tax under the FATCA Provisions. In relation to and with full understanding of the foregoing, and following consultation by Indenture Trustee with its tax and legal advisors, Indenture Trustee represents and warrants to Servicer and covenants that:

(i) (A) Indenture Trustee is a U.S. Person and is either (1) a U.S. Financial Institution or (2) acquiring the Loans as beneficial owner and not as a nominee of another; and (B) Indenture Trustee has delivered to Servicer an accurate and current form W-9; or

(ii) (A) (I) Indenture Trustee is a non-U.S. Person eligible to claim benefits under an applicable income tax treaty that reduces the rate of withholding on interest on Loans to zero, and has delivered to Servicer an accurate and current Form W 8BEN (or successor form) or W-8BEN-E (or successor form) claiming benefits under such treaty; and (II) Indenture Trustee is a non-U.S. Person eligible for the Portfolio Interest Exemption with respect to payment on each Loan and has delivered to Servicer an accurate and current Form W-8BEN (or successor form) or W-8BEN-E (or successor form) and such other documentation as Servicer may reasonably require in support of such exemption; or (III) Indenture Trustee is a non-U.S. Person otherwise exempt from withholding tax under Chapter 3 of the Internal Revenue Code and has delivered to Servicer appropriate tax documentation establishing such exemption; and

(iii) Indenture Trustee has obtained all approvals, entered into all agreements and provided all certifications necessary to ensure that withholding is not required with respect to the Loans under the FATCA Provisions, and will maintain and update all such approvals, agreements, and certifications as is necessary to ensure that such withholding continues not to be required under the FATCA Provisions.

Section 4.03. Indemnification.

(a) Servicer shall defend and indemnify Indenture Trustee, its Affiliates and its permitted successors and assigns, and their respective agents, representatives, officers, directors and employees (the "Indenture Trustee Indemnified Parties") and hold them harmless against any and all claims, losses, damages, liabilities, penalties, fines, forfeitures, reasonable and documented out-of-pocket legal fees and related costs, judgments, and any other reasonable costs, fees and expenses that Indenture Trustee Indemnified Parties directly sustain as a result of the material breach by Servicer of its covenants or other agreements, representations or warranties set forth in this Agreement or Servicer's gross negligence, bad faith or willful misconduct; provided, however, that Servicer shall not be liable to any Indenture Trustee Indemnified Party for any damages caused by such Indenture Trustee Indemnified Party's gross negligence, bad faith or willful misconduct.

(b) Indenture Trustee shall defend and indemnify Servicer and its officers, directors and employees (the "Servicer Indemnified Parties") and hold them harmless against any and all claims, losses, damages, liabilities, penalties, fines, forfeitures, reasonable legal fees and related costs, judgments, and any other reasonable costs, fees and expenses that Servicer Indemnified Parties directly sustain as a result of the material breach by Indenture Trustee of its covenants or other agreements, representations or warranties set forth in this Agreement or Indenture Trustee's gross negligence, bad faith or willful misconduct or losses

incurred through incomplete or inaccurate data provided to Servicer by Indenture Trustee or any prior servicer, any matter arising out of the origination of the Loans, errors made by prior vendors or servicers, or lack or omission of executed Telephone Consumer Protection Act of 1991 releases, executed ACH authorizations; provided, however, that Indenture Trustee shall not be liable to any Servicer Indemnified Party for any damages caused by such Servicer Indemnified Party's gross negligence, bad faith or willful misconduct.

ARTICLE IV.

SERVICER

Section 5.01. Limitation on Assignment by Servicer.

Servicer shall not assign this Agreement or any of the servicing responsibilities hereunder or delegate its rights or duties hereunder or any portion hereof (other than a delegation to a Subcontractor otherwise permitted hereunder) without the prior written consent of Indenture Trustee.

ARTICLE V.

CONFIDENTIALITY

Section 6.01. Disclosure of Confidential Information.

From time to time, in connection with the transactions contemplated by this Agreement, one Party ("Discloser") may disclose Confidential Information to the other Party ("Recipient"), whether in writing, orally, or by allowing inspection of tangible objects (*i.e.* documents, tapes disks, prototypes, samples, plants or equipment).

Section 6.02. Handling of Confidential Information.

Subject with respect to Loan Confidential Information to Servicer's rights under Section 2.01(b), Recipient shall:

(a) hold Confidential Information in the strictest confidence and use such Confidential Information solely (i) to fulfill its obligations hereunder or (ii) with respect to Loan Confidential Information held by or on behalf of Indenture Trustee, as is reasonably necessary to establish, maintain and enforce Indenture Trustee's rights with respect to any Loans, subject to Section 6.3;

(b) disclose Confidential Information only to: (i) those personnel and third-party service providers of Recipient who need to receive such Confidential Information in connection with one or more of the permitted uses contemplated by this Agreement and the Servicing Agreement; (ii) to the extent disclosure is required by Applicable Law or other legal process or requested or demanded by any Regulatory Authority; (iii) in connection with the exercise or enforcement of any right or remedy under this Agreement, in connection with any litigation or other proceeding to which Recipient is a party or bound, or to the extent necessary to respond to public statements or disclosures by Discloser referring to Indenture Trustee; (iv) in the case of Indenture Trustee, to Indenture Trustee's respective officers, directors, agents, employees, accountants, legal counsel or other advisors (and Indenture Trustee agrees to be liable for any act or omission in breach of this Article VI by the foregoing parties); (v) any subsequent purchaser or potential purchaser of any Loans, and to any actual or potential lender, investor or other financing source, and any trustee, administrator or agent acting on behalf of any lender or other financing source; provided, that Recipient must: (A) inform any such personnel or service provider of the confidential nature of such Confidential Information; (B) take commercially reasonable steps to ensure that any such personnel and service providers do not violate the provisions of this Article VI; (C) immediately notify Discloser if Recipient has reason to believe any such personnel or service provider has violated or intends to violate the provisions of this Article VI; and (D) provided, further, that Recipient will be liable for any acts or omissions of any such service provider or any Recipient personnel in breach of this Article VI;

(c) not reverse engineer, disassemble or decompile any prototypes, software or other tangible objects embodying Confidential Information;

(d) not make any copies of Confidential Information unless previously authorized in writing by Discloser, except that Indenture Trustee may make copies of Loan Confidential Information, subject to Section 6.03;

(e) if authorized to make copies of Confidential Information, reproduce on such copies any proprietary rights and/or confidentiality notices appearing on the original Confidential Information in the same manner as on the original; and

(f) use its commercially reasonable efforts to protect and maintain the confidentiality of the Confidential Information, which protections shall be at least equivalent in scope and effect to the measures taken by Recipient to protect its own confidential or proprietary information of a like or similar nature.

Section 6.03. Special Protections for Customer Information.

(a) Each of Servicer and Indenture Trustee understands and agrees that Customer NPPI is subject to Title V of the Gramm-Leach-Bliley Act, 15 U.S.C. §§ 6801 et seq., the FTC's Rule regarding the Privacy of Consumer Financial Information, 16 C.F.R. Part 313, the FTC's Standards for Safeguarding Customer Information, 16 C.F.R. Part 314, and any other Applicable Laws regarding the privacy or security of Customer NPPI (collectively, the "Privacy Laws"). Each of Servicer and Indenture Trustee agrees that it shall comply with the Privacy Laws and will promptly notify Indenture Trustee and/or Servicer, as applicable, of any breach of the Privacy Laws or the provisions of this Article VI.

(b) If Indenture Trustee elects to receive Customer NPPI for Loans, Indenture Trustee either (i) must be a Qualified Custodian or (ii) (A) must retain a Qualified Custodian to hold such Customer NPPI on Indenture Trustee's behalf and (B) the agreement under which such Qualified Custodian holds such Customer NPPI on Indenture Trustee's behalf must provide that such Qualified Custodian will perform its obligations under the agreement in a manner that fully satisfies the Privacy Laws and otherwise complies with the provisions of this Article VI.

Section 6.04. Compelled Disclosure.

Recipient may disclose Confidential Information required to be disclosed by law, regulation or a valid court order; provided, that Recipient: (a) uses commercially reasonable efforts to obtain confidential treatment for such Confidential Information; (b) gives Discloser prompt written notice of such requirement to disclose prior to such disclosure (to the extent permissible under the terms of the law, regulation or order compelling disclosure or as soon as is reasonably practicable); and (c) reasonably cooperates with Discloser as necessary to obtain a protective order or securing confidential treatment for such Confidential Information.

Section 6.05. Return or Destruction of Materials.

Subject with respect to Loan Confidential Information to Servicer's rights under Section 2.01(b), Recipient shall return or destroy, as Discloser indicates, all Confidential Information, including, without limitation, all copies, compilations, summaries, analyses or other materials containing or reflecting

Recipient's use of Confidential Information, within 10 days after the later to occur of: (a) termination of this Agreement; or (b) Discloser's written request to Recipient; provided, that Recipient may maintain in its possession all Confidential Information of Discloser required to be maintained under Applicable Laws relating to the retention of records for the period of time required thereunder or stored on Recipient's network as part of standard back-up procedures (provided, that such information shall remain subject to the confidentiality provision of this Article VI). Recipient shall promptly send Discloser written certification of such destruction or return.

Section 6.06. Ownership of Confidential Information.

Subject with respect to Loan Confidential Information to Servicer's rights under Section 2.01(b), the Confidential Information (and related copies and materials) shall be the sole and exclusive property of Discloser. Recipient has no rights under any of Discloser's patents, copyrights, trademarks, trade secrets or with respect to any of Discloser's other intellectual property, except as expressly set forth herein. Recipient may not use Confidential Information to apply for or secure any patents or any other intellectual property rights.

ARTICLE VI.

TERMINATION

Section 7.01. Termination for Servicer Event of Default.

(a) This Agreement shall be terminable at the sole option of Indenture Trustee, upon written notice from Indenture Trustee to Servicer, if any of the following events of default exist on the part of Servicer (each, a "Servicer Event of Default"):

(i) Servicer shall fail to perform or observe any material obligation, covenant or agreement contained in this Agreement and such failure shall continue for more than 30 days after the earlier of Servicer obtaining knowledge of such failure or Servicer receiving written notice of such failure; and such failure is not remedied within a period of 30 days after the earlier of Servicer obtaining knowledge of such failure or Servicer receiving written notice of such failure;

(ii) an Insolvency Event shall occur with respect to Servicer; or

(iii) any Regulatory Authority shall have condemned, seized or appropriated, or to have assumed custody or control of, all or any substantial part of the property of Servicer, or shall have taken any action to displace the management of Servicer or to curtail its authority in the conduct of the business of Servicer.

(b) Upon receipt by Servicer of written notice of termination, or upon automatic termination of this Agreement as provided above, all authority and power of Servicer under this Agreement, whether with respect to the Loans, the Borrower Payment Dependent Notes or otherwise, shall pass to and be vested in Indenture Trustee or its designee, and Indenture Trustee and its designee are hereby authorized and empowered to execute and deliver, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such notice of termination, whether to complete the transfer and endorsement of the Loans and Loan Documents, to direct Borrowers, insurers, Subcontractors and Collection Agents to remit all Proceeds as directed by Indenture Trustee or otherwise, and all Servicing Rights with respect to Loans and Borrower Payment Dependent Notes shall be immediately assigned, transferred and conveyed to Indenture Trustee or its designee. Servicer shall prepare, execute and deliver to Indenture Trustee or its designee any and all

documents and other instruments, promptly and in any event within 30 days place in such successor's possession, all Servicing Files, subject to Servicer's rights under Section 2.01(b), and, in a timely manner, do or cause to be done all other acts or things necessary or appropriate to effect the purposes of such notice of termination, including but not limited to the transfer of the Loans, the Borrower Payment Dependent Notes and related Loan Documents and Servicing Files, at Servicer's sole expense (including, without limitation, with respect to all Servicing Transfer Costs). Servicer shall, in a timely manner, cooperate with Indenture Trustee or its designee in effecting the termination of its servicing responsibilities and rights hereunder and the transfer of the servicing functions and the Servicing Files, subject to Servicer's rights under Section 2.01(b), including, without limitation, the transfer to such successor for administration by it of all cash amounts that shall at the time be credited by Servicer to any Deposit Account or thereafter received with respect to the Loans. Servicer shall be entitled to any accrued and unpaid Servicing Compensation and Ancillary Fees through the later of the effective date of such termination or the completion of the transfer of servicing functions and Servicing Files contemplated by this Section 7.01(b).

(c) By a written notice, Indenture Trustee or Servicer may waive any default by the other in the performance of its obligations hereunder and its consequences. Upon any waiver of a past default, such default shall cease to exist, and any Servicer Event of Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon except to the extent expressly so waived.

(d) The provisions of Sections 4.03, 7.01(b), 8.02, 8.06, 8.07 and 8.08 and Article VI shall survive termination of Servicer and termination of this Agreement.

ARTICLE VII.

MISCELLANEOUS PROVISIONS

Section 8.01. Notices.

All notices and other communications hereunder and under any other transaction document will be in writing and will be deemed to have been duly given when delivered in person, by facsimile or email, by express or overnight mail delivered by a nationally recognized air courier (delivery charges prepaid), or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties as follows:

if to Indenture Trustee:

[Indenture Trustee name and address]
Facsimile No.: ([•]) [•]]-[•]]
Attention: [Indenture Trustee contact person]
Email: [email address of contact person]

With a copy to (which shall not constitute notice):

[Name and address]
Facsimile No.: ([•]) [•]]-[•]]
Attention: [contact person]
Email: [email address of contact person]

if to Servicer:

First Associates Loan Servicing, LLC

15373 Innovation Drive, Suite 300

San Diego, CA 92128

Attention: Executive Vice President

or to such other address as the Party to whom notice is given may have previously furnished to the other Party in writing in the manner set forth above. Any notice or communication delivered in person will be deemed effective upon delivery. Any notice or communication sent by email or air courier will be deemed effective on the first business day at the place at which such notice or communication is received following the day on which such notice or communication was sent. Any notice or communication sent by registered or certified mail will be deemed effective on the third business day at the place at which such notice or communication is received following the day on which such notice or communication was mailed.

Section 8.02. Costs.

Except as otherwise specifically set forth in this Agreement, each of Indenture Trustee and Servicer shall bear its own costs and expenses in connection with this Agreement, including, without limitation, any sales commissions, legal fees or costs and expenses relating to due diligence.

Section 8.03. Amendment; Waiver.

Except as otherwise expressly provided herein, Indenture Trustee and Servicer may amend this Agreement, from time to time, in a writing signed by duly authorized officers of each of Servicer and Indenture Trustee. No waiver of any provision of this Agreement, nor consent to any departure by any Party therefrom, shall be effective unless the same shall be in writing and signed by a duly authorized officer of the Party to be charged with the waiver or consent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 8.04. Cumulative Rights.

All rights and remedies of the Parties under this Agreement shall, except as otherwise specifically provided herein, be cumulative and non-exclusive of any rights or remedies that they may have under any other agreement or instrument, by operation of law or otherwise.

Section 8.05. Successors and Assigns; Assignment of Servicing Agreement.

This Agreement shall be binding upon and inure to the benefit of and be enforceable by Servicer, Indenture Trustee and their respective successors and permitted assigns. This Agreement shall not be assigned, pledged or hypothecated by any Party without the prior written consent of the other Party.

Section 8.06. Choice of Law.

This Agreement shall be construed in accordance with the laws of the State of New York, without reference to the choice of law principles under the laws of the State

of New York other than Section 5-1401 of New York General Obligations Law which shall govern.

Section 8.07. Submission to Jurisdiction; Waiver of Jury Trial.

Each party hereby submits to the jurisdiction of the United States District Court for the Southern District of New York and any New York State Court sitting in the Borough of Manhattan in the City and State of New York for purposes of all legal proceedings arising out of or relating to this agreement or the transactions contemplated hereby. Each Party irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum. Each Party hereby consents to process being served in any suit, action or proceeding with respect to this agreement by the mailing of a copy thereof by registered or certified mail, postage prepaid, return receipt requested, to its respective address specified at the time for notices under this agreement or to any other address of which it shall have given written or electronic notice to the other party. The foregoing shall not limit the ability of any Party to bring suit in the courts of any jurisdiction.

Each Party knowingly, voluntarily and intentionally, waives (to the extent permitted by Applicable Law) any right it may have to a trial by jury of any dispute arising under or relating to this Agreement and agrees that any such dispute shall be tried before a judge sitting without a jury.

Section 8.08. Limitation of Liability.

Except for acts or omissions that constitute gross negligence, bad faith or willful misconduct, in no event shall any Party or any of its respective Affiliates, beneficiaries, assignees or successors (by assignment or otherwise) be liable to the other Party or to any other entity for punitive or exemplary damages, any lost profits, costs of cover or other special damages, or any punitive, exemplary, remote, consequential, incidental or indirect damages, under this Agreement incurred or claimed by any Party or entity (or such party or entity's officers, directors, stockholders, members or owners), however caused, on any theory of liability.

Section 8.09. Severability.

Any provision of this Agreement that is prohibited or not fully enforceable in any jurisdiction, will be ineffective only to the extent of such prohibition or unenforceability without otherwise invalidating or diminishing either Party's rights under the remaining provisions of this Agreement in such jurisdiction, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable in any respect any such provision in any other jurisdiction.

Section 8.10. Entire Agreement.

As of the date hereof, Servicer and Indenture Trustee hereby acknowledge and agree that this Agreement, together with the exhibits hereto, represents the complete and entire agreement between the Parties with respect to the servicing of Loans and Borrower Payment Dependent Notes, and shall supersede all prior written or oral statements, agreements or understandings between the Parties relating to the servicing of Loans and Borrower Payment Dependent Notes.

Section 8.11. Exhibits and Schedules.

The exhibits and schedules to this Agreement are hereby incorporated and made a part hereof and are an integral part of this Agreement.

Section 8.12. No Joint Venture or Partnership.

Each Party (including any of its respective permitted successors and assigns) acknowledges and agrees that such Party will not hold itself out as an agent, partner or joint venturer of the other Party and that this Agreement and the transactions contemplated hereby, including the payment of any fees or the reimbursement of any expenses, are not intended and do not create an agency, partnership, joint venture or any other type of relationship between or among the Parties.

Section 8.13. Further Assurances.

Each Party, upon the reasonable written request of the other Party, shall execute and deliver to such other Party any reasonably necessary or appropriate additional documents, instruments or agreements as may be reasonably necessary or appropriate to effectuate the purposes of this Agreement or the consummation of the transactions contemplated hereunder.

Section 8.14. Counterparts.

This Agreement may be executed simultaneously in any number of counterparts. Each counterpart shall be deemed to be an original, and all such counterparts shall constitute one and the same instrument. The Parties agree that this Agreement and signature pages may be transmitted between them by facsimile or by electronic mail and that faxed and PDF signatures may constitute original signatures and that a faxed or PDF signature page containing the signature (faxed, PDF or original) is binding upon the Parties.

Section 8.15. Waivers, Etc.

No waiver of any single breach or default of this Agreement shall be deemed a waiver of any other breach or default of this Agreement.

Section 8.16. Investments.

(a) Servicer acknowledges and agrees that Indenture Trustee and its Affiliates currently may be invested in, may invest in or consider investments in companies held by or that compete either directly or indirectly with Servicer and that this Agreement shall in no way be construed to prohibit or restrict Indenture Trustee's or any of its Affiliates' ability to maintain, make or consider such investments.

(b) Indenture Trustee acknowledges and agrees that Servicer and its Affiliates currently may be invested in, may invest in or consider investments in companies held by or that compete either directly or indirectly with Indenture Trustee and that the execution of this Agreement shall in no way be construed to prohibit or restrict Servicer's or any of its Affiliates' ability to maintain, make or consider such investments.

Section 8.17. No Petition.

Notwithstanding any prior termination of this Agreement, to the fullest extent permitted by law, each Party agrees that it shall not institute, or join any other person in instituting, a petition or a proceeding that causes (a) the other Party to be a debtor under any federal or state bankruptcy or similar insolvency law or (b) a trustee, conservator, receiver, liquidator, or similar official to be appointed for such other Party or any substantial part of any of its property.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused to be duly authorized, executed and delivered, as of the date first written above, this SUCCESSOR LOAN SERVICING AGREEMENT.

SERVICER:

FIRST ASSOCIATES LOAN SERVICING LLC
(Servicer)

By: ________________________________
Name: __________
Title: __________

INDENTURE TRUSTEE:

[NAME OF INDENTURE TRUSTEE]

By: ________________________________
Name: __________
Title: __________

EXHIBIT A

SERVICING FEE

Servicing Fee: For any Servicing Period, the Servicing Fee for [***] will be equal to the product of (a) the applicable Loan Servicing Fee Rate, (b) [***] during such Servicing Period and (c) a fraction, the numerator of which is the number of calendar days during such Servicing Period and the denominator of which is the number of days in the calendar year in which such Servicing Period began (*i.e.*, 365 or 366).

With respect to [***], the Loan Servicing Fee Rate applicable to such Loan shall be [***]% per annum.

FOR ANY LOAN LATE BY AT LEAST [***] DAYS BUT NO MORE THAN [***] DAYS LATE, SERVICER SHALL BE PAID A FEE OF [***]% OF ANY LATE FUNDS COLLECTED; PROVIDED THAT THIS FEE SHALL NOT INCLUDE ANY CURRENT AMOUNTS COLLECTED.

FOR ANY LOAN MORE THAN [***] DAYS LATE, SERVICER SHALL BE PAID A FEE OF [***]% OF ANY FUNDS COLLECTED.

EXHIBIT B

ACCEPTED SERVICING PRACTICES

"**ACH**" means a payment that is processed through Automated Clearing House system.

"**Auto Pay**" means a payment option pursuant to which a Borrower has authorized Servicer to automatically withdraw funds from his or her designated bank account on his or her applicable payment due date each month.

"Billing Period" means the period of time in which a Borrower can satisfy a particular scheduled payment, which begins on the day following the end of any previous billing period and ends on the due date for such payment.

"**Credit Reporting Agencies**" means Equifax, Experian and TransUnion.

"**Electronic Message**" means one or more of the following forms of communication: a message to the applicable Borrower's Prosper account, an email to the address designated by such Borrower, text message to a phone number or other electronic form of message to such Borrower as permitted by Applicable Laws.

Pre-Delinquency Communications

- Servicer will send the applicable Borrower an Electronic Message for each payment prior to the payment due date.
- For Loans that are past due, but not yet Delinquent Loans, Servicer will send the applicable Borrower an Electronic Message to remind such Borrower about such past due payment and provide the applicable Borrower information regarding such past due payment through a secure web site.

Delinquency Communications

- If a Borrower had selected Auto Pay and an automatic ACH payment fails, Servicer will send an Electronic Message informing such Borrower that the loan account is delinquent and a payment is past due.
- If a Borrower had not selected Auto Pay and the loan account becomes past due, Servicer will send an Electronic Message informing such Borrower that the loan account is delinquent and a payment is past due.
- Each Borrower will receive Electronic Messages for each Billing Period the loan account is past due until the loan account is charged off.
- A Collection Agent will attempt to collect the amount past due on any eligible loan account for each Billing Period until such loan account is charged off.

Late Payment Fees

- If a Borrower has not made the minimum payment due, Servicer may charge such Borrower a late payment fee equal to the greater of $15 or 5% of the unsatisfied portion of the late payment amount (a "Late Payment Fee").
- Servicer will remit any Late Payment Fees collected to Purchaser, less any Collection Fees.
- Servicer will only assess one Late Payment Fee for each delinquent payment in a Billing Period.

Insufficient Funds Fees

- For any failed payment processed by Servicer, Servicer may charge the applicable Borrower a failed payment fee of $15 (an "Insufficient Funds Fee").

- Servicer shall retain any collected Insufficient Funds Fees.

Charged Off Loan

- A loan account may be charged off after the applicable Borrower is at least 120 days past due.
- The charged off status will be placed on a loan account as early as when the loan account is at least 120 days past due but not later than the last day of the month in which a Borrower misses his or her fifth consecutive payment.
- When a loan account is charged off, the entire Loan balance will become due and owing.
- Servicer will report the charged off loan status to the Credit Reporting Agencies.

Post Charge Off

- Servicer may send a charged off loan to a Collection Agent to attempt collection on the entire Loan, unless Purchaser has agreed in writing to the sale of such Loans to a Charged Off Loan Buyer, in which case, the sale proceeds thereof shall be distributed to Purchaser in accordance with the applicable Charged Off Loan Sale Agreement.

Bankruptcy

- If a Loan is included in a bankruptcy filing, all collection attempts on such Loan will cease. If a Loan is included in a bankruptcy filing and is discharged through bankruptcy, the outstanding balance on the balance of such Loan will be reduced to zero.

Cease and Desist

If a Borrower requests, in writing or on the telephone, no further contact regarding a Loan, then further contact will only be made with such Borrower in accordance with Applicable Law.

Pre-Charge Off Settlement

- Servicer may reduce the outstanding balance of a Delinquent Loan on Purchaser's behalf (a "Settlement") in an effort to create a reduced payment amount for the related Borrower who has the willingness and ability to pay the Settlement in accordance with the terms of such Settlement, as reasonably determined by Servicer, and in order maximize the receipt of principal and interest for Purchaser, provided that:
  - the monthly payment for such Delinquent Loan is at least sixty (60) days past due from the original due date for such payment;
  - the amount of such Settlement is at least [***] of the outstanding balance of such Delinquent Loan; and
  - the terms of such Settlement require such amount to be paid within twelve months from the effective date of such Settlement.
- Servicer will distribute the net proceeds from any such Settlement to Purchaser.

Pre Charge Off Extension

- Servicer may extend the maturity date of a Delinquent Loan on Purchaser's behalf (an "Extension") by a maximum of four (4) calendar months from the original maturity date of such Delinquent Loan in an effort to create a payment plan for the related Borrower who has the willingness and ability to pay the monthly payments in accordance with the terms of such Delinquent Loan without the ability to pay the delinquent monthly payments, as reasonably determined by Servicer, provided, that such Extension satisfies each of the following conditions:
  - as of the date of the contemplated Extension, such Delinquent Loan has a monthly payment that will be at least 31 days past due from the original due date for such payment at the time of the first eligible payment toward such contemplated Extension; provided, that (a) the contemplated Extension may not be effected until after the applicable Borrower makes at least three (3) consecutive minimum Monthly Payments in accordance with the terms of such Delinquent Loan after such delinquency, and (b) such Borrower's obligation to make any delinquent monthly payment may not be delayed

from the date it was originally due to a date that is later than [***] of the original term of such Delinquent Loan from such original due date; and

- ◦ no terms of such Delinquent Loan, other than the contemplated Extension, shall be modified or changed.

- Upon the Extension with respect to any Loan, such Loan shall no longer be treated as a Delinquent Loan other than as a result of any delinquency in monthly payments on such Loan occurring after such Extension.

Payment Due Date

o Servicer may allow an eligible Borrower to change the date on which each monthly payment on his or her Loan is due; provided, that any such Borrower may change his or her due date only once over a 12-month period and, provided further, that such change will not extend the payment date by more than 30 days past the expected payment date.

Credit Bureau Reporting

- Servicer shall accurately and promptly report the status of loans to the Credit Reporting Agencies each month.
- Servicer shall use the Consumer Industry Data Association's Metro 2® Format for Credit Reporting standards when reporting to the Credit Reporting Agencies.

CONFIDENTIAL TREATMENT
[***] indicates that text has been omitted which is the subject of a confidential treatment request.
This text has been separately filed with the SEC.

SCHEDULE 1

COLLECTION AGENTS

1. I.C. Systems, Inc.
2. Tritium Research Inc.
3. TelePerformance USA, Inc./AllianceOne, Inc.

LOAN SERVICING AGREEMENT – SCHEDULE 1

Exhibit 31.1

CERTIFICATIONS

I, David Kimball, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Prosper Marketplace, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2017

/s/ David Kimball

David Kimball
Chief Executive Officer of
Prosper Marketplace, Inc.

Exhibit 31.2

CERTIFICATIONS

I, Usama Ashraf, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Prosper Marketplace, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2017

/s/ Usama Ashraf

Usama Ashraf
Chief Financial and Accounting Officer of
Prosper Marketplace, Inc.

Exhibit 31.3

CERTIFICATIONS

1. I have reviewed this Quarterly Report on Form 10-Q of Prosper Funding LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2017

/s/ David Kimball

David Kimball
Chief Executive Officer of

Prosper Funding LLC
(principal executive officer)

Exhibit 31.4

CERTIFICATIONS

1. I have reviewed this Quarterly Report on Form 10-Q of Prosper Funding LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2017

/s/ David Kimball

Usama Ashraf
Chief Financial and Accounting Officer of
Prosper Funding LLC

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Prosper Marketplace, Inc. ("PMI") on Form 10-Q for the quarter ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of PMI certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of PMI.

Date: May 12, 2017

/s/ David Kimball
David Kimball
Chief Executive Officer of Prosper Marketplace, Inc.

/s/ Usama Ashraf
Usama Ashraf
Principal Financial and Accounting officer of Prosper Marketplace, Inc.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Prosper Funding LLC ("PFL") on Form 10-Q for the quarter ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of Prosper Funding certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of PFL.

Date: May 12, 2017

/s/ David Kimball

David Kimball

Chief Executive Officer and Treasurer of Prosper Funding LLC

(Principal Executive Officer); (Principal Financial and Accounting Officer)

Document and Entity Information - shares	6 Months Ended Jun. 30, 2017	Aug. 04, 2017
Document And Entity Information [Line Items]		
Entity Registrant Name	PROSPER MARKETPLACE, INC	
Entity Central Index Key	0001416265	
Current Fiscal Year End Date	--12-31	
Entity Filer Category	Non-accelerated Filer	
Entity Common Stock, Shares Outstanding		69,744,201
Document Fiscal Year Focus	2017	
Document Fiscal Period Focus	Q2	
Document Type	10-Q	
Amendment Flag	false	
Document Period End Date	Jun. 30, 2017	
Prosper Funding LLC		
Document And Entity Information [Line Items]		
Entity Registrant Name	Prosper Funding LLC	
Entity Central Index Key	0001542574	
Current Fiscal Year End Date	--12-31	
Entity Filer Category	Non-accelerated Filer	
Entity Common Stock, Shares Outstanding		0

Condensed Consolidated Balance Sheets (Unaudited) - USD ($) $ in Thousands	Jun. 30, 2017	Dec. 31, 2016
Assets		
Cash and Cash Equivalents	$ 34,667	$ 22,337
Restricted Cash	179,331	163,907
Available for Sale Investments, at Fair Value	7,997	32,769
Accounts Receivable	732	757
Loans Held for Sale, at Fair Value	95	624
Borrower Loans, at Fair Value	312,272	315,627
Property and Equipment, Net	22,068	24,853
Prepaid and Other Assets	9,227	4,606
Servicing Assets	13,489	12,786
Goodwill	36,368	36,368
Intangible Assets, Net	1,862	9,212
Total Assets	618,108	623,846
Liabilities, Convertible Preferred Stock and Stockholders' Deficit		
Accounts Payable and Accrued Liabilities	10,508	15,017
Payable to Investors	160,611	142,644
Notes at Fair Value	311,410	316,236
Other Liabilities	12,775	17,173
Convertible Preferred Stock Warrant Liability	70,114	21,711
Total Liabilities	565,418	512,781
Commitments and Contingencies (see Note 17)		
Convertible Preferred Stock – $0.01 par value; 407,511,351 shares authorized; 177,388,428 issued and outstanding as of June 30, 2017; and 217,388,425 shares authorized, 177,388,425 issued and outstanding as of December 31, 2016. Aggregate liquidation preference of $325,952 as of June 30, 2017 and December 31, 2016.	275,938	275,938
Stockholders' Deficit		
Common Stock ($0.01 par value; 550,000,000 shares authorized, 70,719,747 issued and 69,783,812 outstanding as of June 30, 2017; and 338,222,103 shares authorized, 70,843,044 shares issued and 69,907,109 outstanding as of December 31, 2016)	222	212
Additional Paid-In Capital	131,021	123,988
Less: Treasury Stock	(23,417)	(23,417)
Retained Earnings (Accumulated Deficit)	(331,070)	(265,648)
Accumulated Other Comprehensive Loss	(4)	(8)
Total Stockholders' Equity (Deficit)	(223,248)	(164,873)
Total Liabilities, Convertible Preferred Stock and Stockholders' Deficit	618,108	623,846
Prosper Funding LLC		
Assets		
Cash and Cash Equivalents	12,384	6,929
Restricted Cash	165,628	147,983
Short Term Investments	1	1,280

Loans Held for Sale, at Fair Value	95	624
Borrower Loans, at Fair Value	312,272	315,627
Property and Equipment, Net	9,312	10,095
Servicing Assets	13,297	12,461
Other Assets	257	186
Total Assets	513,246	495,185
Liabilities, Convertible Preferred Stock and Stockholders' Deficit		
Accounts Payable and Accrued Liabilities	631	2,223
Payable to Related Party	4,701	1,899
Payable to Investors	159,999	141,625
Notes at Fair Value	311,410	316,236
Other Liabilities	3,188	1,877
Total Liabilities	479,929	463,860
Stockholders' Deficit		
Member's Equity	30,704	30,704
Retained Earnings (Accumulated Deficit)	2,613	621
Total Stockholders' Equity (Deficit)	33,317	31,325
Total Liabilities, Convertible Preferred Stock and Stockholders' Deficit	$ 513,246	$ 495,185

Condensed Consolidated Balance Sheets (Unaudited) (Parenthetical) $ in Thousands	Feb. 16, 2016	Jun. 30, 2017 USD ($) $ / shares shares	Dec. 31, 2016 USD ($) $ / shares shares	May 31, 2016 $ / shares shares
Statement of Financial Position [Abstract]				
Convertible preferred stock, par value (in dollars per share) | $ / shares		$ 0.01	$ 0.01	
Convertible preferred stock, shares authorized (in shares)		407,511,351	217,388,425	407,511,351
Convertible preferred stock, shares issued (in shares)		177,388,428	177,388,425	
Convertible preferred stock, shares outstanding (in shares)		177,388,428	177,388,425	
Convertible preferred stock, aggregate liquidation preference | $		$ 325,952	$ 325,952	
Common stock, par value (in dollars per share) | $ / shares		$ 0.01	$ 0.01	$ 0.01
Common stock, shares authorized (in shares)		550,000,000	338,222,103	550,000,000
Common stock, shares issued (in shares)		70,719,747	70,843,044	
Common stock, shares outstanding (in shares)		69,783,812	69,907,109	
Stock split conversion ratio	5			

Condensed Consolidated Statements of Operations (Unaudited) - USD ($)	3 Months Ended		6 Months Ended	
	Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2017	Jun. 30, 2016
Operating Revenues				
Transaction Fees, Net	$ 35,423,000	$ 19,276,000	$ 62,291,000	$ 61,100,000
Servicing Fees, Net	6,793,000	7,676,000	12,947,000	14,819,000
Gain (Loss) on Sale of Borrower Loans	3,803,000	(687,000)	3,485,000	3,104,000
Fair Value of Warrants Vested on Sale of Borrower Loans	(16,887,000)	0	(20,194,000)	0
Other Revenue	1,415,000	816,000	2,135,000	3,589,000
Total Operating Revenues	30,547,000	27,081,000	60,664,000	82,612,000
Interest Income				
Interest Income on Borrower Loans	12,007,000	11,192,000	23,507,000	21,975,000
Interest Expense on Notes	(11,177,000)	(10,098,000)	(21,855,000)	(19,819,000)
Net Interest Income	830,000	1,094,000	1,652,000	2,156,000
Change in Fair Value of Borrower Loans, Loans Held for Sale and Notes, Net	70,000	(2,000)	(24,000)	(79,000)
Total Net Revenue	31,447,000	28,173,000	62,292,000	84,689,000
Expenses				
Origination and Servicing	8,873,000	8,833,000	17,278,000	19,282,000
Sales and Marketing	20,131,000	12,303,000	39,687,000	45,023,000
General and Administrative	18,758,000	28,499,000	39,473,000	59,145,000
Restructuring Charges, Net	647,000	14,061,000	572,000	14,061,000
Other Expenses, Net	1,930,000	0	7,629,000	0
Change in Fair Value of Convertible Preferred Stock Warrants	22,416,000	0	22,817,000	0
Total Expenses	72,755,000	63,696,000	127,456,000	137,511,000
Net Loss Before Taxes	(41,308,000)	(35,523,000)	(65,164,000)	(52,822,000)
Income Tax Expense	97,000	105,000	262,000	270,000
Net Income (Loss)	$ (41,405,000)	$ (35,628,000)	$ (65,426,000)	$ (53,092,000)
Net Loss Per Share – Basic and Diluted (in dollars per share)	$ (0.59)	$ (0.56)	$ (0.94)	$ (0.86)
Weighted-Average Shares - Basic and Diluted (in shares)	69,691,841	63,270,058	69,436,365	61,813,773
Prosper Funding LLC				
Operating Revenues				
Administration Fee Revenue - Related Party	$ 27,309,000	$ 6,930,000	$ 42,463,000	$ 22,348,000
Servicing Fees, Net	6,520,000	7,589,000	12,401,000	14,623,000
Gain (Loss) on Sale of Borrower Loans	(13,084,000)	(687,000)	(16,709,000)	3,104,000
Other Revenue	34,000	26,000	64,000	417,000
Total Operating Revenues	20,779,000	13,858,000	38,219,000	40,492,000
Interest Income				
Interest Income on Borrower Loans	12,007,000	10,988,000	23,507,000	21,496,000

Interest Expense on Notes	(11,177,000)	(10,098,000)	(21,855,000)	(19,819,000)
Net Interest Income	830,000	890,000	1,652,000	1,677,000
Change in Fair Value of Borrower Loans, Loans Held for Sale and Notes, Net	70,000	(2,000)	(24,000)	(79,000)
Total Net Revenue	21,679,000	14,746,000	39,847,000	42,090,000
Expenses				
Administration Fee - Related Party	18,466,000	15,652,000	34,282,000	36,258,000
Servicing	1,524,000	1,536,000	3,255,000	2,767,000
General and Administrative	145,000	380,000	318,000	737,000
Total Expenses	20,135,000	17,568,000	37,855,000	39,762,000
Income Tax Expense			0	0
Net Income (Loss)	$ 1,544,000	$ (2,822,000)	$ 1,992,000	$ 2,328,000

Condensed Consolidated Statements of Operations (Unaudited) (Parenthetical)	Feb. 16, 2016
Income Statement [Abstract]	
Stock split conversion ratio	5

Condensed Consolidated Statements of Other Comprehensive Loss (Unaudited) - USD ($) $ in Thousands	3 Months Ended		6 Months Ended	
	Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2017	Jun. 30, 2016
Statement of Comprehensive Income [Abstract]				
Net Loss	$ (41,405)	$ (35,628)	$ (65,426)	$ (53,092)
Other Comprehensive Income, Before Tax				
Change in Net Unrealized Gain on Available for Sale Investments, at Fair Value	(1)	25	16	215
Realized (Gain) Loss on Sale of Available for Sale Investments, at Fair Value	0	6	(12)	6
Other Comprehensive Income, Before Tax	(1)	31	4	221
Income tax effect	0	0	0	0
Other Comprehensive Income, Net of Tax	(1)	31	4	221
Comprehensive Loss	$ (41,406)	$ (35,597)	$ (65,422)	$ (52,871)

Condensed Consolidated Statements of Cash Flows (Unaudited) - USD ($) $ in Thousands	6 Months Ended	
	Jun. 30, 2017	Jun. 30, 2016
Cash flows from Operating Activities:		
Net Loss	$ (65,426)	$ (53,092)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Change in Fair Value of Borrower Loans, Loans Held for Sale and Notes	24	79
Depreciation and Amortization	6,270	6,430
Gain on Sales of Borrower Loans	(6,532)	(5,690)
Change in Fair Value of Servicing Rights	5,742	5,647
Stock-Based Compensation Expense	6,812	11,510
Restructuring Liability	412	8,492
Fair Value of Warrants Vested	21,677	0
Change in Fair Value of Warrants	22,817	0
Impairment Losses on Assets Held for Sale	6,319	0
Other, Net	199	227
Changes in Operating Assets and Liabilities:		
Purchase of Loans Held for Sale at Fair Value	(1,245,826)	(1,358,011)
Proceeds from Sales and Principal Payments of Loans Held for Sale at Fair Value	1,246,358	1,353,338
Restricted Cash Except for those Related to Investing Activities	(18,329)	20,621
Accounts Receivable	25	1,564
Prepaid and Other Assets	(4,637)	(84)
Accounts Payable and Accrued Liabilities	(3,696)	(4,995)
Payable to Investors	17,967	(21,631)
Other Liabilities	(1,774)	(7,690)
Net Cash Used in Operating Activities	(11,598)	(43,285)
Cash Flows from Investing Activities:		
Purchase of Borrower Loans Held at Fair Value	(106,940)	(109,215)
Principal Payments of Borrower Loans Held at Fair Value	99,482	83,514
Purchases of Property and Equipment	(2,485)	(8,600)
Maturities of Short Term Investments	1,280	1,278
Purchases of Short Term Investments	(1,263)	(1,277)
Purchases of Available for Sale Investments, at Fair Value	0	(11,725)
Proceeds from Sale of Available for Sale Investments	16,163	9,193
Maturities of Available for Sale Investments	8,600	20,064
Changes in Restricted Cash Related to Investing Activities	2,905	(2,614)
Net Cash Provided by (Used in) Investing Activities	17,742	(19,382)
Cash Flows from Financing Activities:		
Proceeds from Issuance of Notes Held at Fair Value	106,506	109,147
Payments of Notes Held at Fair Value	(100,274)	(84,200)
Proceeds from Exercise of Warrants and Stock Options including Early Exercise, and Issuance of Restricted Stock	18	464
Repurchase of Common Stock and Restricted Stock	(64)	(46)

Net Cash Provided by Financing Activities	6,186	25,196
Net Increase (Decrease) in Cash and Cash Equivalents	12,330	(37,471)
Cash and Cash Equivalents at Beginning of the Period	22,337	66,295
Cash and Cash Equivalents at End of the Period	34,667	28,824
Supplemental Disclosure of Cash Flow Information:		
Cash Paid for Interest	22,121	19,787
Non-Cash Investing Activity- Accrual for Property and Equipment, Net	169	346
Prosper Funding LLC		
Cash flows from Operating Activities:		
Net Loss	1,992	2,328
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:		
Change in Fair Value of Borrower Loans, Loans Held for Sale and Notes	24	79
Other Non-Cash Changes in Borrower Loans, Loans Held for Sale and Notes	(272)	39
Depreciation and Amortization	2,637	1,864
Gain on Sales of Borrower Loans	(6,532)	(5,690)
Change in Fair Value of Servicing Rights	5,609	5,387
Changes in Operating Assets and Liabilities:		
Purchase of Loans Held for Sale at Fair Value	(1,245,826)	(1,358,011)
Proceeds from Sales and Principal Payments of Loans Held for Sale at Fair Value	1,246,358	1,353,338
Restricted Cash Except for those Related to Investing Activities	(18,701)	21,080
Other Assets	(71)	11
Accounts Payable and Accrued Liabilities	(1,592)	(755)
Payable to Investors	18,374	(22,051)
Net Related Party Receivable/Payable	3,807	2,077
Other Liabilities	1,398	184
Net Cash Used in Operating Activities	7,205	(120)
Cash Flows from Investing Activities:		
Purchase of Borrower Loans Held at Fair Value	(106,940)	(109,215)
Principal Payments of Borrower Loans Held at Fair Value	99,482	83,514
Purchases of Property and Equipment	(2,859)	(4,163)
Maturities of Short Term Investments	1,280	1,277
Purchases of Short Term Investments	(1)	(1,279)
Changes in Restricted Cash Related to Investing Activities	1,056	(3,076)
Net Cash Provided by (Used in) Investing Activities	(7,982)	(32,942)
Cash Flows from Financing Activities:		
Proceeds from Issuance of Notes Held at Fair Value	106,506	109,147
Payments of Notes Held at Fair Value	(100,274)	(84,200)
Net Cash Provided by Financing Activities	6,232	24,947
Net Increase (Decrease) in Cash and Cash Equivalents	5,455	(8,115)
Cash and Cash Equivalents at Beginning of the Period	6,929	15,026
Cash and Cash Equivalents at End of the Period	12,384	6,911
Supplemental Disclosure of Cash Flow Information:		
Cash Paid for Interest	22,121	19,787
Non-Cash Investing Activity- Accrual for Property and Equipment, Net	$ 601	$ 572

Basis of Presentation

6 Months Ended Jun. 30, 2017

Entity Information [Line Items]

Basis of Presentation

Basis of Presentation

Prosper Marketplace, Inc. ("PMI") was incorporated in the state of Delaware on March 22, 2005. Except as the context requires otherwise, as used in these notes to the condensed consolidated financial statements of Prosper Marketplace, Inc., "Prosper," "we," "us," and "our" refer to PMI and its wholly-owned subsidiaries, on a consolidated basis.

The unaudited interim condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP") and disclosure requirements for interim financial information and the requirements of Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by US GAAP for complete financial statements. The unaudited interim condensed consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2016. The balance sheet at December 31, 2016 has been derived from the audited financial statements at that date. Management believes these unaudited interim condensed consolidated financial statements reflect all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the results for the interim periods presented. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the full year or any other interim period.

The preparation of Prosper's condensed consolidated financial statements and related disclosures in conformity with GAAP requires management to make judgments, assumptions and estimates that affect the amounts reported in Prosper's financial statements and accompanying notes. Management bases its estimates on historical experience and on various other factors it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of certain assets and liabilities. These judgments, estimates and assumptions are inherently subjective in nature and actual results may differ from these estimates and assumptions.

The accompanying interim condensed consolidated financial statements include the accounts of PMI and its wholly-owned subsidiaries. All intercompany balances have been eliminated in consolidation.

Prosper Funding LLC

Entity Information [Line Items]

Basis of Presentation

Basis of Presentation

Prosper Funding LLC ("PFL") was formed in the state of Delaware on February 17, 2012 as a limited liability company with the sole equity member being Prosper Marketplace, Inc. ("PMI", "Parent"). Except as the context otherwise requires, as used in these Notes to the condensed consolidated financial statements of Prosper Funding LLC, "Prosper Funding," "we," "us," and "our" refers to PFL and its wholly owned subsidiaries, Prosper Asset Holdings LLC ("PAH"), a Delaware limited liability company, and Prosper Depositor LLC, a Delaware limited liability company, on a consolidated basis.

The unaudited interim condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP") and disclosure requirements for interim financial information and the requirements of Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by US GAAP for complete financial statements. The unaudited interim condensed consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2016. The balance sheet at December 31, 2016 has been derived from the audited financial statements at that date. Management believes these unaudited interim condensed consolidated financial statements reflect all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the results for the interim periods presented. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the full year or any other interim period.

Prosper Funding did not have any items of other comprehensive income (loss) during any of the periods presented in the condensed consolidated financial statements as of and for the six months ended June 30, 2017 and June 30, 2016.

The preparation of Prosper Funding's condensed consolidated financial statements and related disclosures in conformity with GAAP requires management to make judgments, assumptions and estimates that affect the amounts reported in its condensed consolidated financial statements and accompanying notes. Management bases its estimates on historical experience and on various other factors it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of certain assets and liabilities. These judgments, estimates and assumptions are inherently subjective in nature and actual results may differ from these estimates and assumptions, and the differences could be material.

Summary of Significant Accounting Policies	6 Months Ended Jun. 30, 2017

Summary of Significant Accounting Policies

Prosper's significant accounting policies are included in *Note 2 – Summary of Significant Accounting Policies* in Prosper's Annual Report on Form 10-K for the year ended December 31, 2016. There have been no changes to these accounting policies during the first six months of 2017.

Fair Value Measurements

Financial instruments consist principally of Cash and Cash Equivalents, Restricted Cash, Available for Sale Investments at Fair Value, Borrower Loans, Loans Held for Sale, Accounts Receivable, Accounts Payable and Accrued Liabilities, Payable to Investors, Convertible Preferred Stock Warrant Liability and Notes. The estimated fair values of Cash and Cash Equivalents, Restricted Cash, Accounts Receivable, Accounts Payable and Accrued Liabilities, and Payable to Investors approximate their carrying values because of their short term nature.

Borrower Loans, Loans Held for Sale and Notes

Through the Note Channel, Prosper purchases Borrower Loans from WebBank then issues Notes, and holds the Borrower Loans until maturity. The obligation to repay a series of Notes issued through the Note Channel is dependent upon the repayment of the associated Borrower Loan. Borrower Loans funded and Notes issued through the Note Channel are carried on Prosper's condensed consolidated balance sheets as assets and liabilities, respectively. We choose to measure certain financial instruments and certain other items at fair value on an instrument-by-instrument basis with unrealized gains and losses on items for which the fair value option has been elected reported in earnings. Management believes that the fair value option is more meaningful for the readers of the financial statements and it allows both the Borrower Loans and Notes to be valued using the same methodology. The fair value election, with respect to an item, may not be revoked once an election is made. Prosper estimates the fair value of such Borrower Loans and Notes using discounted cash flow methodologies that take into account expected prepayments, losses, recoveries and default rates. The Borrower Loans are not derecognized when a corresponding Note is issued as Prosper maintains the ability to sell the Borrower Loans without the approval of the holders of the corresponding Notes.

Assets Held for Sale:

Prosper classifies assets as held for sale when management approves and commits to a formal plan of sale with the expectation the sale will be completed within one year. The net assets held for sale are then recorded at the lower of their current carrying value or the fair market value, less costs to sell.

Recent Accounting Pronouncements

In May 2014, as part of its ongoing efforts to assist in the convergence of US GAAP and International Financial Reporting Standards ("IFRS"), the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "*Revenue from Contracts with Customers*." The new guidance sets forth a new five-step revenue recognition model which replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed in U.S. GAAP. The underlying principle of the new standard is that a business or other organization will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in the prior accounting guidance. The standard will be effective for Prosper in the first quarter of fiscal 2018. In August 2015, the FASB issued ASU No. 2015-14, which amended the standard to provide a one-year deferral of the effective date, as well as providing the option to early adopt the standard on the original effective date. Prosper intends to adopt the guidance for Prosper's fiscal year ending December 31, 2018. The guidance can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. Prosper expects to adopt this ASU on a modified retrospective basis in the first quarter of fiscal 2018. Our preliminary results indicate that transaction fees are included in the scope of the new guidance, while servicing fees and gain or loss on the sale of loans remain within the scope of ASC topic 860, Transfers and Servicing. While we anticipate some changes to revenue recognition for certain customer contracts, Prosper does not currently believe that this ASU will have a material effect on our Consolidated Financial Statements.

In January 2016, the FASB issued ASU 2016-1, "Financial Instruments - Overall (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities"*, which addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. This guidance will be effective for us in the first quarter of our fiscal year 2019, and early adoption is not permitted. Prosper is currently evaluating the impact that this guidance will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases, along with additional qualitative and quantitative disclosures. This guidance will be effective for us in the first quarter of our fiscal year 2019, and early adoption is permitted. Prosper is currently evaluating the impact that this guidance will have on its consolidated financial statements, however we do expect that this guidance will have a material impact on Prosper's consolidated financial statements. As of June 30, 2017 Prosper has a total of $41.4 million in non-cancelable operating lease commitments.

In August 2016, the FASB issued ASU 2016-15, *"Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments."* The standard provides guidance for eight targeted changes with respect to how cash receipts and cash payments are classified in the statements of cash flows, with the objective of reducing diversity in practice. This guidance will be effective for Prosper in the first quarter of our fiscal year 2018, and early adoption is permitted. Prosper is currently evaluating the impacts the adoption of this accounting standard will have on Prosper's consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-16, "*Income Taxes (Topic 740): Intra-Entity Transfers Other than Inventory (ASU 2016-16)"*, which requires companies to recognize the income-tax consequences of an intra-entity transfer
of an asset other than inventory. This guidance will be effective for us in the first quarter of 2018, with the option to adopt it in
the first quarter of 2017. Prosper is currently evaluating the impact that this guidance will have on its consolidated financial statements, however we do not believe the standard to have a material impact on our consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, "*Statement of Cash Flows (Topic 230): Restricted Cash (ASU 2016-18)"*, which requires companies to include amounts generally described as restricted cash and restricted cash equivalents in cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This guidance will be effective for us in the first quarter of 2018 and early adoption is permitted. Prosper is currently evaluating the effect that this guidance will have on our consolidated financial statements and related disclosures.

In January 2017, the FASB issued ASU No. 2017-04, "Intangibles - Goodwill and Other (Topic 350): Simplifying *the Test for Goodwill Impairment*". The standard eliminates Step 2 from the goodwill impairment test, which requires a hypothetical purchase price allocation. Prosper will continue to have the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The standard is effective for interim and annual periods beginning after December 15, 2019 and early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The standard should be applied on a prospective basis. Prosper is currently evaluating the impact of this accounting standard update on its consolidated financial statements.

[Prosper Funding LLC](#)
[Entity Information [Line Items]](#)
[Summary of Significant Accounting Policies](#)

Significant Accounting Policies

Prosper Funding's significant accounting policies are included in Note 2 – Summary of Significant Accounting Policies in Prosper Funding's Annual Report on Form 10-K for the year ended December 31, 2016. There have been no changes to these accounting policies during the first six months of 2017.

Fair Value Measurements

Financial instruments consist principally of Cash and Cash Equivalents, Restricted Cash, Short Term Investments, Borrower Loans, Loans Held for Sale, Accounts Receivable, Accounts Payable and Accrued Liabilities, Payable to Investors and Notes. The estimated fair values of Cash and Cash Equivalents, Restricted Cash, Accounts Receivable, Accounts Payable and Accrued Liabilities, and Payable to Investors approximate their carrying values because of their short term nature.

Borrower Loans, Loans Held for Sale and Notes

Through the Note Channel, Prosper Funding purchases Borrower Loans from WebBank then issues Notes, and holds the Borrower Loans until maturity. The obligation to repay a series of Notes funded through the Note Channel is dependent upon the repayment of the associated Borrower Loan. Borrower Loans and Notes funded through the Note Channel are carried on Prosper Funding's consolidated balance sheets as assets and liabilities, respectively. We choose to measure certain financial instruments and certain other items at fair value on an instrument-by-instrument basis with unrealized gains and losses on items for which the fair value option has been elected reported in earnings. Management believes that the fair value option is more meaningful for the readers of the financial statements and it allows both the Borrower Loans and Notes to be valued using the same methodology. The fair value election, with respect to an item, may not be revoked once an election is made. Prosper Funding estimates the fair value of such Borrower Loans and Notes using discounted cash flow methodologies that take into account expected prepayments, losses, recoveries and default rates. The Borrower Loans are not derecognized when a corresponding Note is issued as Prosper Funding maintains the ability to sell the Borrower Loans without the approval of the holders of the corresponding Notes.

Recent Accounting Pronouncements

In May 2014, as part of its ongoing efforts to assist in the convergence of US GAAP and International Financial Reporting Standards ("IFRS"), the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *"Revenue from Contracts with Customers."* The new guidance sets forth a new five-step revenue recognition model which replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed in U.S. GAAP. The underlying principle of the new standard is that a business or other organization will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in the prior accounting guidance. The standard will be effective for Prosper Funding in the first quarter of fiscal 2018. In August 2015, the FASB issued ASU No. 2015-14, which amended the standard to provide a one-year deferral of the effective date, as well as providing the option to early adopt the standard on the original effective date. The guidance can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. Prosper Funding expects to adopt this ASU on a modified retrospective basis in the first quarter of fiscal 2018. Our evaluation of this ASU is ongoing and not complete. The FASB has issued and may issue in the future, interpretative guidance, which may cause our evaluation to change. Our preliminary results indicate that administration fees are included in the scope of the new guidance, while servicing fees and gain or loss on the sale of loans remain within the scope of ASC topic 860, Transfers and Servicing. Prosper Funding does not currently believe that this ASU will have a material effect on our Consolidated Financial Statements.

In January 2016, the FASB issued ASU 2016-1, *"Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities"*, which addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. This guidance will be effective for us in the first quarter of our fiscal year 2019, and early adoption is not permitted. Prosper Funding is currently evaluating the impact that this guidance will have on our consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *"Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments."* The standard provides guidance for eight targeted changes with respect to how cash receipts and cash payments are classified in the statements of cash flows, with the objective of reducing diversity in practice. This guidance will be effective for Prosper Funding in the first quarter of our fiscal year 2018, and early adoption is permitted. Prosper Funding is currently evaluating the impacts the adoption of this accounting standard will have on the Prosper Funding's cash flows.

In November 2016, the FASB issued ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash (ASU2016-18)", which requires companies to include amounts generally described as restricted cash and restricted cash equivalents in cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This guidance will be effective for us in the first quarter of 2018 and early adoption is permitted. Prosper Funding is currently evaluating the effect that this guidance will have on our consolidated financial statements and related disclosures.

Property and Equipment, Net	6 Months Ended Jun. 30, 2017
Entity Information [Line Items]	
Property and Equipment, Net	

Property and Equipment, Net

Property and equipment consist of the following (in thousands):

	June 30, 2017	December 31, 2016
Property and equipment:		
Computer equipment	$ 14,370	$ 14,107
Internal-use software and website development costs	18,603	16,750
Office equipment and furniture	3,010	3,010
Leasehold improvements	7,038	7,038
Assets not yet placed in service	1,453	1,222
Property and equipment	44,474	42,127
Less accumulated depreciation and amortization	(22,406)	(17,274)
Total property and equipment, net	$ 22,068	$ 24,853

Depreciation and amortization expense for property and equipment for the three months ended June 30, 2017 and 2016 was $2.7 million and $2.5 million, respectively. Depreciation and amortization expense for property and equipment for the six months ended June 30, 2017 and 2016 was $5.2 million and $4.5 million respectively. Prosper capitalized internal-use software and website development costs in the amount of $1.0 million and $1.8 million for the three months ended June 30, 2017 and 2016, respectively. Prosper capitalized internal-use software and website development costs in the amount of $2.1 million and $3.6 million for the six months ended June 30, 2017 and 2016, respectively.

Prosper Funding LLC

Entity Information [Line Items]

Property and Equipment, Net

Property and Equipment

Property and equipment consist of the following (in thousands):

	June 30, 2017	December 31, 2016
Property and equipment:		
Internal-use software and web site development costs	$ 18,603	$ 16,749
Less accumulated depreciation and amortization	(9,291)	(6,654)
Total property and equipment, net	$ 9,312	$ 10,095

Depreciation expense for the three months ended June 30, 2017 and 2016 was $1.4 million and $1.0 million, respectively. Depreciation expense for the six months ended June 30, 2017 and 2016 was $2.6 million and $1.9 million, respectively.

Borrower Loans, Loans Held for Sale, and Notes Held at Fair Value	6 Months Ended Jun. 30, 2017
Entity Information [Line Items]	
Borrower Loans, Loans Held for Sale, and Notes Held at Fair Value	**Borrower Loans, Loans Held for Sale, and Notes Held at Fair Value** The aggregate principal balances outstanding and fair values of Borrower Loans, Loans Held for Sale and Notes as of June 30, 2017 and December 31, 2016, are presented in the following table (in thousands):

	Borrower Loans		Notes		Loans Held for Sale	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Aggregate principal balance outstanding	$316,378	$ 319,143	$(319,072)	$ (323,358)	$ 106	$ 641
Fair value adjustments	(4,106)	(3,516)	7,662	7,122	(11)	(17)
Fair value	$312,272	$ 315,627	$(311,410)	$ (316,236)	$ 95	$ 624

At June 30, 2017, outstanding Borrower Loans had original terms to maturity of either 36 or 60 months; had monthly payments with fixed interest rates ranging from 5.32% to 33.04% and had various maturity dates through June 2022. At December 31, 2016, outstanding Borrower Loans had original maturities of either 36 or 60 months; had monthly payments with fixed interest rates ranging from 5.32% to 33.04% and had various maturity dates through December 2021.

Approximately $1.2 million and $2.0 million represents the loss that is attributable to changes in the instrument specific credit risks related to Borrower Loans that were recorded in the change in fair value during the six months ending June 30, 2017 and June 30, 2016, respectively.

As of June 30, 2017, Borrower Loans that were 90 days or more delinquent had an aggregate principal amount of $2.6 million and a fair value of $0.9 million. As of December 31, 2016, Borrower Loans that were 90 days or more delinquent had an aggregate principal amount of $3.2 million and a fair value of $1.0 million. Prosper places loans on non-accrual status when they are over 120 days past due. As of June 30, 2017 and December 31, 2016, Borrower Loans in non-accrual status had a fair value of $0.2 million and $0.5 million, respectively.

Prosper Funding LLC	
Entity Information [Line Items]	
Borrower Loans, Loans Held for Sale, and Notes Held at Fair Value	**Borrower Loans, Loans Held For Sale and Notes Held at Fair Value** The aggregate principal balances outstanding and fair values of Borrower Loans, Loans Held for Sale and Notes as of June 30, 2017 and December 31, 2016, are presented in the following table (in thousands):

	Borrower Loans		Notes		Loans Held for Sale	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016

Aggregate principal balance outstanding	$316,378	$ 319,143	$(319,072)	$ (323,358)	$ 106	$ 641
Fair value adjustments	(4,106)	(3,516)	7,662	7,122	(11)	(17)
Fair value	$312,272	$ 315,627	$(311,410)	$ (316,236)	$ 95	$ 624

At June 30, 2017, outstanding Borrower Loans had original terms to maturity of either 36 or 60 months; had monthly payments with fixed interest rates ranging from 5.32% to 33.04% and had various maturity dates through June 2022. At December 31, 2016, outstanding Borrower Loans had original maturities of either 36 or 60 months; had monthly payments with fixed interest rates ranging from 5.32% to 33.04% and had various maturity dates through December 2021.

Approximately $1.2 million represents the loss that is attributable to changes in the instrument specific credit risks related to Borrower Loans that were recorded in the change in fair value during the six months ended June 30, 2017.

As of June 30, 2017, Borrower Loans that were 90 days or more delinquent had an aggregate principal amount of $2.6 million and a fair value of $0.9 million. As of December 31, 2016, Borrower Loans that were 90 days or more delinquent had an aggregate principal amount of $3.2 million and a fair value of $1.0 million. Prosper Funding places loans on non-accrual status when they are over 120 days past due. As of June 30, 2017 and December 31, 2016, Borrower Loans in non-accrual status had a fair value of $0.2 million and $0.5 million, respectively.

Loan Servicing Assets and Liabilities	6 Months Ended Jun. 30, 2017
Entity Information [Line Items]	
Loan Servicing Assets and Liabilities	**Loan Servicing Assets and Liabilities** Prosper accounts for servicing assets and liabilities at their estimated fair values with changes in fair values recorded in servicing fees. The initial asset or liability is recognized when Prosper sells Borrower Loans to unrelated third-party buyers through the Whole Loan Channel and the servicing rights are retained. The servicing assets and liabilities are measured at fair value throughout the servicing period. The total gains losses recognized on the sale of such Borrower Loans for the three months ended June 30, 2017were a gain of $3.8 million and a loss of $16.9 million from the Fair Value of Warrants Vested on the Sale of Borrower Loans to the Consortium after the closing of the Consortium transaction. The total gains and losses recognized on the sale of such Borrower Loans for the six months ended June 30, 2017 were a gain of $3.5 million and a loss of $20.2 million from the Fair Value of Warrants Vested on the Sale of Borrower Loans to the Consortium after the closing of the Consortium transaction. Total losses recognized on the sale of such Borrower Loans were $0.7 million during the three months ended June 30, 2016. Total gains recognized on the sale of such Borrower Loans were $3.1 million during the six months ended June 30, 2016. As of June 30, 2017, Borrower Loans that were sold but for which Prosper retained servicing rights had a total outstanding principal balance of $3.6 billion, original terms of either 36 or 60 months and had monthly payments with fixed interest rates ranging from 5.32% to 35.52% and various maturity dates through June 2022. At December 31, 2016, Borrower Loans that were sold but for which Prosper retained servicing rights had a total outstanding principal balance of $3.5 billion, original terms of either 36 or 60 months and had monthly payments with fixed interest rates ranging from 5.32% to 35.52% and various maturity dates through December 2021. $9.4 million and $10.4 million of contractually specified servicing fees and ancillary fees are included on our condensed consolidated statements of operations in Servicing Fees, Net for the three months ended June 30, 2017 and 2016, respectively. $18.2 million and $20.0 million of contractually specified servicing fees and ancillary fees are included on our condensed consolidated statements of operations in Servicing Fees, Net for the six months ended June 30, 2017 and 2016, respectively. *Fair value* *Valuation method* – Prosper uses a discounted cash flow valuation methodology generally consisting of developing an estimate of future cash flows that are expected to occur over the life of a financial instrument and then discounting those cash flows at a rate of return that results in the fair value amount. Significant unobservable inputs presented in the table within Note 7 below are those that Prosper considers significant to the estimated fair values of the Level 3 servicing assets and liabilities. The following is a description of the significant unobservable inputs provided in the table. Market servicing rate – Prosper estimates adequate market servicing rates that would fairly compensate a substitute servicer should one be required, which includes the profit that would be demanded in the marketplace. This rate is stated as a fixed percentage of outstanding principal balance on a per annum basis. Prosper estimated these market servicing rates based on observable market rates for other loan types in the industry and bids from subservicing providers, adjusted for the unique loan attributes that are present in the specific loans that Prosper sells and services and information from a backup service provider. Discount rate – The discount rate is a rate of return used to discount future expected cash flows to arrive at a present value, which represents the fair value of the loan servicing rights. We used

a range of discount rates for the servicing assets and liabilities based on comparable observed valuations of similar assets and publicly available disclosures related to servicing valuations, with comparability adjustments made to account for differences with Prosper's servicing assets.

Default Rate – The default rate presented in Note 7 is an annualized, average estimate considering all Borrower Loan categories (i.e. risk ratings and duration), and represents an aggregate of conditional default rate curves for each credit grade or Borrower Loan category. Each point on a particular Borrower Loan category's curve represents the percentage of principal expected to default per period based on the term and age of the underlying Borrower Loans. The assumption regarding defaults directly reduces servicing revenues because the amount of servicing revenues received is based on the amount collected each period.

Prepayment Rate – The prepayment rate presented in Note 7 is an annualized, average estimate considering all Borrower Loan categories (i.e. risk ratings and duration), and represents an aggregate of conditional prepayment rate curves for each credit grade or Borrower Loan category. Each point on a particular Borrower Loan category's curve represents the percentage of principal expected to prepay per period based on the term and age of the underlying Borrower Loans. Prepayments reduce servicing revenues as they shorten the period over which we expect to collect fees on the Borrower Loans, which is used to project future servicing revenues.

Prosper Funding LLC

Entity Information [Line Items]

Loan Servicing Assets and Liabilities

Loan Servicing Assets and Liabilities

Prosper Funding accounts for servicing assets and liabilities at their estimated fair values with changes in fair values recorded in servicing fees. The initial asset or liability is recognized when Prosper Funding sells Borrower Loans to unrelated third-party buyers through the Whole Loan Channel and the servicing rights are retained. The total losses recognized on the sale of such Borrower Loans were $13.1 million and $0.7 million for the three months ended June 30, 2017 and June 30, 2016, respectively. The total gains and losses recognized on the sale of such Borrower Loans were a loss of $16.7 million and gain of $3.1 million for the six months ended June 30, 2017 and June 30, 2016, respectively.

At June 30, 2017, Borrower Loans that were sold, but for which Prosper Funding retained servicing rights, had a total outstanding principal balance of $3.5 billion, original terms of either 36 or 60 months and had monthly payments with fixed interest rates ranging from 5.32% to 35.52% and various maturity dates through June 2022. At December 31, 2016, Borrower Loans that were sold, but for which Prosper Funding retained servicing rights, had a total outstanding principal balance of $3.4 billion, original terms of either 36 or 60 months and had monthly payments with fixed interest rates ranging from 5.32% to 35.52% and various maturity dates through December 2021.

$9.2 million and $10.3 million of contractually specified servicing fees and ancillary fees are included on our condensed consolidated statements of operations in Servicing Fees, Net for the three months ended June 30, 2017 and 2016, respectively. $17.9 million and $19.7 million of contractually specified servicing fees and ancillary fees are included on our condensed consolidated statements of operations in Servicing Fees, Net for the six months ended June 30, 2017 and 2016, respectively.

Fair value

Valuation method – Prosper Funding uses a discounted cash flow valuation methodology generally consisting of developing an estimate of future cash flows that are expected to occur over the life of a financial instrument and then discounting those cash flows at a rate of return that results in the fair value amount.

Significant unobservable inputs presented in the table within Note 7 below are those that Prosper Funding considers significant to the estimated fair values of the Level 3 servicing assets and liabilities. The following is a description of the significant unobservable inputs provided in the table.

Market servicing rate – Prosper Funding estimates adequate market servicing rates that would fairly compensate a substitute servicer should one be required, which includes the profit that would be demanded in the marketplace. This rate is stated as a fixed percentage of outstanding principal balance on a per annum basis. Prosper Funding estimated these market servicing rates based on observable market rates for other loan types in the industry and bids from subservicing providers, adjusted for the unique loan attributes that are present in the specific loans that Prosper Funding sells and services and information from a backup service provider.

Discount rate – The discount rate is a rate of return used to discount future expected cash flows to arrive at a present value, which represents the fair value of the loan servicing rights. We used a range of discount rates for the servicing assets and liabilities based on comparable observed valuations of similar assets and publicly available disclosures related to servicing valuations, with comparability adjustments made to account for differences with Prosper Funding's servicing assets.

Default Rate – The default rate presented in Note 7 is an annualized, average estimate considering all Borrower Loan categories (i.e. risk ratings and duration), and represents an aggregate of conditional default rate curves for each credit grade or Borrower Loan category. Each point on a particular Borrower Loan category's curve represents the percentage of principal expected to default per period based on the term and age of the underlying Borrower Loans. The assumption regarding defaults directly reduces servicing revenues because the amount of servicing revenues received is based on the amount collected each period.

Prepayment Rate – The prepayment rate presented in Note 7 is an annualized, average estimate considering all Borrower Loan categories (i.e. risk ratings and duration), and represents an aggregate of conditional prepayment rate curves for each credit grade or Borrower Loan category. Each point on a particular Borrower Loan category's curve represents the percentage of principal expected to prepay per period based on the term and age of the underlying Borrower Loans. Prepayments reduce servicing revenues as they shorten the period over which we expect to collect fees on the Borrower Loans, which is used to project future servicing revenues.

Available for Sale Investments, at Fair Value	6 Months Ended Jun. 30, 2017
Investments, Debt and Equity Securities [Abstract]	
Available for Sale Investments, at Fair Value	

Available for Sale Investments, at Fair Value

Available for sale investments are recorded at fair value and unrealized gains and losses are reported, net of taxes, in accumulated other comprehensive income (loss) included in stockholders' equity unless management determines that an investment is other-than-temporarily impaired (OTTI).

The amortized cost, gross unrealized gains and losses, and fair value of available for sale investments as of June 30, 2017 and December 31, 2016, are as follows (in thousands):

June 30, 2017	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturity securities:				
US Treasury securities	5,501	—	(3)	5,498
Agency bonds	2,500	—	(1)	2,499
Total Available for Sale Investments	$ 8,001	$ —	$ (4)	$ 7,997

December 31, 2016	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturity securities:				
Corporate debt securities	$ 21,762	$ 1	$ (10)	$ 21,753
US Treasury securities	8,516	3	(3)	8,516
Agency bonds	2,499	1	—	2,500
Total Available for Sale Investments	$ 32,777	$ 5	$ (13)	$ 32,769

A summary of available for sale investments with unrealized losses as of June 30, 2017, and December 31, 2016, aggregated by category and period of continuous unrealized loss, is as follows (in thousands):

	Less than 12 months		12 months or longer		Total	
June 30, 2017	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed maturity securities:						
U.S. treasury securities	$ 5,498	$ (3)			$ 5,498	$ (3)
Agency bonds	—	—	2,499	(1)	2,499	(1)
Total Investments with Unrealized Losses	$ 5,498	$ (3)	$ 2,499	$ (1)	$ 7,997	$ (4)

	Less than 12 months	12 months or longer	Total

December 31, 2016	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed maturity securities:						
Corporate debt securities	$ —	$ —	$ 14,651	$ (10)	$ 14,651	$ (10)
U.S. treasury securities	$ —	$ —	$ 4,499	$ (3)	$ 4,499	$ (3)
Total Investments with Unrealized Losses	$ —	$ —	$ 19,150	$ (13)	$ 19,150	$ (13)

There were no impairment charges recognized during the six months ended June 30, 2017.

The maturities of available for sale investments at June 30, 2017 and December 31, 2016 are as follows (in thousands):

June 30, 2017	Within 1 year	After 1 year through 5 years	After 5 years to 10 years	After 10 years	Total
US Treasury securities	5,498				5,498
Agency bonds	2,499				2,499
Total Fair Value	$ 7,997	$ —	$ —	$ —	$ 7,997
Total Amortized Cost	$ 8,001	$ —	$ —	$ —	$ 8,001

December 31, 2016	Within 1 year	After 1 year through 5 years	After 5 years to 10 years	After 10 years	Total
Corporate debt securities	21,753	—	—	—	21,753
US Treasury securities	8,516	—	—	—	8,516
Agency bonds	2,500	—	—	—	2,500
Total Fair Value	$ 32,769	$ —	$ —	$ —	$ 32,769
Total Amortized Cost	$ 32,777	$ —	$ —	$ —	$ 32,777

During the six months ended June 30, 2017, Prosper sold $16.2 million of investments which resulted in a realized gain of $12 thousand.

Fair Value of Assets and Liabilities	6 Months Ended Jun. 30, 2017
Entity Information [Line Items]	
Fair Value of Assets and Liabilities	**Fair Value of Assets and Liabilities** Prosper measures the fair value of assets and liabilities in accordance with its fair value hierarchy which prioritizes information used to measure fair value and the effect of fair value measurements on earnings and provides for enhanced disclosures determined by the level within the hierarchy of information used in the valuation. We apply this framework whenever other standards require (or permit) assets or liabilities to be measured at fair value. Assets and liabilities carried at fair value on the balance sheets are classified among three levels based on the observability of the inputs used to determine fair value: Level 1 — The valuation is based on quoted prices in active markets for identical instruments. Level 2 — The valuation is based on observable inputs such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation methodologies for which all significant assumptions are observable in the market. Level 3 — The valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the instrument. Level 3 valuations are typically performed using pricing models, discounted cash flow methodologies, or similar methodologies, which incorporate management's own estimates of assumptions that market participants would use in pricing the instrument or valuations that require significant management judgment or estimation. Fair values of assets or liabilities are determined based on the fair value hierarchy, which requires an entity to maximize the use of quoted prices and observable inputs and to minimize the use of unobservable inputs when measuring fair value. Various valuation methodologies are utilized, depending on the nature of the financial instrument, including the use of market prices for identical or similar instruments, or discounted cash flow models. When possible, active and observable market data for identical or similar financial instruments are utilized. Alternatively, fair value is determined using assumptions that management believes a market participant would use in pricing the asset or liability. Financial instruments consist principally of Cash and Cash Equivalents, Restricted Cash, Available for Sale Investments, Borrower Loans, Loans Held for Sale, Accounts Receivable, Accounts Payable and Accrued Liabilities, Payable to Investors, Convertible Preferred Stock Warrant and Notes. Servicing Assets and Liabilities are also subject to fair value measurement within the financial statements of Prosper. The estimated fair values of Cash and Cash Equivalents, Restricted Cash, Accounts Receivable, Accounts Payable and Accrued Liabilities, and Payable to Investors approximate their carrying values because of their short term nature. ***Financial Instruments Recorded at Fair Value*** The fair value of the Borrower Loans, Loans Held for Sale and Notes are estimated using discounted cash flow methodologies based upon a set of valuation assumptions. The primary cash flow assumptions used to value such Borrower Loans, Loans Held for Sale and Notes include default rates derived from historical performance and discount rates applied to each credit grade based on the perceived credit risk of each credit grade. Investments held at fair value consist of available for sale investments. The available for sale investments consist of corporate debt securities, commercial paper, U.S. treasury securities, agency bonds and short term bond funds. When available, Prosper uses quoted prices in active markets to measure the fair value of securities available for sale. When utilizing market data and bid-ask spreads, Prosper uses the price within the bid-ask spread that best represents fair value.

When quoted prices do not exist, Prosper uses prices obtained from independent third-party pricing services to measure the fair value of investment assets. Prosper generally obtains prices from at least two independent pricing sources for assets recorded at fair value. Prosper's primary independent pricing service provides prices based on observable trades and discounted cash flows that incorporate observable information, such as yields for similar types of securities (a benchmark interest rate plus observable spreads) and weighted-average maturity for the same or similar securities. Prosper compares the prices obtained from its primary independent pricing service to the prices obtained from the additional independent pricing services to determine if the price obtained from the primary independent pricing service is reasonable. Prosper does not adjust the prices received from independent third-party pricing services unless such prices are inconsistent with the definition of fair value and result in a material difference in the recorded amounts.

The Convertible Preferred Stock Warrant Liability is valued using a Black Scholes-Option pricing model. Refer to Note 12 for further details.

The following tables present the fair value hierarchy for assets and liabilities measured at fair value (in thousands):

June 30, 2017	**Level 1 Inputs**	**Level 2 Inputs**	**Level 3 Inputs**	**Total**
Assets:				
Borrower Loans	$ —	$ —	$ 312,272	$ 312,272
Loans Held for Sale	—	—	95	95
Available for Sale Investments, at Fair Value	—	7,997	—	7,997
Servicing Assets	—	—	13,489	13,489
Total Assets	—	7,997	325,856	333,853
Liabilities:				
Notes	$ —	$ —	$ 311,410	$ 311,410
Servicing Liabilities	—	—	111	111
Convertible Preferred Stock Warrant Liability	—	—	70,114	70,114
Loan Trailing Fee Liability	—	—	1,655	1,655
Total Liabilities	$ —	$ —	$ 383,290	$ 383,290

December 31, 2016	**Level 1 Inputs**	**Level 2 Inputs**	**Level 3 Inputs**	**Total**
Assets:				
Borrower Loans	$ —	$ —	$ 315,627	$ 315,627
Loans Held for Sale	—	—	624	624
Available for Sale Investments, at Fair Value	—	32,769	—	32,769
Servicing Assets	—	—	12,786	12,786
Total Assets	—	32,769	329,037	361,806
Liabilities:				
Notes	$ —	$ —	$ 316,236	$ 316,236
Servicing Liabilities	—	—	198	198
Convertible Preferred Stock Warrant Liability	—	—	21,711	21,711
Loan Trailing Fee Liability	—	—	665	665
Total Liabilities	$ —	$ —	$ 338,810	$ 338,810

As Prosper's Borrower Loans, Loans Held for Sale, Notes and loan servicing rights do not trade in an active market with readily observable prices, Prosper uses significant unobservable inputs to measure the fair value of these assets and liabilities. Financial instruments are categorized in the level 3 valuation hierarchy based on the significance of unobservable factors in the overall fair value measurement. These fair value estimates may also include observable, actively quoted components derived from external sources. As a result, the realized and unrealized gains and losses for assets and liabilities within the level 3 category may include changes in fair value that were attributable to both observable and unobservable inputs.

Significant Unobservable Inputs

The following tables present quantitative information about the significant unobservable inputs used for Prosper's level 3 fair value measurements at June 30, 2017 and December 31, 2016:

Borrower Loans, Loans Held for Sale and Notes:

	Range	
Unobservable Input	**June 30, 2017**	**December 31, 2016**
Discount rate	4.3% - 15.2%	4.0% - 15.9%
Default rate	1.9% - 15.2%	1.7% - 14.9%

Servicing Rights

	Range	
Unobservable Input	**June 30, 2017**	**December 31, 2016**
Discount rate	15% - 25%	15% - 25%
Default rate	1.6% - 15.7%	1.5% - 15.2%
Prepayment rate	14.4% - 26.7%	13.6% - 26.6%
Market servicing rate	0.625%	0.625%

At June 30, 2017, the discounted cash flow methodology used to estimate the Note fair values used the same projected cash flows as the related Borrower Loans. As demonstrated in the following table, the fair value adjustments for Borrower Loans were largely offset by the fair value adjustments of the Notes due to the borrower payment dependent design of the Notes and because the principal balances of the Borrower Loans approximated the principal balances of the Notes.

The following tables present additional information about level 3 Borrower Loans, Loans Held for Sale and Notes measured at fair value on a recurring basis (in thousands):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Borrower Loans	**Notes**	**Loans Held for Sale**	**Total**
Balance at January 1, 2017	$ 315,627	$ (316,236)	$ 624	$ 15
Purchase of Borrower Loans/ Issuance of Notes	106,940	(106,506)	1,245,826	1,246,260
Principal repayments	(97,492)	100,274	(42)	2,740

Borrower Loans sold to third parties	(1,990)	—	(1,246,316)	(1,248,306)
Other changes	9	266	(3)	272
Change in fair value	(10,822)	10,792	6	(24)
Balance at June 30, 2017	$ 312,272	$ (311,410)	$ 95	$ 957

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Borrower Loans	Notes	Loans Held for Sale	Total
Balance at January 1, 2016	$ 297,273	$ (297,405)	$ 32	$ (100)
Purchase of Borrower Loans/ Issuance of Notes	109,215	(109,147)	1,358,011	1,358,079
Principal repayments	(82,376)	83,119	(136)	607
Borrower Loans sold to third parties	(1,138)	1,081	(1,353,202)	(1,353,259)
Other changes	(6)	(33)	—	(39)
Change in fair value	(12,934)	12,855	—	(79)
Balance at June 30, 2016	$ 310,034	$ (309,530)	$ 4,705	$ 5,209

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Borrower Loans	Notes	Loans Held for Sale	Total
Balance at April 1, 2017	$ 317,536	$ (316,944)	$ 109	$ 701
Purchase of Borrower Loans/ Issuance of Notes	50,260	(49,692)	721,829	722,397
Principal repayments	(48,048)	48,695	(14)	633
Borrower Loans sold to third parties	(869)	—	(721,829)	(722,698)
Other changes	10	(156)	—	(146)
Change in fair value	(6,617)	6,687	—	70
Balance at June 30, 2017	$ 312,272	$ (311,410)	$ 95	$ 957

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Borrower Loans	Notes	Loans Held for Sale	Total
Balance at April 1, 2016	$ 303,243	$ (302,357)	$ 30	$ 916
Purchase of Borrower Loans/ Issuance of Notes	54,044	(53,873)	426,591	426,762
Principal repayments	(41,390)	41,057	(131)	(464)
Borrower Loans sold to third parties	(525)	499	(421,784)	(421,810)
Other changes	(2)	(191)	—	(193)
Change in fair value	(5,336)	5,335	(1)	(2)
Balance at June 30, 2016	$ 310,034	$ (309,530)	$ 4,705	$ 5,209

The following tables present additional information about level 3 servicing assets and liabilities measured at fair value on a recurring basis (in thousands):

	Servicing Assets	Servicing Liabilities
Fair Value at January 1, 2017	12,786	198
Additions	6,532	—
Less: Changes in fair value	(5,829)	(87)
Fair Value at June 30, 2017	13,489	111

	Servicing Assets	Servicing Liabilities
Fair Value at January 1, 2016	14,363	484
Additions	5,750	9
Less: Changes in fair value	(5,816)	(169)
Fair Value at June 30, 2016	14,297	324

	Servicing Assets	Servicing Liabilities
Fair Value at April 1, 2017	12,436	147
Additions	3,768	—
Less: Changes in fair value	(2,715)	(36)
Fair Value at June 30, 2017	13,489	111

	Servicing Assets	Servicing Liabilities
Fair Value at April 1, 2016	15,548	398
Additions	1,729	—
Less: Changes in fair value	(2,980)	(74)
Fair Value at June 30, 2016	14,297	324

The following table presents additional information about level 3 Loan Trailing Fee Liability measured at fair value on a recurring basis (in thousands):

Balance at January 1, 2017	665
Issuances	1,216
Cash payment of Loan Trailing Fee	(351)
Change in fair value	125
Balance at June 30, 2017	1,655

Significant Recurring Level 3 Fair Value Asset and Liability Input Sensitivity

Key economic assumptions and the sensitivity of the current fair value to immediate changes in those assumptions at June 30, 2017 for Borrower Loans, Loans Held for Sale and Notes funded through the Note Channel are presented in the following table (in thousands, except percentages):

Borrower Loans and	Notes

	Loans Held for Sale	
Discount rate assumption:	7.55% *	7.55% *
Resulting fair value from:		
100 basis point increase	$ 309,203	$ 308,250
200 basis point increase	306,119	305,170
Resulting fair value from:		
100 basis point decrease	$ 315,614	$ 314,653
200 basis point decrease	318,948	317,984
Default rate assumption:	12.96% *	12.96% *
Resulting fair value from:		
100 basis point increase	$ 308,608	$ 307,645
200 basis point increase	304,984	304,015
Resulting fair value from:		
100 basis point decrease	$ 316,150	$ 315,200
200 basis point decrease	319,980	319,038

* Represents weighted average assumptions considering all credit grades.

The following table presents the estimated impact on Prosper's estimated fair value of servicing assets and liabilities, calculated using different market servicing rates and different default rates as of June 30, 2017 (in thousands, except percentages).

	Servicing Assets	Servicing Liabilities
Market servicing rate assumptions	0.625%	0.625%
Resulting fair value from:		
Market servicing rate increase to 0.65%	$ 12,613	$ 122
Market servicing rate decrease to 0.60%	$ 14,365	$ 100
Weighted average prepayment assumptions	20.09%	20.09%
Resulting fair value from:		
Applying a 1.1 multiplier to prepayment rate	$ 13,301	$ 109
Applying a 0.9 multiplier to prepayment rate	$ 13,678	$ 113
Weighted average default assumptions	12.18%	12.18%
Resulting fair value from:		
Applying a 1.1 multiplier to default rate	$ 13,301	$ 111
Applying a 0.9 multiplier to default rate	$ 13,680	$ 111

These sensitivities are hypothetical and should be evaluated with care. The effect on fair value of a variation in assumptions generally cannot be determined because the relationship of the change in assumptions to the fair value may not be linear. Additionally, the impact of a variation in a particular assumption on the fair value is calculated while holding other assumptions constant. In reality, changes in one factor may lead to changes in other factors, which could impact the above hypothetical effects.

Prosper Funding LLC
Entity Information [Line Items]
Fair Value of Assets and Liabilities

Fair Value of Assets and Liabilities

Prosper Funding measures the fair value of assets and liabilities in accordance with its fair value hierarchy which prioritizes information used to measure fair value and the effect of fair value measurements on earnings and provides for enhanced disclosures determined by the level within the hierarchy of information used in the valuation. We apply this framework whenever other standards require (or permit) assets or liabilities to be measured at fair value.

Assets and liabilities carried at fair value on the balance sheets are classified among three levels based on the observability of the inputs used to determine fair value:

Level 1 — The valuation is based on quoted prices in active markets for identical instruments.

Level 2 — The valuation is based on observable inputs such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation methodologies for which all significant assumptions are observable in the market.

Level 3 — The valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the instrument. Level 3 valuations are typically performed using pricing models, discounted cash flow methodologies, or similar methodologies, which incorporate management's own estimates of assumptions that market participants would use in pricing the instrument or valuations that require significant management judgment or estimation.

Fair values of assets or liabilities are determined based on the fair value hierarchy, which requires an entity to maximize the use of quoted prices and observable inputs and to minimize the use of unobservable inputs when measuring fair value. Various valuation methodologies are utilized, depending on the nature of the financial instrument, including the use of market prices for identical or similar instruments, or discounted cash flow models. When possible, active and observable market data for identical or similar financial instruments are utilized. Alternatively, fair value is determined using assumptions that management believes a market participant would use in pricing the asset or liability.

Financial instruments consist principally of cash and cash equivalents, restricted cash, Borrower Loans, accounts payable and accrued liabilities, and Notes. Servicing assets and liabilities are also subject to fair value measurement within the financial statements of Prosper Funding. The estimated fair values of cash and cash equivalents, restricted cash, accounts payable and accrued liabilities approximate their carrying values because of their short term nature.

Financial Instruments Recorded at Fair Value

The fair value of the Borrower Loans, Loans Held for Sale and Notes are estimated using discounted cash flow methodologies based upon a set of valuation assumptions. The primary cash flow assumptions used to value such Borrower Loans, Loans Held for Sale and Notes include default rates derived from historical performance and discount rates applied to each credit grade based on the perceived credit risk of each credit grade.

The following tables present the fair value hierarchy for assets and liabilities measured at fair value (in thousands):

June 30, 2017	**Level 1 Inputs**	**Level 2 Inputs**	**Level 3 Inputs**	**Total**
Assets:				
Borrower Loans	$ —	$ —	$ 312,272	$ 312,272
Servicing Assets	—	—	13,297	13,297
Loans Held for Sale	—	—	95	95
Total Assets	—	—	325,664	325,664
Liabilities:				
Notes	$ —	$ —	$ 311,410	$ 311,410
Servicing Liabilities	—	—	111	111

Loan Trailing Fee Liability			1,655	1,655
Total Liabilities	$ —	$ —	$ 313,176	$ 313,176

December 31, 2016	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
Assets:				
Borrower Loans	$ —	$ —	$ 315,627	$ 315,627
Servicing Assets	—	—	12,461	12,461
Loans Held for Sale	—	—	624	624
Total Assets	—	—	328,712	328,712
Liabilities:				
Notes	$ —	$ —	$ 316,236	$ 316,236
Servicing Liabilities	—	—	198	198
Loan Trailing Fee Liability	—	—	665	665
Total Liabilities	$ —	$ —	$ 317,099	$ 317,099

As Prosper Funding's Borrower Loans, Loans Held for Sale, Notes and loan servicing rights do not trade in an active market with readily observable prices, Prosper Funding uses significant unobservable inputs to measure the fair value of these assets and liabilities. Financial instruments are categorized in the level 3 valuation hierarchy based on the significance of unobservable factors in the overall fair value measurement. These fair value estimates may also include observable, actively quoted components derived from external sources. As a result, the realized and unrealized gains and losses for assets and liabilities within the level 3 category may include changes in fair value that were attributable to both observable and unobservable inputs.

Significant Unobservable Inputs

The following tables present quantitative information about the significant unobservable inputs used for Prosper Funding's level 3 fair value measurements at June 30, 2017 and December 31, 2016:

Borrower Loans, Loans Held for Sale and Notes:

	Range	
Unobservable Input	**June 30, 2017**	**December 31, 2016**
Discount rate	4.3% - 15.2%	4.0% - 15.9%
Default rate	1.9% - 15.2%	1.7% - 14.9%

Servicing Rights

	Range	
Unobservable Input	**June 30, 2017**	**December 31, 2016**
Discount rate	15% - 25%	15% - 25%
Default rate	1.6% - 15.7%	1.5% - 15.2%
Prepayment rate	14.4% - 26.7%	13.6% - 26.6%

Market servicing rate	0.625%	0.625%

The changes in the Borrower Loans, Loans Held for Sale and Notes, which are Level 3 assets and liabilities measured at fair value on a recurring basis are as follows (in thousands):

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Borrower Loans	Notes	Loans Held for Sale	Total
Balance at January 1, 2017	$ 315,627	$ (316,236)	$ 624	$ 15
Originations	106,940	(106,506)	1,245,826	1,246,260
Principal repayments	(97,492)	100,274	(42)	2,740
Borrower Loans sold to third parties	(1,990)	—	(1,246,316)	(1,248,306)
Other changes	9	266	(3)	272
Change in fair value	(10,822)	10,792	6	(24)
Balance at June 30, 2017	$ 312,272	$ (311,410)	$ 95	$ 957

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Borrower Loans	Notes	Loans Held for Sale	Total
Balance at January 1, 2016	$ 297,273	$ (297,405)	$ 32	$ (100)
Originations	109,215	(109,147)	1,358,011	1,358,079
Principal repayments	(82,376)	83,119	(136)	607
Borrower Loans sold to third parties	(1,138)	1,081	(1,353,202)	(1,353,259)
Other changes	(6)	(33)	—	(39)
Change in fair value	(12,934)	12,855	—	(79)
Balance at June 30, 2016	$ 310,034	$ (309,530)	$ 4,705	$ 5,209

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Borrower Loans	Notes	Loans Held for Sale	Total
Balance at April 1, 2017	$ 317,536	$ (316,944)	$ 109	$ 701
Originations	50,260	(49,692)	721,829	722,397
Principal repayments	(48,048)	48,695	(14)	633
Borrower Loans sold to third parties	(869)	—	(721,829)	(722,698)
Other changes	10	(156)	—	(146)
Change in fair value	(6,617)	6,687	—	70
Balance at June 30, 2017	$ 312,272	$ (311,410)	$ 95	$ 957

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Borrower Loans	Notes	Loans Held for Sale	Total
Balance at April 1, 2016	$ 303,243	$ (302,357)	$ 30	$ 916
Originations	54,044	(53,873)	426,591	426,762
Principal repayments	(41,390)	41,057	(131)	(464)
Borrower Loans sold to third parties	(525)	499	(421,784)	(421,810)

Other changes	(2)	(191)	—	(193)
Change in fair value	(5,336)	5,335	(1)	(2)
Balance at June 30, 2016	$ 310,034	$ (309,530)	$ 4,705	$ 5,209

The following table presents additional information about Level 3 servicing assets and liabilities recorded at fair value for the three months ended June 30, 2017 (in thousands).

	Servicing Assets	Servicing Liabilities
Fair Value at January 1, 2017	12,461	198
Additions	6,532	—
Less: Changes in fair value	(5,696)	(87)
Fair Value at June 30, 2017	13,297	111

	Servicing Assets	Servicing Liabilities
Fair Value at January 1, 2016	13,605	484
Additions	5,750	9
Less: Changes in fair value	(5,557)	(169)
Fair Value at June 30, 2016	13,798	324

	Servicing Assets	Servicing Liabilities
Fair Value at April 1, 2017	12,190	147
Additions	3,768	—
Less: Changes in fair value	(2,661)	(36)
Fair Value at June 30, 2017	13,297	111

	Servicing Assets	Servicing Liabilities
Fair Value at April 1, 2016	14,929	398
Additions	1,729	—
Less: Changes in fair value	(2,860)	(74)
Fair Value at June 30, 2016	13,798	324

The following table presents additional information about level 3 Loan Trailing Fee Liability measured at fair value on a recurring basis (in thousands):

Balance at January 1, 2017	665
Issuances	1,216
Cash payment of Loan Trailing Fee	(351)
Change in fair value	125
Balance at June 30, 2017	1,655

Significant Recurring Level 3 Fair Value Asset and Liability Input Sensitivity

Key economic assumptions and the sensitivity of the current fair value to immediate changes in those assumptions at June 30, 2017 for Borrower Loans, Loans Held for Sale and Notes funded are presented in the following table (in thousands, except percentages):

	Borrower Loans and Loans Held for Sale	Notes
Discount rate assumption:	7.55% *	7.55% *
Resulting fair value from:		
100 basis point increase	$ 309,203	$ 308,250
200 basis point increase	306,119	305,170
Resulting fair value from:		
100 basis point decrease	$ 315,614	$ 314,653
200 basis point decrease	318,948	317,984
Default rate assumption:	12.96% *	12.96% *
Resulting fair value from:		
100 basis point increase	$ 308,608	$ 307,645
200 basis point increase	304,984	304,015
Resulting fair value from:		
100 basis point decrease	$ 316,150	$ 315,200
200 basis point decrease	319,980	319,038

* Represents weighted average assumptions considering all credit grades.

Servicing Asset and Liability Fair Value Input Sensitivity:

The following table presents the estimated impact on Prosper Funding's estimated fair value of servicing assets and liabilities, calculated using different market servicing rates and different default rates as of June 30, 2017 (in thousands, except percentages).

	Servicing Assets	Servicing Liabilities
Market servicing rate assumptions	0.625%	0.625%
Resulting fair value from:		
Market servicing rate increase to 0.65%	12,434	122
Market servicing rate decrease to 0.60%	14,160	100
Weighted average prepayment assumptions	20.09%	20.09%
Resulting fair value from:		
Applying a 1.1 multiplier to prepayment rate	13,112	109
Applying a 0.9 multiplier to prepayment rate	13,484	113
Weighted average default assumptions	12.18%	12.18%
Resulting fair value from:		
Applying a 1.1 multiplier to default rate	13,112	111
Applying a 0.9 multiplier to default rate	13,486	111

These sensitivities are hypothetical and should be evaluated with care. The effect on fair value of a 10% variation in assumptions generally cannot be determined because the relationship of the change in assumptions to the fair value may not be linear. Additionally, the impact of a variation in a particular assumption on the fair value is calculated while holding other assumptions constant. In reality, changes in one factor may lead to changes in other factors, which could impact the above hypothetical effects.

Goodwill and Other Intangible Assets	6 Months Ended Jun. 30, 2017

Goodwill and Intangible Assets Disclosure [Abstract]

Goodwill and Other Intangible Assets

Goodwill and Other Intangible Assets

Goodwill

Prosper's goodwill balance of $36.4 million at June 30, 2017 did not change during the six months ended June 30, 2017. We did not record any goodwill impairment expense for the six months ended June 30, 2017. A portion of the goodwill balance is considered held for sale, refer to Note 9 for more detail.

Other Intangible Assets

The following table presents the detail of other intangible assets for the period presented (dollars in thousands):

	June 30, 2017			
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Remaining Useful Life (In Years)
User base and customer relationships	$ 4,122	$ (3,775)	$ 347	7.8
Developed technology	4,793	(3,278)	$ 1,515	0.8
Brand name	60	(60)	—	—
Total intangible assets subject to amortization	$ 8,975	$ (7,113)	$ 1,862	

Prosper's intangible asset balance was $1.9 million and $9.2 million at June 30, 2017 and December 31, 2016, respectively. During the six months ended June 30, 2017, certain intangible assets were made available for sale and as a result they were written down to fair value. This resulted in a $6.3 million impairment loss. Refer to Note 9 for more detail.

The user base and customer relationship intangible assets are being amortized on an accelerated basis over a three to ten year period. The technology and brand name intangible assets are being amortized on a straight line basis over three to five years and one year, respectively.

Amortization expense for the three months ended June 30, 2017 and 2016 was $0.2 million and $1.0 million, respectively. Amortization expense for the six months ended June 30, 2017 and 2016 was $1.0 million and $2.0 million, respectively. Estimated amortization of purchased intangible assets for future periods (excluding those held for sale) is as follows (in thousands):

Year Ending December 31,	
Remainder of 2017	$ 355
2018	379
2019	279
2020	219
2021	500
Total	$ 1,732

Assets Held for Sale	6 Months Ended Jun. 30, 2017
Assets Held-for-Sale [Abstract]	
Assets Held for Sale	**Assets Held for Sale** As of June 30, 2017, the Company was actively marketing certain assets related to the Prosper Daily application. Through this process, the Company identified the specific assets to be sold and allocated goodwill based on the relative fair values of the assets held for sale and the assets that will be retained by the Company. The fair value of the assets held for sale is based on management's best estimates of what it expects to receive. This resulted in an impairment loss of $2.0 million and $6.3 million during the three and six months ended June 30, 2017, which is recorded in Other Expenses on the Condensed Consolidated Statement of Operations. Amounts classified as assets held for sale on June 30, 2017, are presented on the Company's Condensed Consolidated Balance Sheet within their respective accounts, and include the following (in thousands):

Intangible Assets	$	130
Goodwill		12
Total Assets Held for Sale	$	142

Other Liabilities	6 Months Ended Jun. 30, 2017

Other Liabilities [Abstract]

Other Liabilities

Other Liabilities

Other Liabilities includes the following:

	June 30, 2017	December 31, 2016
Class action settlement liability	$ —	$ 2,996
Repurchase liability for unvested restricted stock awards	24	118
Loan trailing fee	1,655	665
Servicing liabilities	111	198
Deferred rent	4,133	4,469
Restructuring liability	3,414	6,052
Other	3,438	2,675
Total Other Liabilities	$ 12,775	$ 17,173

Net Loss Per Share	6 Months Ended Jun. 30, 2017

Earnings Per Share [Abstract]

Net Loss Per Share

Net Loss Per Share

The weighted average shares used in calculating basic and diluted net loss per share excludes certain shares that are disclosed as outstanding shares in the condensed consolidated balance sheets because such shares are restricted as they were associated with options that were early exercised and continue to remain unvested.

Basic and diluted net loss per share was calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Numerator:				
Net loss available to common stockholders for basic and diluted EPS	$ (41,405)	$ (35,628)	$ (65,426)	$ (53,092)
Denominator:				
Weighted average shares used in computing basic and diluted net loss per share	69,691,841	63,270,058	69,436,365	61,813,773
Basic and diluted net loss per share	$ (0.59)	$ (0.56)	$ (0.94)	$ (0.86)

The following common stock equivalents were excluded from the computation of diluted net loss per share for the periods presented because including them would have been anti-dilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(shares)	(shares)	(shares)	(shares)
Excluded securities:				
Convertible preferred stock issued and outstanding	177,388,428	177,388,425	177,388,428	177,388,425
Stock options issued and outstanding	60,938,265	43,719,604	53,040,604	41,694,271
Unvested stock options exercised	20,940	5,345,950	20,940	5,345,950
Restricted stock units	—	—	—	—
Warrants issued and outstanding	1,199,403	962,113	1,199,403	792,449
Series E convertible preferred stock warrants	35,544,141	—	35,544,141	—
Series F convertible preferred stock warrants	177,720,704	—	177,720,704	—
Total common stock equivalents excluded from diluted net loss per common share computation	452,811,881	227,416,092	444,914,220	225,221,095

The number of shares issued and outstanding reflect a 5-for-1 forward stock split effected by PMI on February 16, 2016.

Convertible Preferred Stock, Warrant Liability and Stockholders’ Deficit	6 Months Ended Jun. 30, 2017
Stockholders' Equity Note [Abstract]	
Convertible Preferred Stock, Warrant Liability and Stockholders’ Deficit	**Convertible Preferred Stock, Warrant Liability and Stockholders’ Deficit**

Convertible Preferred Stock, Warrant Liability and Stockholders’ Deficit

Convertible Preferred Stock and Warrants

On December 16, 2016, PMI issued a warrant to purchase 20,267,135 shares of Series E-1 convertible preferred stock of PMI ("Series E-1") at an exercise price of $0.01 per share (the “First Series E-1 Warrant”) to Pinecone Investments LLC (“Pinecone”), an affiliate of Colchis Capital Management, L.P. (“Colchis”).

On February 27, 2017, PMI issued to Pinecone a second warrant (the “Second Series E-1 Warrant,” and together with the First Series E-1 Warrant, the “Series E-1 Warrants”) to purchase 15,277,006 shares of Series E-1 at an exercise price of $0.01 per share. The Series E-1 Warrants are immediately exercisable, in whole or in part, by paying in cash the full purchase price payable in respect of the number of shares purchased. The Series E-1 Warrants were issued pursuant to the Warrant Agreement, dated December 16, 2016, between PMI and Colchis, as previously described in PMI’s Current Report on Form 8-K as filed with the Commission on December 22, 2016.

In connection with a loan purchase agreement (“Consortium Purchase Agreement”) with affiliates of the Consortium ("Warrant Holders"') a warrant agreement was signed (the "Warrant Agreement"). Pursuant to the Warrant Agreement, PMI issued to the Consortium, three warrants (together, the “Series F Warrant”) to purchase up to in aggregate 177,720,706 shares of PMI’s Series F Preferred Stock at an exercise price of $0.01 per share (the “Warrant Shares”).

The Warrant Holders' right to exercise the Series F Warrant is subject to monthly vesting during the term of the Consortium Purchase Agreement based upon the volume of loans the Consortium elects to purchase (if any) in each month, subject to certain cure rights such as offering additional loans for sale in subsequent periods (except that a certain portion of the Series F Warrant will be immediately exercisable as a result of loans purchased before the signing of the agreement). Under the terms of the Warrant Agreement, the Warrant Shares may also vest in full upon a change of control of PMI, insolvency of PMI or PFL certain breaches of contract by PMI or PFL that are not cured within a defined cure period and upon the occurrence of certain events set forth in the Warrant Agreement.

The Series F Warrant will be exercisable with respect to vested Warrant Shares, in whole or in part, at any time prior to the tenth anniversary of its date of issuance. The number of shares underlying the Series F Warrant may be adjusted following certain events such as stock splits, dividends, reclassifications, and certain other issuances by PMI.

The number of authorized, issued and outstanding shares, their par value and liquidation preference for each series of convertible preferred stock as of June 30, 2017 are disclosed in the table below (amounts in thousands except share and per share amounts):

Convertible Preferred Stock	Par Value	Authorized shares	Outstanding and Issued shares	Liquidation Preference (outstanding shares)
Series A	$ 0.01	68,558,220	68,558,220	$ 19,774
Series A-1	0.01	24,760,915	24,760,915	49,522
Series B	0.01	35,775,880	35,775,880	21,581
Series C	0.01	24,404,770	24,404,770	70,075

Series D	0.01	23,888,640	23,888,640	165,000
Series E-1	0.01	35,544,141	—	—
Series E-2	0.01	16,858,078	—	—
Series F	0.01	177,720,707	3	—
		407,511,351	177,388,428	$ 325,952

The number of shares issued and outstanding reflect a 5-for-1 forward stock split effected by PMI on February 16, 2016.

Dividends

Dividends on shares of the Series A, Series B, Series C, Series D, Series E-1, Series E-2 and Series F convertible preferred stock are payable only when, as, and if declared by the Board of Directors. No dividends will be paid with respect to the common stock until any declared dividends on the Series A, Series B, Series C, Series D, Series E-1, Series E-2 and Series F convertible preferred stock have been paid or set aside for payment to the Series A, Series B, Series C, Series D, Series E-1, Series E-2 and Series F convertible preferred stockholders. After payment of any such dividends, any additional dividends or distributions will be distributed among all holders of common stock and preferred stock in proportion to the number of shares of common stock that would be held by each such holder if all shares of preferred stock were converted to common stock at the then effective conversion rate. The Series A-1 convertible preferred shares have no dividend rights. To date, no dividends have been declared on any of the PMI's preferred stock or common stock.

Conversion

Under the terms of PMI's amended and restated certificate of incorporation, the holders of preferred stock have the right to convert such preferred stock into common stock at any time. In addition, all preferred stock automatically converts into common stock (i) immediately prior to the closing of an Initial Public Offering ("IPO") that values Prosper at least at $2 billion and that results in aggregate proceeds to Prosper of at least $100 million or (ii) upon a written request from the holders of at least 60% of the voting power of the outstanding preferred stock (on an as-converted basis), *provided* that (i) the Series A-1 convertible preferred stock shall not be converted without at least 14% of the voting power of the outstanding Series A-1 convertible preferred stock; (ii) the Series D shall not be converted without at least 60% of the voting power of the outstanding Series D; (iii) the Series E-1 and Series E-2 shall not be converted without at least 60% of the voting power of the outstanding Series E-1 and Series E-2, voting together as a single class; and (iv) the Series F shall not be converted without at least 60% of the voting power of the outstanding Series F. In addition, if a holder of the Series A convertible preferred stock has converted any of the Series A convertible preferred stock, then all of such holder's shares of Series A-1 convertible preferred stock also will be converted upon a liquidation event. In lieu of any fractional shares of common stock to which a holder would otherwise be entitled, PMI shall pay such holder cash in an amount equal to the fair market value of such fractional shares, as determined by its Board of Directors. At present, the Series A, Series B, Series C, Series D, Series E-1, Series E-2 and the Series F convertible preferred stock converts into PMI common stock at a 1:1 ratio while the Series A-1 convertible preferred stock converts into common stock at a 1,000,000:1 ratio

Liquidation Rights

PMI's convertible preferred stock has been classified as temporary equity on the Consolidated Balance Sheets. The preferred stock is not redeemable; however, upon in the event of a voluntary or involuntary liquidation, dissolution, change in control or winding up of PMI, holders of the convertible preferred stock may have the right to receive its liquidation preference under the terms of PMI's certificate of incorporation.

Each holder of Series E-1, Series E-2 and Series F convertible preferred stock is entitled to receive prior and in preference to any distribution of proceeds from a liquidation event to the holders of Series A, Series B, Series C, Series D and Series A-1 preferred stock or common stock, an amount per share for (i) each share of Series E-1 convertible preferred stock equal to the sum of the liquidation preference specified for such share and all declared but unpaid dividends, if any, on such share, (ii) each share of Series E-2 convertible preferred stock equal to the sum of two-thirds the liquidation preference specified for such share and all declared but unpaid dividends, if any, on such share, and (iii) each share of Series F convertible preferred stock equal to the sum of two-thirds of the liquidation preference specified for such share and all declared but unpaid dividends, if any, on such share.

After the payment or setting aside for payment to the holders of Series E-1, Series E-2, and Series F convertible preferred stock, each holder of Series A, Series B, Series C and Series D, Series E-2 and Series F convertible preferred stock is entitled to receive, on a pari passu basis, prior to and in preference to any distribution of proceeds from a liquidation event to the holders of Series A-1 preferred stock or common stock, (i) an amount per share for each share of Series E-2 and Series F convertible preferred stock equal to the sum of one-third of the liquidation preference specified for such share and all declared but unpaid dividends, if any, on such share, and (ii) an amount per share for each share of Series A, Series B, Series C and Series D convertible preferred stock equal to the sum of the liquidation preference specified for such share and all declared but unpaid dividends, if any, on such share.

After the payment or setting aside for payment to the holders of Series A, Series B, Series C, Series D, Series E-1, Series E-2 and Series F convertible preferred stock, the holders of Series A-1 convertible preferred stock are entitled to receive, prior and in preference to any distribution of proceeds to the holders of common stock an amount per share for each such share of Series A-1 convertible preferred stock equal to the sum of the liquidation preference specified for such share and all declared but unpaid dividends, if any, on such share.

After the payment or setting aside for payment to the holders of Series A, Series B, Series C, Series D, Series E-1, Series E-2, Series F convertible preferred stock and Series A-1 preferred stock, the entire remaining proceeds legally available for distribution will be distributed pro rata to the holders of Series A preferred stock and common stock in proportion to the number of shares of common stock held by them assuming the Series A preferred stock has been converted into shares of common stock at the then effective conversion rate, provided that the maximum aggregate amount per share of Series A convertible preferred stock which the holders of Series A convertible preferred stock shall be entitled to receive is three times the original issue price for the Series A convertible preferred stock.

At present, the liquidation preferences are equal to $0.29 per share for the Series A convertible preferred stock, $2.00 per share for the Series A-1 convertible preferred stock, $0.60 per share for the Series B convertible preferred stock, $2.87 per share for the Series C convertible preferred stock, $6.91 for the Series D convertible preferred stock, $0.84 for the Series E-1 convertible preferred stock, $0.84 for the Series E-2 convertible preferred stock, and $0.84 for the Series F convertible preferred stock.

Voting

Each holder of shares of convertible preferred stock is entitled to the number of votes equal to the number of shares of common stock into which such shares of convertible preferred stock could be converted and has voting rights and powers equal to the voting rights and powers of the common stock. The holders of convertible preferred stock and the holders of common stock vote together as a single class (except with respect to certain matters that require separate votes or as required by law), and are entitled to notice of any stockholders' meeting in accordance with the bylaws of PMI.

Convertible Preferred Stock Warrant Liability

Series E-1 Warrants

In connection with the Settlement and Release Agreement dated November 17, 2016 among PMI, PFL and Colchis, on December 16, 2016, PMI issued the First Series E-1 Warrant. The Second Series E-1 Warrant for an additional 15,277,006 shares of Series E-1 convertible preferred stock were granted on the signing of the Consortium Purchase Agreement on February 27, 2017. The warrants expire ten years from the date of issuance. For the six months ended June 30, 2017, Prosper recognized $14.9 million of expense from the re-measurement of the fair value of the warrants. The expense is recorded through other expenses in the statement of operations.

To determine the fair value of the Series E-1 Convertible Preferred Stock Warrants, the Company first determined the value of a share of a Series E-1 convertible preferred stock. To determine the fair value of the convertible preferred stock, the Company first derived the business enterprise value ("BEV") of the Company using valuation methods, including a combination of methods, as deemed appropriate under the circumstances applicable at the valuation date. Once the Company determined an estimated BEV, the option pricing method ("OPM") was used to allocate the BEV to the various classes of the Company's equity, including the Company's preferred stock. The concluded per share value for the Series E-1 convertible preferred stock was utilized as an input to the Black-Scholes option pricing model.

The Company determined the fair value of the outstanding convertible Series E-1 preferred stock warrants utilizing the following assumptions as of the following dates:

	June 30, 2017	December 31, 2016
Volatility	40%	40%
Risk-free interest rate	2.28%	2.45%
Remaining contractual term	9.55 years	9.96 years
Dividend yield	—%	—%

The above assumptions were determined as follows:

Volatility: The volatility is derived from historical volatilities of several unrelated publicly listed peer companies over a period approximately equal to the term of the warrant because the Company has limited information on the volatility of the preferred stock since there is currently no trading history. When making the selections of industry peer companies to be used in the volatility calculation, the Company considered the size, operational, and economic similarities to the Company's principal business operations.

Risk-Free Interest Rate: The risk-free interest rate is based on the U.S. Treasury yield in effect as of the period end date and for zero coupon U.S. Treasury notes with maturities approximately equal to the term of the warrant.

Remaining Contractual Term: The remaining contractual term represents the time from the date of the valuation to the expiration of the warrant.

Dividend Yield: The expected dividend assumption is based on the Company's current expectations about the Company's anticipated dividend policy.

Series F Warrants

In connection with the Consortium Purchase Agreement (as described in Note 16), PMI issued warrants to purchase up to 177,720,706 of PMI's Series F convertible preferred share at $0.01 per share. For the three months ended June 30, 2017, Prosper recognized $7.5 million of expense from the re-measurement of the fair value of the warrants. The expense is recorded through other expenses in the condensed consolidated statement of operations.

To determine the fair value of the Series F Convertible Preferred Stock Warrants, the Company first determined the value of a share of a Series F convertible preferred stock. To determine the fair value of the convertible preferred stock, the Company first derived the BEV of the Company using valuation methods, including a combination of methods, as deemed appropriate under the circumstances applicable at the valuation date. Once the Company determined an estimated BEV, the OPM was used to allocate the BEV to the various classes of the Company's equity, including the Company's preferred stock. The concluded per share value for the Series F convertible preferred stock warrants utilized the Black-Scholes option pricing model.

The Company determined the fair value of the outstanding convertible Series F preferred stock warrants utilizing the following assumptions as of June 30, 2017:

	June 30, 2017
Volatility	40%
Risk-free interest rate	2.29%
Remaining contractual term (in years)	9.66
Dividend yield	—%

The above assumptions were determined as follows:

Volatility: The volatility is derived from historical volatilities of several unrelated publicly listed peer companies over a period approximately equal to the term of the warrant because the Company has limited information on the volatility of the preferred stock since there is currently no trading history. When making the selections of industry peer companies to be used in the volatility calculation, the Company considered the size, operational, and economic similarities to the Company's principal business operations.

Risk-Free Interest Rate: The risk-free interest rate is based on the U.S. Treasury yield in effect as of the period end date and for zero coupon U.S. Treasury notes with maturities approximately equal to the term of the warrant.

Remaining Contractual Term: The remaining contractual term represents the time from the date of the valuation to the expiration of the warrant.

Dividend Yield: The expected dividend assumption is based on the Company's current expectations about the Company's anticipated dividend policy.

The combined activity of the Convertible Preferred Stock Warrant Liability for the six months ended June 30, 2017 is as follows (in thousands):

Balance at January 1, 2017	$	21,711
Warrants Vested		25,586
Change in Fair Value		22,817
Balance at June 30, 2017	$	70,114

Common Stock

PMI, through its amended and restated certificate of incorporation, as amended, is the sole issuer of common stock and related options, RSUs and warrants. On February 16, 2016, PMI amended and restated its certificate of incorporation to, among other things, effect a 5-for-1 forward stock split. On May 31, 2016, PMI further amended its amended and restated certificate of incorporation to increase the number of shares of common stock authorized for issuance. The total number of shares of stock which PMI has the authority to issue is 957,511,351, consisting of 550,000,000 shares of common stock, $0.01 par value per share, and 407,511,351 shares of preferred stock, $0.01 par value per share. As of June 30, 2017, 70,719,747 shares of common stock were issued and 69,783,812 shares of common stock were outstanding. As of December 31, 2016, 70,843,044 shares of common stock were issued and 69,907,109 shares of common stock were outstanding. Each holder of common stock is entitled to one vote for each share of common stock held.

Common Stock Issued upon Exercise of Stock Options

During the six months ended June 30, 2017, PMI issued 134,633 shares of common stock upon the exercise of vested options for cash proceeds of $14 thousand. Certain options are eligible for exercise prior to vesting. These unvested options may be exercised for restricted shares of common stock that have the same vesting schedule as the options. Prosper records a liability for the exercise price paid upon the exercise of unvested options, which is reclassified to common stock and additional paid-in capital as the shares vest. Should the holder's employment be terminated, the unvested restricted shares are subject to repurchase by PMI at an amount equal to the exercise price paid for such shares. At June 30, 2017 and December 31, 2016, there were 20,940 and 1,126,210 shares, respectively, of restricted stock outstanding that remain unvested and subject to Prosper's right of repurchase.

For the six months ended June 30, 2017, PMI repurchased 266,130 shares of restricted stock for $64 thousand upon termination of employment of various employees

Shared Based Incentive Plan and Compensation	6 Months Ended
	Jun. 30, 2017
Disclosure of Compensation Related Costs, Share-based Payments [Abstract]	
Shared Based Incentive Plan and Compensation	**Share Based Incentive Plan and Compensation** In 2005, PMI's stockholders approved the adoption of the 2005 Stock Plan. On December 1, 2010, PMI's stockholders approved the adoption of the Amended and Restated 2005 Stock Plan (the "2005 Plan"). The 2005 Plan expired during the year ending December 31, 2015 and PMI's stockholders approved the adoption of the 2015 Equity Incentive Plan. On February 15, 2016, PMI's stockholders approved the adoption of an Amendment No. 1 to the 2015 Equity Incentive Plan, and on May 31, 2016, PMI's stockholders approved the adoption of an Amendment No. 2 to the 2015 Equity Incentive Plan (as amended to date, the "2015 Plan"). In March 2015, the 2005 Plan expired, except that any awards granted under the 2005 Plan prior to its expiration remain in effect pursuant to their terms. As of June 30, 2017 under the 2015 Plan, up to 60,241,343 shares of common stock are reserved and may be granted to employees, directors, and consultants by PMI's board of directors and stockholders to promote the success of Prosper's business. Options generally vest 25% one year from the vesting commencement date and 1/48th per month thereafter or vest 50% one year from the vesting date and 1/48 per month thereafter or vest 50% two years from the vesting commencement date and 1/48th per month thereafter or vest 1/36th per month from the vesting commencement date. In no event are options exercisable more than ten years after the date of grant. At June 30, 2017, there were 9,817,115 shares available for grant under the 2015 Plan and zero shares available for grant under the 2005 Plan. The number of options, restricted stock units and amounts per share reflects a 5-for-1 forward stock split effected by PMI on February 16, 2016. *Stock Option Reprice* On May 3, 2016, the Compensation Committee of the Board of Directors of PMI approved a stock option repricing program, (the "2016 Reprice") authorizing PMI's officers to reprice certain outstanding stock options held by employees and directors that have exercise prices above the current fair market value of PMI's common stock. The repricing was effected on May 16, 2016 for eligible directors and employees located in the United States and on May 19, 2016 for eligible employees located in Israel. On March 17, 2017, the Compensation Committee of the Board of Directors of PMI approved a stock option repricing program, (the "2017 Reprice" and together with the 2016 Reprice, the "Repricings") authorizing PMI's officers to reprice certain outstanding stock options held by employees and directors that have exercise prices above the current fair market value of PMI's common stock. The repricing was effected on March 17, 2017 for eligible directors and employees. Prosper believes that the Repricings of such stock options will encourage the continued service of valued employees and directors, and motivate such service providers to perform at high levels, both of which are critical to Prosper's continued success. Prosper expects to incur additional stock based compensation charges as a result of the Repricings. The financial statement impact of the above Repricings is $0.1 million in the three months ended June 30, 2017 and $0.9 million (net of forfeitures) that will be recognized over the remaining weighted average vesting period of 1.9 years. *Early Exercised Stock Options*

The balance of stock options that were early exercised under the 2005 Plan as of June 30, 2017 is not material.

Stock Option Activity

Stock option activity under the 2005 Plan and 2015 Plan is summarized for the six months ended June 30, 2017 below:

	Options Issued and Outstanding	Weighted-Average Exercise Price
Balance as of January 1, 2017	41,395,719	$ 1.48
Options issued	30,388,611	0.22
Options exercised – vested	(134,633)	0.11
Options forfeited	(12,089,870)	1.17
Options expired	(2,500)	0.22
Balance as of June 30, 2017	59,557,327	$ 0.21
Options vested and expected to vest as of June 30, 2017	47,563,036	0.21
Options vested and exercisable at June 30, 2017	21,119,436	0.18

Due to the timing of the 2017 Reprice, the ending weighted average exercise price shown above reflects repriced options while the opening weighted average exercise price does not.

Other Information Regarding Stock Options

Additional information regarding common stock options outstanding as of June 30, 2017 is as follows:

	Options Outstanding			Options Vested and Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted – Avg. Remaining Life	Weighted –Avg. Exercise Price	Number Vested	Weighted – Avg. Exercise Price
$ 0.02 - 0.20	8,275,145	6.56	$ 0.11	8,275,145	$ 0.11
0.20 - 0.50	51,260,062	9.09	0.22	12,822,171	0.22
0.50 - 1.13	22,120	7.35	1.13	22,120	1.13
$ 0.02 - 1.13	59,557,327	8.74	$ 0.20	21,119,436	$ 0.18

The fair value of options granted to employees is estimated on the grant date using the Black-Scholes option valuation model. This valuation model for stock-based compensation expense requires Prosper to make assumptions and judgments about the variables used in the calculation, including the fair value of PMI's common stock, the expected term (the period of time that the options granted are expected to be outstanding), the volatility of PMI's common stock, a risk-free interest rate, and expected dividends. Given the absence of a publicly traded market, Prosper considered numerous objective and subjective factors to determine the fair value of PMI's common stock at each grant date. These factors included, but were not limited to: (i) contemporaneous valuations of common stock performed by unrelated third-party specialists; (ii) the prices for PMI's preferred stock sold to outside investors; (iii) the rights, preferences and privileges of PMI's preferred stock relative to PMI's common stock; (iv) the lack of marketability of PMI's common stock; (v) developments in the business; (vi) secondary transactions of PMI's common and preferred shares and (vii) the likelihood of achieving a liquidity event, such as an initial public offering or a merger or acquisition of Prosper, given prevailing market conditions. As PMI's stock is not publicly traded volatility for stock options is based on an average of the historical volatilities of the common stock of several entities with characteristics similar to those of Prosper. The expected term assumptions were determined based on the vesting terms, exercise terms and contractual lives of the options using the simplified method. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the option. Prosper uses an expected dividend yield of zero as it does not anticipate paying any dividends in the foreseeable future.

Prosper also estimates forfeitures of unvested stock options. Expected forfeitures are based on Prosper's historical experience. To the extent actual forfeitures differ from the estimates, the difference will be recorded as a cumulative adjustment in the period estimates are revised. No compensation cost is recorded for options that do not vest.

The fair value of PMI's stock option awards granted during the three months ended June 30, 2017 and 2016 was estimated at the date of grant using the Black-Scholes model with the following average assumptions:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Volatility of common stock	N/A	50.88%	50.28%	50.88%
Risk-free interest rate	N/A	1.29%	2.12%	1.29%
Expected life	N/A	5.8 years	5.7 years	5.8 years
Dividend yield	N/A	0%	0%	0%

Restricted Stock Unit Activity

During the six months ended June 30, 2017, PMI granted restricted stock units ("RSUs") to certain employees that are subject to three-year vesting terms or four year vesting terms and the occurrence of a liquidity event.

The aggregate fair value of the RSUs granted was $3 thousand. The following table summarizes the activities for PMI's RSUs during the six months ended June 30, 2017:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested - December 31, 2016	1,995,159	$ 2.16
Granted	12,000	0.22
Vested	—	—
Forfeited	(509,479)	2.18
Unvested - June 30, 2017	1,497,680	$ 2.14

The following table presents the amount of stock-based compensation related to stock-based awards granted to employees recognized in Prosper's condensed consolidated statements of operations during the three months ended June 30, 2017 and 2016 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Origination and servicing	$ 328	$ 579	$ 545	$ 1,018
Sales and marketing	141	896	311	1,632
General and administrative	2,843	4,884	5,956	8,815
Restructuring	—	45	—	45
Total stock based compensation	$ 3,312	$ 6,404	$ 6,812	$ 11,510

During the three months ended June 30, 2017 and 2016, Prosper capitalized $75 thousand and $225 thousand respectively, of stock-based compensation as internal use software and website development costs. As of June 30, 2017, the unamortized stock-based compensation expense adjusted for forfeiture estimates related to Prosper's employees' unvested stock-based awards was approximately $21.2 million, which will be recognized over the remaining weighted-average vesting period of approximately 2.0 years.

Restructuring	6 Months Ended Jun. 30, 2017
Restructuring and Related Activities [Abstract]	
Restructuring	

Restructuring

Summary of Restructuring Plan

On May 3, 2016, Prosper adopted a strategic restructuring of its business. This restructuring was intended to streamline our operations and support future growth efforts. Under this restructuring, Prosper closed its Salt Lake City, Utah location. As a result of this restructuring, Prosper terminated 167 employees across all locations. In December 2016, Prosper shut down its Tel Aviv location, resulting in the termination of 31 employees.

In addition to the employment costs associated with the restructuring, Prosper is also marketing for sublease our existing office space that is no longer needed due to the reduction in headcount. Other than accretion and changes in sublease loss estimates, Prosper does not expect any additional restructuring charges related to this restructuring.

The following table summarizes the activities related to Prosper's restructuring plan (in thousands):

	Severance Related	Facilities Related	Total
Balance January 1, 2017	$ 597	$ 6,052	$ 6,649
Adjustments to expense	(13)	321	308
Sublease cash receipts	—	16	16
Less: Cash paid	(584)	(3,193)	(3,777)
Balance June 30, 2017	$ —	$ 3,196	$ 3,196

Income Taxes	6 Months Ended Jun. 30, 2017
Entity Information [Line Items]	
Income Taxes	**Income Taxes** For the three months ended June 30, 2017 and 2016, Prosper recognized $97 thousand and $105 thousand of income tax expense, respectively. For the six months ended June 30, 2017 and 2016, Prosper recognized $262 thousand and $270 thousand of income tax expense, respectively. The income tax expense relates to state income tax expense and the amortization of tax deductible goodwill which gives rise to an indefinite-lived deferred tax liability. No other income tax expense or benefit was recorded for the three or six month periods ended June 30, 2017 and 2016 due to a full valuation allowance recorded against our deferred tax assets. Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize our existing deferred tax assets. On the basis of this evaluation, it is not more likely than not that our deferred tax assets will be realized and therefore a full valuation allowance has been recorded.
Prosper Funding LLC	
Entity Information [Line Items]	
Income Taxes	**Income Taxes** Prosper Funding incurred no income tax provision for the six months ended June 30, 2017 and 2016. Prosper Funding is a US disregarded entity and its income and loss is included in the return of its parent, PMI. Since PMI is in a loss position, is not currently subject to income taxes, and has fully reserved its deferred tax asset, the net effective tax rate for Prosper Funding is 0%.

Consortium Purchase Agreement	6 Months Ended Jun. 30, 2017
Commitments and Contingencies Disclosure [Abstract]	
Consortium Purchase Agreement	

Consortium Purchase Agreement

On February 27, 2017, Prosper entered into series of agreements (the "Consortium Purchase Agreement") with a consortium of investors (the "Consortium"). Under the Consortium Purchase Agreement the Consortium has agreed to purchase borrower loans in an aggregate principal amount of up to $5.0 billion (including certain loans purchased by one of the investors prior to the date of the Consortium Agreement). PFL will be obligated to offer for purchase minimum monthly volumes of eligible loans to the Consortium, for the Consortium to elect to purchase.

In connection with the above agreement to purchase PMI issued to the Consortium, three warrants (together, the "Series F Warrant") to purchase up to in aggregate 177,720,706 shares of PMI's Series F Preferred Stock at an exercise price of $0.01 per share (the "Warrant Shares").

The Consortium's right to exercise the Series F Warrant is subject to monthly vesting during the term of the Consortium Purchase Agreement based upon the volume of loans Purchaser elects to purchase (if any) in each month, subject to certain cure rights such as offering additional loans for sale in subsequent periods (except that a certain portion of the Series F Warrant will be immediately exercisable as a result of loans purchased before the signing of the agreement). Under the terms of the Warrant Agreement, the Warrant Shares may also vest in full upon a change of control of PMI, insolvency of PMI or PFL, certain breaches of contract by PMI or PFL that are not cured within a defined cure period and upon the occurrence of certain other events set forth in the Warrant Agreement.

On vesting of the Series F warrants, Prosper records a liability as Convertible Preferred Stock Warrant Liability on the Condensed Consolidated Balance Sheet at fair value and a corresponding amount as "Fair Value of Warrants Vested on Sale of Borrower Loans" on the Condensed Consolidated Statement of Operations. Subsequent changes in the fair value of the vested warrants are recorded in "Other Expenses" on the Condensed Consolidated Statement of Operations. Additionally as part of signing of the Consortium Purchase Agreement certain rebates previously issued were settled by the issuance of vested Series F Convertible Preferred Stock Warrants. The difference in fair value of these warrants over the cash settlement price is recorded in "Other Expense" on the Condensed Consolidated Statement of Operations.

Commitments and Contingencies

Future Minimum Lease Payments

Prosper has entered into various non-cancelable operating leases for certain offices with contractual lease periods expiring between 2022 and 2027.

Future minimum rental payments under these leases as of June 30, 2017 are as follows (in thousands):

Remaining six months of 2017	2,762
2018	5,690
2019	6,026
2020	6,193
2021	6,170

2022		6,076
Thereafter		8,480
Total future operating lease obligations	$	41,397

The payments in the above table include amounts that have been accrued for as part of the restructuring liability in Note 14. Restructuring accrual balances related to operating facility leases were $3.4 million at June 30, 2017.

Rental expense under operating lease arrangements was $1.2 million and $1.9 million for the three months ended June 30, 2017 and 2016, respectively. Rental expense under operating lease arrangements was $2.5 million and $3.7 million for the six months ended June 30, 2017 and 2016, respectively.

Operating Commitments

Prosper has entered into an agreement with WebBank, under which all Borrower Loans originated through the marketplace are made by WebBank under its bank charter. Pursuant to the agreement, the marketing fee that Prosper receives in connection with the origination of each loan is partially reduced by an amount (the "Designated Amount") calculated as a percentage of the principal amount of such loan based on the aggregate principal amount of loans originated for the applicable month. To the extent the aggregate Designated Amount for all loans originated during any month is less than $143,500, Prosper is required to pay WebBank an amount equal to such deficiency. Accordingly, the minimum fee for the remaining nine months ended December 31, 2017 is $0.9 million. The minimum fee is $1.7 million and $0.9 million in each of the years 2018 and 2019, respectively.

Additionally, under the agreement with WebBank, Prosper is required to maintain a minimum net liquidity of $15 million at all times during the term of the agreement. Net liquidity is defined as the sum of Cash, Cash Equivalents and Available for Sale Investments. Violation of this covenant can result in termination of the contract with WebBank. At June 30, 2017, Prosper was in compliance with the covenant.

Loan Purchase Commitments

Prosper has entered into an agreement with WebBank to purchase $40.9 million of Borrower Loans that WebBank originated during the last two business days of the quarter ended June 30, 2017 and the first business day of the quarter ending September 30, 2017. Prosper will purchase these Borrower Loans within the first three business days of the quarter ending September 30, 2017.

Repurchase and Indemnification Contingency

Under the terms of the loan purchase agreements between Prosper and investors that participate in the Whole Loan Channel, Prosper may, in certain circumstances, become obligated to repurchase a Borrower Loan from an investor. Generally, these circumstances include the occurrence of verifiable identity theft, the failure to properly follow loan listing or bidding protocols, or a violation of the applicable federal, state, or local lending laws. The fair value of the indemnification and repurchase obligation is estimated based on historical experience and the initial fair value is insignificant. Prosper recognizes a liability for the repurchase and indemnification obligation when the Borrower Loans are issued. Indemnified or repurchased Borrower Loans associated with violations of federal, state, or local lending laws or verifiable identity theft are written off at the time of repurchase or at the time an indemnification payment is made. The maximum potential amount of future payments associated under this obligation is the outstanding balances of the Borrower Loans issued through the Whole Loan Channel, which at June 30, 2017 is $3,557 million. Prosper has accrued $1.1 million and $0.6 million as of June 30, 2017 and December 31, 2016, respectively, in regard to this obligation.

Securities Law Compliance

From inception through October 16, 2008, Prosper sold approximately $178.0 million of Borrower Loans to investors through its old platform structure, whereby Prosper assigned promissory notes directly to investors. Prosper did not register the offer and sale of the promissory notes corresponding to these Borrower Loans under the Securities Act or under the registration or qualification provisions of any state securities laws. Prosper believes that the question of whether or not the operation of the platform during this period constituted an offer or sale of "securities" involved a complicated factual and legal analysis and was uncertain. If the sales of promissory notes offered through the platform during this period were viewed as a securities offering, Prosper would have failed to comply with the registration and qualification requirements of federal and state laws.

In 2008, plaintiffs filed a class action lawsuit against Prosper and certain of its executive officers and directors in the Superior Court of California, County of San Francisco, California. The suit was brought on behalf of all promissory note purchasers on the platform from January 1, 2006 through October 14, 2008. The lawsuit alleged that Prosper offered and sold unqualified and unregistered securities in violation of the California and federal securities laws. On July 19, 2013 solely to avoid the costs, risks and uncertainties inherent in litigation, and without admitting any liability or wrongdoing, the parties to the class action litigation agreed to enter into a settlement to resolve all claims related thereto (the "Settlement"). In connection with the Settlement, Prosper agreed to pay an aggregate amount of $10 million into a settlement fund, split into four annual installments of $2 million in 2014, $2 million in 2015, $3 million in 2016 and $3 million in 2017. The Settlement received final approval in a final order and judgment entered by the Superior Court on April 16, 2014. Pursuant to the final order and judgment, the claims in the class action were dismissed, and the defendants were released by the plaintiffs from all claims that were or could have been asserted concerning the issues alleged in the class action lawsuit. All annual installments have been made prior to June 30, 2017.

Commitments and Contingencies	6 Months Ended Jun. 30, 2017
Entity Information [Line Items]	
Commitments and Contingencies	

Consortium Purchase Agreement

On February 27, 2017, Prosper entered into series of agreements (the "Consortium Purchase Agreement") with a consortium of investors (the "Consortium"). Under the Consortium Purchase Agreement the Consortium has agreed to purchase borrower loans in an aggregate principal amount of up to $5.0 billion (including certain loans purchased by one of the investors prior to the date of the Consortium Agreement). PFL will be obligated to offer for purchase minimum monthly volumes of eligible loans to the Consortium, for the Consortium to elect to purchase.

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Commitments and Contingencies

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Rental expense under operating lease arrangements was $1.2 million and $1.9 million for the three months ended June 30, 2017 and 2016, respectively. Rental expense under operating lease arrangements was $2.5 million and $3.7 million for the six months ended June 30, 2017 and 2016, respectively.

Operating Commitments

Prosper has entered into an agreement with WebBank, under which all Borrower Loans originated through the marketplace are made by WebBank under its bank charter. Pursuant to the agreement, the marketing fee that Prosper receives in connection with the origination of each loan is partially reduced by an amount (the "Designated Amount") calculated as a percentage of the principal amount of such loan based on the aggregate principal amount of loans originated for the applicable month. To the extent the aggregate Designated Amount for all loans originated during any month is less than $143,500, Prosper is required to pay WebBank an amount equal to such deficiency. Accordingly, the minimum fee for the remaining nine months ended December 31, 2017 is $0.9 million. The minimum fee is $1.7 million and $0.9 million in each of the years 2018 and 2019, respectively.

Additionally, under the agreement with WebBank, Prosper is required to maintain a minimum net liquidity of $15 million at all times during the term of the agreement. Net liquidity is defined as the sum of Cash, Cash Equivalents and Available for Sale Investments. Violation of this covenant can result in termination of the contract with WebBank. At June 30, 2017, Prosper was in compliance with the covenant.

Loan Purchase Commitments

Prosper has entered into an agreement with WebBank to purchase $40.9 million of Borrower Loans that WebBank originated during the last two business days of the quarter ended June 30, 2017 and the first business day of the quarter ending September 30, 2017. Prosper will purchase these Borrower Loans within the first three business days of the quarter ending September 30, 2017.

Repurchase and Indemnification Contingency

Under the terms of the loan purchase agreements between Prosper and investors that participate in the Whole Loan Channel, Prosper may, in certain circumstances, become obligated to repurchase a Borrower Loan from an investor. Generally, these circumstances include the occurrence of verifiable identity theft, the failure to properly follow loan listing or bidding protocols, or a violation of the applicable federal, state, or local lending laws. The fair value of the indemnification and repurchase obligation is estimated based on historical experience and the initial fair value is insignificant. Prosper recognizes a liability for the repurchase and indemnification obligation when the Borrower Loans are issued. Indemnified or repurchased Borrower Loans associated with violations of federal, state, or local lending laws or verifiable identity theft are written off at the time of repurchase or at the time an indemnification payment is made. The maximum potential amount of future payments associated under this obligation is the outstanding balances of the Borrower Loans issued through the Whole Loan Channel, which at June 30, 2017 is $3,557 million. Prosper has accrued $1.1 million and $0.6 million as of June 30, 2017 and December 31, 2016, respectively, in regard to this obligation.

Securities Law Compliance

From inception through October 16, 2008, Prosper sold approximately $178.0 million of Borrower Loans to investors through its old platform structure, whereby Prosper assigned promissory notes directly to investors. Prosper did not register the offer and sale of the promissory notes corresponding to these Borrower Loans under the Securities Act or under the registration or qualification provisions of any state securities laws. Prosper believes that the question of whether or not the operation of the platform during this period constituted an offer or sale of "securities" involved a complicated factual and legal analysis and was uncertain. If the sales of promissory notes offered through the platform during this period were viewed as a securities offering, Prosper would have failed to comply with the registration and qualification requirements of federal and state laws.

In 2008, plaintiffs filed a class action lawsuit against Prosper and certain of its executive officers and directors in the Superior Court of California, County of San Francisco, California. The suit was brought on behalf of all promissory note purchasers on the platform from January 1, 2006 through October 14, 2008. The lawsuit alleged that Prosper offered and sold unqualified and unregistered securities in violation of the California and federal securities laws. On July 19, 2013 solely to avoid the costs, risks and uncertainties inherent in litigation, and without admitting any liability or wrongdoing, the parties to the class action litigation agreed to enter into a settlement to resolve all claims related thereto (the "Settlement"). In connection with the Settlement, Prosper agreed to pay an aggregate amount of $10 million into a settlement fund, split into four annual installments of $2 million in 2014, $2 million in 2015, $3 million in 2016 and $3 million in 2017. The Settlement received final approval in a final order and judgment entered by the Superior Court on April 16, 2014. Pursuant to the final order and judgment, the claims in the class action were dismissed, and the defendants were released by the plaintiffs from all claims that were or could have been asserted concerning the issues alleged in the class action lawsuit. All annual installments have been made prior to June 30, 2017.

Prosper Funding LLC

Entity Information [Line Items]

Commitments and Contingencies

Commitments and Contingencies

Operating Commitments

Prosper has entered into an agreement with WebBank, under which all Borrower Loans originated through the marketplace are made by WebBank under its bank charter. Pursuant to the agreement, the marketing fee that Prosper receives in connection with the origination of each loan is partially reduced by an amount (the "Designated Amount") calculated as a percentage of the principal amount of such loan based on the aggregate principal amount of loans originated for the applicable month. To the extent the aggregate Designated Amount for all loans originated during any month is less than $143,500, Prosper is required to pay WebBank an amount equal to such deficiency. Accordingly, the minimum fee for the remaining nine months of 2017 is $1.3 million. The minimum fee is $1.7 million and $0.9 million for years 2018 and 2019, respectively.

Loan Purchase Commitments

Under the terms of Prosper Funding's agreement with WebBank, Prosper Funding is committed to purchase $40.9 million of Borrower Loans that WebBank originated during the last two business days of the quarter ended June 30, 2017 and first business day of the quarter ending September 30, 2017. Prosper Funding will purchase these Borrower Loans within the first three business days of the quarter ending September 30, 2017.

Repurchase and Indemnification Contingency

Under the terms of the loan purchase agreements between Prosper Funding and investors that participate in the Whole Loan Channel, Prosper Funding may, in certain circumstances, become obligated to repurchase a Borrower Loan from an investor. Generally, these circumstances include the occurrence of verifiable identity theft, the failure to properly follow loan listing or bidding protocols, or a violation of the applicable federal, state, or local lending laws. The fair value of the indemnification and repurchase obligation is estimated based on historical experience. Prosper Funding recognizes a liability for the repurchase and indemnification obligation when the Borrower Loans are issued. Indemnified or repurchased Borrower Loans associated with violations of federal, state, or local lending laws or verifiable identity theft are written off at the time of repurchase or at the time an indemnification payment is made. The maximum potential amount of future payments associated under this obligation is the outstanding balances of the Borrower Loans issued through the Whole Loan Channel, which at June 30, 2017 is $3,506 million. Prosper Funding had accrued $1.0 million and $0.6 million as of June 30, 2017 and December 31, 2016, respectively, in regard to this obligation.

Related Parties	6 Months Ended Jun. 30, 2017
Entity Information [Line Items]	
Related Parties	

Related Parties

Since Prosper's inception, it has engaged in various transactions with its directors, executive officers and holders of more than 10% of its voting securities, and immediate family members and other affiliates of its directors, executive officers and 10% stockholders. Prosper believes that all of the transactions described below were made on terms no less favorable to Prosper than could have been obtained from unaffiliated third parties.

Prosper's executive officers, directors who are not executive officers, and certain affiliates participate in its marketplace by placing bids and purchasing Notes and Borrower Loans. The aggregate amount of the Notes and Borrower Loans purchased and the income earned by parties deemed to be affiliates and related parties of Prosper for the six months ended June 30, 2017 and 2016, as well as the Notes and Borrower Loans outstanding as of June 30, 2017 and December 31, 2016 are summarized below (in thousands):

Related Party	Aggregate Amount of Notes and Borrower Loans Purchased Six Months Ended June 30, 2017	2016	Interest Earned on Notes and Borrower Loans Six Months Ended June 30, 2017	2016
Executive officers and management	$ 10	$ 801	$ 81	$ 110
Directors (excluding executive officers and management)	174	350	20	15
Total	$ 184	$ 1,151	$ 101	$ 125

Related Party	Aggregate Amount of Notes and Borrower Loans Purchased Three Months Ended June 30, 2017	2016	Interest Earned on Notes and Borrower Loans Three Months Ended June 30, 2017	2016
Executive officers and management	$ 5	$ 396	$ 35	$ 61
Directors (excluding executive officers and management)	85	114	10	9
Total	$ 90	$ 510	$ 45	$ 70

Related Party	Notes and Borrower Loans Balance as of June 30, 2017	December 31, 2016
Executive officers and management	$ 1,012	$ 1,620
Directors (excluding executive officers and management)	560	537
	$ 1,572	$ 2,157

Prosper Funding LLC

Entity Information [Line Items]

Related Parties

Related Parties

Since inception, Prosper Funding has engaged in various transactions with its directors, executive officers and sole member, and immediate family members and other affiliates of its directors, executive officers and sole member. Prosper Funding believes that all of the transactions described below were made on terms no less favorable to Prosper Funding than could have been obtained from unaffiliated third parties.

Prosper Funding's executive officers and directors who are not executive officers participate in its marketplace by placing bids and purchasing Notes and Borrower Loans. The aggregate amount of the Notes and Borrower Loans purchased and the income earned by parties deemed to be related parties of Prosper Funding as of June 30, 2017 and December 31, 2016 are summarized below (in thousands):

Related Party	Aggregate Amount of Notes and Borrower Loans Purchased Six Months Ended June 30, 2017	2016	Interest Earned on Notes and Borrower Loans Six Months Ended June 30, 2017	2016
Executive officers and management	$ 10	$ 801	$ 81	$ 110
Directors (excluding executive officers and management)	—	—	—	—
Total	$ 10	$ 801	$ 81	$ 110

Related Party	Aggregate Amount of Notes and Borrower Loans Purchased Three Months Ended June 30, 2017	2016	Interest Earned on Notes and Borrower Loans Three Months Ended June 30, 2017	2016
Executive officers and management	$ 5	$ 396	$ 35	$ 61
Directors (excluding executive officers and management)	—	—	—	—
Total	$ 5	$ 396	$ 35	$ 61

Related Party	Note and Borrower Loan Balance as of June 30, 2017	December 31, 2016
Executive officers and management	$ 1,012	$ 1,620
Directors (excluding executive officers and management)	—	—
	$ 1,012	$ 1,620

Significant Concentrations	6 Months Ended Jun. 30, 2017
Risks and Uncertainties [Abstract]	
Significant Concentrations	**Significant Concentrations** Prosper is dependent on third party funding sources such as banks and investment funds to provide the funds to allow WebBank to originate Borrower Loans that the third party funding sources will later purchase. Of all Borrower Loans originated in the six months ended June 30, 2017, 52%, 14% and 8% were purchased by three different parties. This compares to 25%, 25% and 12% for the period ended June 30, 2016. Further, a significant portion of our business is dependent on funding through the Whole Loan Channel, for which 92% and 92% of Borrower Loans were originated through the Whole Loan Channel in the six months ended June 30, 2017 and 2016, respectively. Prosper receives all of its transaction fee revenue from WebBank. Prosper earns a transaction fee from WebBank for our services in facilitating originations of Borrower Loans issued by WebBank. The rate of the transaction fee for each individual Borrower Loan is based on the term and credit grade of the Borrower Loan. No individual borrower or investor accounted for 10% or more of consolidated net revenue for any of the periods presented.

Summary of Significant Accounting Policies (Policies)	6 Months Ended Jun. 30, 2017

Entity Information [Line Items]

Basis of Presentation

Basis of Presentation

Prosper Marketplace, Inc. (“PMI”) was incorporated in the state of Delaware on March 22, 2005. Except as the context requires otherwise, as used in these notes to the condensed consolidated financial statements of Prosper Marketplace, Inc., “Prosper,” “we,” “us,” and “our” refer to PMI and its wholly-owned subsidiaries, on a consolidated basis.

The unaudited interim condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”) and disclosure requirements for interim financial information and the requirements of Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by US GAAP for complete financial statements. The unaudited interim condensed consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2016. The balance sheet at December 31, 2016 has been derived from the audited financial statements at that date. Management believes these unaudited interim condensed consolidated financial statements reflect all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the results for the interim periods presented. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the full year or any other interim period.

The preparation of Prosper’s condensed consolidated financial statements and related disclosures in conformity with GAAP requires management to make judgments, assumptions and estimates that affect the amounts reported in Prosper’s financial statements and accompanying notes. Management bases its estimates on historical experience and on various other factors it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of certain assets and liabilities. These judgments, estimates and assumptions are inherently subjective in nature and actual results may differ from these estimates and assumptions.

The accompanying interim condensed consolidated financial statements include the accounts of PMI and its wholly-owned subsidiaries. All intercompany balances have been eliminated in consolidation.

Fair Value Measurements

Fair Value Measurements

Financial instruments consist principally of Cash and Cash Equivalents, Restricted Cash, Available for Sale Investments at Fair Value, Borrower Loans, Loans Held for Sale, Accounts Receivable, Accounts Payable and Accrued Liabilities, Payable to Investors, Convertible Preferred Stock Warrant Liability and Notes. The estimated fair values of Cash and Cash Equivalents, Restricted Cash, Accounts Receivable, Accounts Payable and Accrued Liabilities, and Payable to Investors approximate their carrying values because of their short term nature.

Borrower Loans, Loans Held for Sale and Notes

Borrower Loans, Loans Held for Sale and Notes

Through the Note Channel, Prosper purchases Borrower Loans from WebBank then issues Notes, and holds the Borrower Loans until maturity. The obligation to repay a series of Notes issued through the Note Channel is dependent upon the repayment of the associated Borrower Loan. Borrower Loans funded and Notes issued through the Note Channel are carried on Prosper’s condensed consolidated balance sheets as assets and liabilities, respectively. We choose to measure certain financial instruments and certain other items at fair value on an instrument-by-instrument basis with unrealized gains and losses on items for which the fair value option has been elected reported in earnings. Management believes that the fair value option is more meaningful for the readers of the financial statements and it allows both the Borrower Loans and Notes to be valued using the same methodology. The fair value election, with respect to an item, may not be revoked once an election is made. Prosper estimates the fair value of such Borrower Loans and Notes using discounted cash flow methodologies that take into account expected prepayments, losses, recoveries and default rates. The Borrower Loans are not derecognized when a corresponding Note is issued as Prosper maintains the ability to sell the Borrower Loans without the approval of the holders of the corresponding Notes.

Assets Held for Sale

Assets Held for Sale:

Prosper classifies assets as held for sale when management approves and commits to a formal plan of sale with the expectation the sale will be completed within one year. The net assets held for sale are then recorded at the lower of their current carrying value or the fair market value, less costs to sell.

Recent Accounting Pronouncements

Recent Accounting Pronouncements

In May 2014, as part of its ongoing efforts to assist in the convergence of US GAAP and International Financial Reporting Standards (“IFRS”), the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, “*Revenue from Contracts with Customers*.” The new guidance sets forth a new five-step revenue recognition model which replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed in U.S. GAAP. The underlying principle of the new standard is that a business or other organization will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in the prior accounting guidance. The standard will be effective for Prosper in the first quarter of fiscal 2018. In August 2015, the FASB issued ASU No. 2015-14, which amended the standard to provide a one-year deferral of the effective date, as well as providing the option to early adopt the standard on the original effective date. Prosper intends to adopt the guidance for Prosper's fiscal year ending December 31, 2018. The guidance can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. Prosper expects to adopt this ASU on a modified retrospective basis in the first quarter of fiscal 2018. Our preliminary results indicate that transaction fees are included in the scope of the new guidance, while servicing fees and gain or loss on the sale of loans remain within the scope of ASC topic 860, Transfers and Servicing. While we anticipate some changes to revenue recognition for certain customer contracts, Prosper does not currently believe that this ASU will have a material effect on our Consolidated Financial Statements.

In January 2016, the FASB issued ASU 2016-1, "Financial Instruments - Overall (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities*", which addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. This guidance will be effective for us in the first quarter of our fiscal year 2019, and early adoption is not permitted. Prosper is currently evaluating the impact that this guidance will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases, along with additional qualitative and quantitative disclosures. This guidance will be effective for us in the first quarter of our fiscal year 2019, and early adoption is permitted. Prosper is currently evaluating the impact that this guidance will have on its consolidated financial statements, however we do expect that this guidance will have a material impact on Prosper's consolidated financial statements. As of June 30, 2017 Prosper has a total of $41.4 million in non-cancelable operating lease commitments.

In August 2016, the FASB issued ASU 2016-15, *“Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments.”* The standard provides guidance for eight targeted changes with respect to how cash receipts and cash payments are classified in the statements of cash flows, with the objective of reducing diversity in practice. This guidance will be effective for Prosper in the first quarter of our fiscal year 2018, and early adoption is permitted.

Prosper is currently evaluating the impacts the adoption of this accounting standard will have on Prosper's consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-16, "*Income Taxes (Topic 740): Intra-Entity Transfers Other than Inventory (ASU 2016-16)"*, which requires companies to recognize the income-tax consequences of an intra-entity transfer of an asset other than inventory. This guidance will be effective for us in the first quarter of 2018, with the option to adopt it in the first quarter of 2017. Prosper is currently evaluating the impact that this guidance will have on its consolidated financial statements, however we do not believe the standard to have a material impact on our consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, "*Statement of Cash Flows (Topic 230): Restricted Cash (ASU 2016-18)"*, which requires companies to include amounts generally described as restricted cash and restricted cash equivalents in cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This guidance will be effective for us in the first quarter of 2018 and early adoption is permitted. Prosper is currently evaluating the effect that this guidance will have on our consolidated financial statements and related disclosures.

In January 2017, the FASB issued ASU No. 2017-04, "Intangibles - Goodwill and Other (Topic 350): Simplifying *the Test for Goodwill Impairment*". The standard eliminates Step 2 from the goodwill impairment test, which requires a hypothetical purchase price allocation. Prosper will continue to have the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The standard is effective for interim and annual periods beginning after December 15, 2019 and early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The standard should be applied on a prospective basis. Prosper is currently evaluating the impact of this accounting standard update on its consolidated financial statements.

Prosper Funding LLC

Entity Information [Line Items]

Basis of Presentation

Basis of Presentation

Prosper Funding LLC (“PFL”) was formed in the state of Delaware on February 17, 2012 as a limited liability company with the sole equity member being Prosper Marketplace, Inc. (“PMI”, "Parent"). Except as the context otherwise requires, as used in these Notes to the condensed consolidated financial statements of Prosper Funding LLC, “Prosper Funding,” “we,” “us,” and “our” refers to PFL and its wholly owned subsidiaries, Prosper Asset Holdings LLC (“PAH”), a Delaware limited liability company, and Prosper Depositor LLC, a Delaware limited liability company, on a consolidated basis.

The unaudited interim condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”) and disclosure requirements for interim financial information and the requirements of Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by US GAAP for complete financial statements. The unaudited interim condensed consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2016. The balance sheet at December 31, 2016 has been derived from the audited financial statements at that date. Management believes these unaudited interim condensed consolidated financial statements reflect all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the results for the interim periods presented. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the full year or any other interim period.

Prosper Funding did not have any items of other comprehensive income (loss) during any of the periods presented in the condensed consolidated financial statements as of and for the six months ended June 30, 2017 and June 30, 2016.

The preparation of Prosper Funding's condensed consolidated financial statements and related disclosures in conformity with GAAP requires management to make judgments, assumptions and estimates that affect the amounts reported in its condensed consolidated financial statements and accompanying notes. Management bases its estimates on historical experience and on various other factors it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of certain assets and liabilities. These judgments, estimates and assumptions are inherently subjective in nature and actual results may differ from these estimates and assumptions, and the differences could be material.

Fair Value Measurements

Fair Value Measurements

Financial instruments consist principally of Cash and Cash Equivalents, Restricted Cash, Short Term Investments, Borrower Loans, Loans Held for Sale, Accounts Receivable, Accounts Payable and Accrued Liabilities, Payable to Investors and Notes. The estimated fair values of Cash and Cash Equivalents, Restricted Cash, Accounts Receivable, Accounts Payable and Accrued Liabilities, and Payable to Investors approximate their carrying values because of their short term nature.

Borrower Loans, Loans Held for Sale and Notes

Borrower Loans, Loans Held for Sale and Notes

Through the Note Channel, Prosper Funding purchases Borrower Loans from WebBank then issues Notes, and holds the Borrower Loans until maturity. The obligation to repay a series of Notes funded through the Note Channel is dependent upon the repayment of the associated Borrower Loan. Borrower Loans and Notes funded through the Note Channel are carried on Prosper Funding’s consolidated balance sheets as assets and liabilities, respectively. We choose to measure certain financial instruments and certain other items at fair value on an instrument-by-instrument basis with unrealized gains and losses on items for which the fair value option has been elected reported in earnings. Management believes that the fair value option is more meaningful for the readers of the financial statements and it allows both the Borrower Loans and Notes to be valued using the same methodology. The fair value election, with respect to an item, may not be revoked once an election is made. Prosper Funding estimates the fair value of such Borrower Loans and Notes using discounted cash flow methodologies that take into account expected prepayments, losses, recoveries and default rates. The Borrower Loans are not derecognized when a corresponding Note is issued as Prosper Funding maintains the ability to sell the Borrower Loans without the approval of the holders of the corresponding Notes.

Recent Accounting Pronouncements

Recent Accounting Pronouncements

In May 2014, as part of its ongoing efforts to assist in the convergence of US GAAP and International Financial Reporting Standards (“IFRS”), the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *“Revenue from Contracts with Customers.”* The new guidance sets forth a new five-step revenue recognition model which replaces the prior revenue recognition guidance in its entirety and is intended to eliminate numerous industry-specific pieces of revenue recognition guidance that have historically existed in U.S. GAAP. The underlying principle of the new standard is that a business or other organization will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in the prior accounting guidance. The standard will be effective for Prosper Funding in the first quarter of fiscal 2018. In August 2015, the FASB issued ASU No. 2015-14, which amended the standard to provide a one-year deferral of the effective date, as well as providing the option to early adopt the standard on the original effective date. The guidance can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. Prosper Funding expects to adopt this ASU on a modified retrospective basis in the first quarter of fiscal 2018. Our evaluation of this ASU is ongoing and not complete. The FASB has issued and may issue in the future, interpretative guidance, which may cause our evaluation to change. Our preliminary results indicate that administration fees are included in the scope of the new guidance, while servicing fees and gain or loss on the sale of loans remain within the scope of ASC topic 860, Transfers and Servicing. Prosper Funding does not currently believe that this ASU will have a material effect on our Consolidated Financial Statements.

In January 2016, the FASB issued ASU 2016-1, *"Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities"*, which addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. This guidance will be effective for us in the first quarter of our fiscal year 2019, and early adoption is not permitted. Prosper Funding is currently evaluating the impact that this guidance will have on our consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *"Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments."* The standard provides guidance for eight targeted changes with respect to how cash receipts and cash payments are classified in the statements of cash flows, with the objective of reducing diversity in practice. This guidance will be effective for Prosper Funding in the first quarter of our fiscal year 2018, and early adoption is permitted. Prosper Funding is currently evaluating the impacts the adoption of this accounting standard will have on the Prosper Funding's cash flows.

In November 2016, the FASB issued ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash (ASU2016-18)", which requires companies to include amounts generally described as restricted cash and restricted cash equivalents in cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This guidance will be effective for us in the first quarter of 2018 and early adoption is permitted. Prosper Funding is currently evaluating the effect that this guidance will have on our consolidated financial statements and related disclosures.

Property and Equipment, Net (Tables)	6 Months Ended Jun. 30, 2017

Entity Information [Line Items]

Property and Equipment, Net

Property and equipment consist of the following (in thousands):

	June 30, 2017	December 31, 2016
Property and equipment:		
Computer equipment	$ 14,370	$ 14,107
Internal-use software and website development costs	18,603	16,750
Office equipment and furniture	3,010	3,010
Leasehold improvements	7,038	7,038
Assets not yet placed in service	1,453	1,222
Property and equipment	44,474	42,127
Less accumulated depreciation and amortization	(22,406)	(17,274)
Total property and equipment, net	$ 22,068	$ 24,853

Prosper Funding LLC

Entity Information [Line Items]

Property and Equipment, Net

Property and equipment consist of the following (in thousands):

	June 30, 2017	December 31, 2016
Property and equipment:		
Internal-use software and web site development costs	$ 18,603	$ 16,749
Less accumulated depreciation and amortization	(9,291)	(6,654)
Total property and equipment, net	$ 9,312	$ 10,095

Borrower Loans, Loans Held for Sale, and Notes Held at Fair Value (Tables)	6 Months Ended Jun. 30, 2017
Entity Information [Line Items]	
Aggregate Principal Balances Outstanding and Fair Values of Borrower Loans, Notes and Loans Held for Sale	The aggregate principal balances outstanding and fair values of Borrower Loans, Loans Held for Sale and Notes as of June 30, 2017 and December 31, 2016, are presented in the following table (in thousands):

	Borrower Loans		Notes		Loans Held for Sale	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Aggregate principal balance outstanding	$316,378	$ 319,143	$(319,072)	$ (323,358)	$ 106	$ 641
Fair value adjustments	(4,106)	(3,516)	7,662	7,122	(11)	(17)
Fair value	$312,272	$ 315,627	$(311,410)	$ (316,236)	$ 95	$ 624

Prosper Funding LLC	
Entity Information [Line Items]	
Aggregate Principal Balances Outstanding and Fair Values of Borrower Loans, Notes and Loans Held for Sale	The aggregate principal balances outstanding and fair values of Borrower Loans, Loans Held for Sale and Notes as of June 30, 2017 and December 31, 2016, are presented in the following table (in thousands):

	Borrower Loans		Notes		Loans Held for Sale	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Aggregate principal balance outstanding	$316,378	$ 319,143	$(319,072)	$ (323,358)	$ 106	$ 641
Fair value adjustments	(4,106)	(3,516)	7,662	7,122	(11)	(17)
Fair value	$312,272	$ 315,627	$(311,410)	$ (316,236)	$ 95	$ 624

Available for Sale Investments, at Fair Value (Tables)	6 Months Ended
	Jun. 30, 2017
Investments, Debt and Equity Securities [Abstract]	
Schedule of Amortized Cost, Gross Unrealized Gains and Losses and Fair Value of Securities Available for Sale	The amortized cost, gross unrealized gains and losses, and fair value of available for sale investments as of June 30, 2017 and December 31, 2016, are as follows (in thousands):

June 30, 2017	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturity securities:				
US Treasury securities	5,501	—	(3)	5,498
Agency bonds	2,500	—	(1)	2,499
Total Available for Sale Investments	$ 8,001	$ —	$ (4)	$ 7,997

December 31, 2016	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturity securities:				
Corporate debt securities	$ 21,762	$ 1	$ (10)	$ 21,753
US Treasury securities	8,516	3	(3)	8,516
Agency bonds	2,499	1	—	2,500
Total Available for Sale Investments	$ 32,777	$ 5	$ (13)	$ 32,769

Summary of Securities Available for Sale of Continuous Unrealized Loss

A summary of available for sale investments with unrealized losses as of June 30, 2017, and December 31, 2016, aggregated by category and period of continuous unrealized loss, is as follows (in thousands):

	Less than 12 months		12 months or longer		Total	
June 30, 2017	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed maturity securities:						
U.S. treasury securities	$ 5,498	$ (3)			$ 5,498	$ (3)
Agency bonds	—	—	2,499	(1)	2,499	(1)
Total Investments with Unrealized Losses	$ 5,498	$ (3)	$ 2,499	$ (1)	$ 7,997	$ (4)

	Less than 12 months		12 months or longer		Total	
December 31, 2016	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses

Fixed maturity securities:						
Corporate debt securities	$ —	$ —	$14,651	$ (10)	$14,651	$ (10)
U.S. treasury securities	$ —	$ —	$ 4,499	$ (3)	$ 4,499	$ (3)
Total Investments with Unrealized Losses	$ —	$ —	$19,150	$ (13)	$19,150	$ (13)

Schedule of Maturities of Securities Available for Sale

The maturities of available for sale investments at June 30, 2017 and December 31, 2016 are as follows (in thousands):

June 30, 2017	**Within 1 year**	**After 1 year through 5 years**	**After 5 years to 10 years**	**After 10 years**	**Total**
US Treasury securities	5,498				5,498
Agency bonds	2,499				2,499
Total Fair Value	$ 7,997	$ —	$ —	$ —	$ 7,997
Total Amortized Cost	$ 8,001	$ —	$ —	$ —	$ 8,001

December 31, 2016	**Within 1 year**	**After 1 year through 5 years**	**After 5 years to 10 years**	**After 10 years**	**Total**
Corporate debt securities	21,753	—	—	—	21,753
US Treasury securities	8,516	—	—	—	8,516
Agency bonds	2,500	—	—	—	2,500
Total Fair Value	$ 32,769	$ —	$ —	$ —	$ 32,769
Total Amortized Cost	$ 32,777	$ —	$ —	$ —	$ 32,777

Fair Value of Assets and Liabilities (Tables)	**6 Months Ended Jun. 30, 2017**
Entity Information [Line Items]	
Fair Value Hierarchy for Assets and Liabilities Measured at Fair Value	The following tables present the fair value hierarchy for assets and liabilities measured at fair value (in thousands):

June 30, 2017	**Level 1 Inputs**	**Level 2 Inputs**	**Level 3 Inputs**	**Total**
Assets:				
Borrower Loans	$ —	$ —	$ 312,272	$ 312,272
Loans Held for Sale	—	—	95	95
Available for Sale Investments, at Fair Value	—	7,997	—	7,997
Servicing Assets	—	—	13,489	13,489
Total Assets	—	7,997	325,856	333,853
Liabilities:				
Notes	$ —	$ —	$ 311,410	$ 311,410
Servicing Liabilities	—	—	111	111
Convertible Preferred Stock Warrant Liability	—	—	70,114	70,114
Loan Trailing Fee Liability	—	—	1,655	1,655
Total Liabilities	$ —	$ —	$ 383,290	$ 383,290

December 31, 2016	**Level 1 Inputs**	**Level 2 Inputs**	**Level 3 Inputs**	**Total**
Assets:				
Borrower Loans	$ —	$ —	$ 315,627	$ 315,627
Loans Held for Sale	—	—	624	624
Available for Sale Investments, at Fair Value	—	32,769	—	32,769
Servicing Assets	—	—	12,786	12,786
Total Assets	—	32,769	329,037	361,806
Liabilities:				
Notes	$ —	$ —	$ 316,236	$ 316,236
Servicing Liabilities	—	—	198	198
Convertible Preferred Stock Warrant Liability	—	—	21,711	21,711
Loan Trailing Fee Liability	—	—	665	665
Total Liabilities	$ —	$ —	$ 338,810	$ 338,810

Quantitative Information About Significant Unobservable Inputs

Borrower Loans, Loans Held for Sale and Notes:

	Range	
Unobservable Input	**June 30, 2017**	**December 31, 2016**
Discount rate	4.3% - 15.2%	4.0% - 15.9%

Default rate	1.9% - 15.2%	1.7% - 14.9%

Significant Unobservable Inputs Fair Value

Servicing Rights

Unobservable Input	Range June 30, 2017	December 31, 2016
Discount rate	15% - 25%	15% - 25%
Default rate	1.6% - 15.7%	1.5% - 15.2%
Prepayment rate	14.4% - 26.7%	13.6% - 26.6%
Market servicing rate	0.625%	0.625%

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables present additional information about level 3 Borrower Loans, Loans Held for Sale and Notes measured at fair value on a recurring basis (in thousands):

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Borrower Loans	Notes	Loans Held for Sale	Total
Balance at January 1, 2017	$ 315,627	$ (316,236)	$ 624	$ 15
Purchase of Borrower Loans/ Issuance of Notes	106,940	(106,506)	1,245,826	1,246,260
Principal repayments	(97,492)	100,274	(42)	2,740
Borrower Loans sold to third parties	(1,990)	—	(1,246,316)	(1,248,306)
Other changes	9	266	(3)	272
Change in fair value	(10,822)	10,792	6	(24)
Balance at June 30, 2017	$ 312,272	$ (311,410)	$ 95	$ 957

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Borrower Loans	Notes	Loans Held for Sale	Total
Balance at January 1, 2016	$ 297,273	$ (297,405)	$ 32	$ (100)
Purchase of Borrower Loans/ Issuance of Notes	109,215	(109,147)	1,358,011	1,358,079
Principal repayments	(82,376)	83,119	(136)	607
Borrower Loans sold to third parties	(1,138)	1,081	(1,353,202)	(1,353,259)
Other changes	(6)	(33)	—	(39)
Change in fair value	(12,934)	12,855	—	(79)
Balance at June 30, 2016	$ 310,034	$ (309,530)	$ 4,705	$ 5,209

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Borrower Loans	Notes	Loans Held for Sale	Total
Balance at April 1, 2017	$ 317,536	$ (316,944)	$ 109	$ 701
Purchase of Borrower Loans/ Issuance of Notes	50,260	(49,692)	721,829	722,397

	Borrower Loans	Notes	Loans Held for Sale	Total
Principal repayments	(48,048)	48,695	(14)	633
Borrower Loans sold to third parties	(869)	—	(721,829)	(722,698)
Other changes	10	(156)	—	(146)
Change in fair value	(6,617)	6,687	—	70
Balance at June 30, 2017	$ 312,272	$ (311,410)	$ 95	$ 957

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Borrower Loans	Notes	Loans Held for Sale	Total
Balance at April 1, 2016	$ 303,243	$ (302,357)	$ 30	$ 916
Purchase of Borrower Loans/ Issuance of Notes	54,044	(53,873)	426,591	426,762
Principal repayments	(41,390)	41,057	(131)	(464)
Borrower Loans sold to third parties	(525)	499	(421,784)	(421,810)
Other changes	(2)	(191)	—	(193)
Change in fair value	(5,336)	5,335	(1)	(2)
Balance at June 30, 2016	$ 310,034	$ (309,530)	$ 4,705	$ 5,209

Schedule of Servicing Assets and Liabilities Measured at Fair Value

The following tables present additional information about level 3 servicing assets and liabilities measured at fair value on a recurring basis (in thousands):

	Servicing Assets	Servicing Liabilities
Fair Value at January 1, 2017	12,786	198
Additions	6,532	—
Less: Changes in fair value	(5,829)	(87)
Fair Value at June 30, 2017	13,489	111

	Servicing Assets	Servicing Liabilities
Fair Value at January 1, 2016	14,363	484
Additions	5,750	9
Less: Changes in fair value	(5,816)	(169)
Fair Value at June 30, 2016	14,297	324

	Servicing Assets	Servicing Liabilities
Fair Value at April 1, 2017	12,436	147
Additions	3,768	—
Less: Changes in fair value	(2,715)	(36)
Fair Value at June 30, 2017	13,489	111

	Servicing Assets	Servicing Liabilities
Fair Value at April 1, 2016	15,548	398
Additions	1,729	—
Less: Changes in fair value	(2,980)	(74)

Fair Value at June 30, 2016	14,297	324

The following table presents additional information about level 3 Loan Trailing Fee Liability measured at fair value on a recurring basis (in thousands):

Balance at January 1, 2017	665
Issuances	1,216
Cash payment of Loan Trailing Fee	(351)
Change in fair value	125
Balance at June 30, 2017	1,655

Fair Value Assumptions for Loans Held for Sale, Borrower Loans and Notes

Key economic assumptions and the sensitivity of the current fair value to immediate changes in those assumptions at June 30, 2017 for Borrower Loans, Loans Held for Sale and Notes funded through the Note Channel are presented in the following table (in thousands, except percentages):

	Borrower Loans and Loans Held for Sale	Notes
Discount rate assumption:	7.55% *	7.55% *
Resulting fair value from:		
100 basis point increase	$ 309,203	$ 308,250
200 basis point increase	306,119	305,170
Resulting fair value from:		
100 basis point decrease	$ 315,614	$ 314,653
200 basis point decrease	318,948	317,984
Default rate assumption:	12.96% *	12.96% *
Resulting fair value from:		
100 basis point increase	$ 308,608	$ 307,645
200 basis point increase	304,984	304,015
Resulting fair value from:		
100 basis point decrease	$ 316,150	$ 315,200
200 basis point decrease	319,980	319,038

* Represents weighted average assumptions considering all credit grades.

Schedule of Prosper's and Prosper Funding's Estimated Fair Value of Servicing Assets and Liabilities

The following table presents the estimated impact on Prosper's estimated fair value of servicing assets and liabilities, calculated using different market servicing rates and different default rates as of June 30, 2017 (in thousands, except percentages).

	Servicing Assets	Servicing Liabilities
Market servicing rate assumptions	0.625%	0.625%
Resulting fair value from:		
Market servicing rate increase to 0.65%	$ 12,613	$ 122
Market servicing rate decrease to 0.60%	$ 14,365	$ 100
Weighted average prepayment assumptions	20.09%	20.09%
Resulting fair value from:		
Applying a 1.1 multiplier to prepayment rate	$ 13,301	$ 109

Applying a 0.9 multiplier to prepayment rate	$	13,678	$	113
Weighted average default assumptions		12.18%		12.18%
Resulting fair value from:				
Applying a 1.1 multiplier to default rate	$	13,301	$	111
Applying a 0.9 multiplier to default rate	$	13,680	$	111

Prosper Funding LLC

Entity Information [Line Items]

Fair Value Hierarchy for Assets and Liabilities Measured at Fair Value

The following tables present the fair value hierarchy for assets and liabilities measured at fair value (in thousands):

June 30, 2017	**Level 1 Inputs**	**Level 2 Inputs**	**Level 3 Inputs**	**Total**
Assets:				
Borrower Loans	$ —	$ —	$ 312,272	$ 312,272
Servicing Assets	—	—	13,297	13,297
Loans Held for Sale	—	—	95	95
Total Assets	—	—	325,664	325,664
Liabilities:				
Notes	$ —	$ —	$ 311,410	$ 311,410
Servicing Liabilities	—	—	111	111
Loan Trailing Fee Liability			1,655	1,655
Total Liabilities	$ —	$ —	$ 313,176	$ 313,176

December 31, 2016	**Level 1 Inputs**	**Level 2 Inputs**	**Level 3 Inputs**	**Total**
Assets:				
Borrower Loans	$ —	$ —	$ 315,627	$ 315,627
Servicing Assets	—	—	12,461	12,461
Loans Held for Sale	—	—	624	624
Total Assets	—	—	328,712	328,712
Liabilities:				
Notes	$ —	$ —	$ 316,236	$ 316,236
Servicing Liabilities	—	—	198	198
Loan Trailing Fee Liability	—	—	665	665
Total Liabilities	$ —	$ —	$ 317,099	$ 317,099

Quantitative Information About Significant Unobservable Inputs

The following tables present quantitative information about the significant unobservable inputs used for Prosper Funding's level 3 fair value measurements at June 30, 2017 and December 31, 2016:

Borrower Loans, Loans Held for Sale and Notes:

	Range	
Unobservable Input	**June 30, 2017**	**December 31, 2016**

Discount rate	4.3% - 15.2%	4.0% - 15.9%
Default rate	1.9% - 15.2%	1.7% - 14.9%

Significant Unobservable Inputs Fair Value

Servicing Rights

Unobservable Input	Range June 30, 2017	December 31, 2016
Discount rate	15% - 25%	15% - 25%
Default rate	1.6% - 15.7%	1.5% - 15.2%
Prepayment rate	14.4% - 26.7%	13.6% - 26.6%
Market servicing rate	0.625%	0.625%

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The changes in the Borrower Loans, Loans Held for Sale and Notes, which are Level 3 assets and liabilities measured at fair value on a recurring basis are as follows (in thousands):

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Borrower Loans	Notes	Loans Held for Sale	Total
Balance at January 1, 2017	$ 315,627	$ (316,236)	$ 624	$ 15
Originations	106,940	(106,506)	1,245,826	1,246,260
Principal repayments	(97,492)	100,274	(42)	2,740
Borrower Loans sold to third parties	(1,990)	—	(1,246,316)	(1,248,306)
Other changes	9	266	(3)	272
Change in fair value	(10,822)	10,792	6	(24)
Balance at June 30, 2017	$ 312,272	$ (311,410)	$ 95	$ 957

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Borrower Loans	Notes	Loans Held for Sale	Total
Balance at January 1, 2016	$ 297,273	$ (297,405)	$ 32	$ (100)
Originations	109,215	(109,147)	1,358,011	1,358,079
Principal repayments	(82,376)	83,119	(136)	607
Borrower Loans sold to third parties	(1,138)	1,081	(1,353,202)	(1,353,259)
Other changes	(6)	(33)	—	(39)
Change in fair value	(12,934)	12,855	—	(79)
Balance at June 30, 2016	$ 310,034	$ (309,530)	$ 4,705	$ 5,209

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Borrower Loans	Notes	Loans Held for Sale	Total
Balance at April 1, 2017	$ 317,536	$ (316,944)	$ 109	$ 701
Originations	50,260	(49,692)	721,829	722,397
Principal repayments	(48,048)	48,695	(14)	633

Borrower Loans sold to third parties	(869)	—	(721,829)	(722,698)
Other changes	10	(156)	—	(146)
Change in fair value	(6,617)	6,687	—	70
Balance at June 30, 2017	$ 312,272	$ (311,410)	$ 95	$ 957

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)				
	Borrower Loans	Notes	Loans Held for Sale	Total
Balance at April 1, 2016	$ 303,243	$ (302,357)	$ 30	$ 916
Originations	54,044	(53,873)	426,591	426,762
Principal repayments	(41,390)	41,057	(131)	(464)
Borrower Loans sold to third parties	(525)	499	(421,784)	(421,810)
Other changes	(2)	(191)	—	(193)
Change in fair value	(5,336)	5,335	(1)	(2)
Balance at June 30, 2016	$ 310,034	$ (309,530)	$ 4,705	$ 5,209

Schedule of Servicing Assets and Liabilities Measured at Fair Value

The following table presents additional information about Level 3 servicing assets and liabilities recorded at fair value for the three months ended June 30, 2017 (in thousands).

	Servicing Assets	Servicing Liabilities
Fair Value at January 1, 2017	12,461	198
Additions	6,532	—
Less: Changes in fair value	(5,696)	(87)
Fair Value at June 30, 2017	13,297	111

	Servicing Assets	Servicing Liabilities
Fair Value at January 1, 2016	13,605	484
Additions	5,750	9
Less: Changes in fair value	(5,557)	(169)
Fair Value at June 30, 2016	13,798	324

	Servicing Assets	Servicing Liabilities
Fair Value at April 1, 2017	12,190	147
Additions	3,768	—
Less: Changes in fair value	(2,661)	(36)
Fair Value at June 30, 2017	13,297	111

	Servicing Assets	Servicing Liabilities
Fair Value at April 1, 2016	14,929	398
Additions	1,729	—
Less: Changes in fair value	(2,860)	(74)

Fair Value at June 30, 2016	13,798	324

The following table presents additional information about level 3 Loan Trailing Fee Liability measured at fair value on a recurring basis (in thousands):

Balance at January 1, 2017	665
Issuances	1,216
Cash payment of Loan Trailing Fee	(351)
Change in fair value	125
Balance at June 30, 2017	1,655

Fair Value Assumptions for Loans Held for Sale, Borrower Loans and Notes

Key economic assumptions and the sensitivity of the current fair value to immediate changes in those assumptions at June 30, 2017 for Borrower Loans, Loans Held for Sale and Notes funded are presented in the following table (in thousands, except percentages):

	Borrower Loans and Loans Held for Sale	Notes
Discount rate assumption:	7.55% *	7.55% *
Resulting fair value from:		
100 basis point increase	$ 309,203	$ 308,250
200 basis point increase	306,119	305,170
Resulting fair value from:		
100 basis point decrease	$ 315,614	$ 314,653
200 basis point decrease	318,948	317,984
Default rate assumption:	12.96% *	12.96% *
Resulting fair value from:		
100 basis point increase	$ 308,608	$ 307,645
200 basis point increase	304,984	304,015
Resulting fair value from:		
100 basis point decrease	$ 316,150	$ 315,200
200 basis point decrease	319,980	319,038

* Represents weighted average assumptions considering all credit grades.

Schedule of Prosper's and Prosper Funding's Estimated Fair Value of Servicing Assets and Liabilities

The following table presents the estimated impact on Prosper Funding’s estimated fair value of servicing assets and liabilities, calculated using different market servicing rates and different default rates as of June 30, 2017 (in thousands, except percentages).

	Servicing Assets	Servicing Liabilities
Market servicing rate assumptions	0.625%	0.625%
Resulting fair value from:		
Market servicing rate increase to 0.65%	12,434	122
Market servicing rate decrease to 0.60%	14,160	100
Weighted average prepayment assumptions	20.09%	20.09%
Resulting fair value from:		
Applying a 1.1 multiplier to prepayment rate	13,112	109
Applying a 0.9 multiplier to prepayment rate	13,484	113

Weighted average default assumptions	12.18%	12.18%
Resulting fair value from:		
Applying a 1.1 multiplier to default rate	13,112	111
Applying a 0.9 multiplier to default rate	13,486	111

Goodwill and Other Intangible Assets (Tables)	6 Months Ended Jun. 30, 2017
Goodwill and Intangible Assets Disclosure [Abstract]	
Summary of Other Intangible Assets for the Period Presented	The following table presents the detail of other intangible assets for the period presented (dollars in thousands):
Summary of Estimated Amortization of Purchased Intangible Assets	Estimated amortization of purchased intangible assets for future periods (excluding those held for sale) is as follows (in thousands):

	June 30, 2017			
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Remaining Useful Life (In Years)
User base and customer relationships	$ 4,122	$ (3,775)	$ 347	7.8
Developed technology	4,793	(3,278)	$ 1,515	0.8
Brand name	60	(60)	—	—
Total intangible assets subject to amortization	$ 8,975	$ (7,113)	$ 1,862	

Year Ending December 31,	
Remainder of 2017	$ 355
2018	379
2019	279
2020	219
2021	500
Total	$ 1,732

Assets Held for Sale (Tables)	6 Months Ended Jun. 30, 2017
Assets Held-for-Sale [Abstract]	
Disclosure of Long Lived Assets Held-for-sale	Amounts classified as assets held for sale on June 30, 2017, are presented on the Company's Condensed Consolidated Balance Sheet within their respective accounts, and include the following (in thousands):

Intangible Assets	$	130
Goodwill		12
Total Assets Held for Sale	$	142

Other Liabilities (Tables)

	6 Months Ended Jun. 30, 2017
Other Liabilities [Abstract]	
Schedule of Other Liabilities	Other Liabilities includes the following:

	June 30, 2017	December 31, 2016
Class action settlement liability	$ —	$ 2,996
Repurchase liability for unvested restricted stock awards	24	118
Loan trailing fee	1,655	665
Servicing liabilities	111	198
Deferred rent	4,133	4,469
Restructuring liability	3,414	6,052
Other	3,438	2,675
Total Other Liabilities	$ 12,775	$ 17,173

Net Loss Per Share (Tables)

	6 Months Ended Jun. 30, 2017

Earnings Per Share [Abstract]

Basic and Diluted Net Loss Per Share

Basic and diluted net loss per share was calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Numerator:				
Net loss available to common stockholders for basic and diluted EPS	$ (41,405)	$ (35,628)	$ (65,426)	$ (53,092)
Denominator:				
Weighted average shares used in computing basic and diluted net loss per share	69,691,841	63,270,058	69,436,365	61,813,773
Basic and diluted net loss per share	$ (0.59)	$ (0.56)	$ (0.94)	$ (0.86)

Common Stock Equivalents Excluded from Computation of Diluted Net Loss Per Share

The following common stock equivalents were excluded from the computation of diluted net loss per share for the periods presented because including them would have been anti-dilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(shares)	(shares)	(shares)	(shares)
Excluded securities:				
Convertible preferred stock issued and outstanding	177,388,428	177,388,425	177,388,428	177,388,425
Stock options issued and outstanding	60,938,265	43,719,604	53,040,604	41,694,271
Unvested stock options exercised	20,940	5,345,950	20,940	5,345,950
Restricted stock units	—	—	—	—
Warrants issued and outstanding	1,199,403	962,113	1,199,403	792,449
Series E convertible preferred stock warrants	35,544,141	—	35,544,141	—
Series F convertible preferred stock warrants	177,720,704	—	177,720,704	—
Total common stock equivalents excluded from diluted net loss per common share computation	452,811,881	227,416,092	444,914,220	225,221,095

Convertible Preferred Stock, Warrant Liability and Stockholders' Deficit (Tables)

6 Months Ended

Jun. 30, 2017

Stockholders' Equity Note [Abstract]

Summary of Shares Authorized, Issued, Outstanding, Par Value and Liquidation Preference of Convertible Preferred Stock

The number of authorized, issued and outstanding shares, their par value and liquidation preference for each series of convertible preferred stock as of June 30, 2017 are disclosed in the table below (amounts in thousands except share and per share amounts):

Convertible Preferred Stock	Par Value	Authorized shares	Outstanding and Issued shares	Liquidation Preference (outstanding shares)
Series A	$ 0.01	68,558,220	68,558,220	$ 19,774
Series A-1	0.01	24,760,915	24,760,915	49,522
Series B	0.01	35,775,880	35,775,880	21,581
Series C	0.01	24,404,770	24,404,770	70,075
Series D	0.01	23,888,640	23,888,640	165,000
Series E-1	0.01	35,544,141	—	—
Series E-2	0.01	16,858,078	—	—
Series F	0.01	177,720,707	3	—
		407,511,351	177,388,428	$ 325,952

Schedule of Assumptions Used

The Company determined the fair value of the outstanding convertible Series E-1 preferred stock warrants utilizing the following assumptions as of the following dates:

	June 30, 2017	December 31, 2016
Volatility	40%	40%
Risk-free interest rate	2.28%	2.45%
Remaining contractual term	9.55 years	9.96 years
Dividend yield	—%	—%

The Company determined the fair value of the outstanding convertible Series F preferred stock warrants utilizing the following assumptions as of June 30, 2017:

	June 30, 2017
Volatility	40%
Risk-free interest rate	2.29%
Remaining contractual term (in years)	9.66
Dividend yield	—%

Schedule of Stockholders' Equity Note, Warrants or Rights

The combined activity of the Convertible Preferred Stock Warrant Liability for the six months ended June 30, 2017 is as follows (in thousands):

Balance at January 1, 2017	$ 21,711
Warrants Vested	25,586
Change in Fair Value	22,817

Balance at June 30, 2017	$ 70,114

Shared Based Incentive Plan and Compensation (Tables)	6 Months Ended Jun. 30, 2017
Disclosure of Compensation Related Costs, Share-based Payments [Abstract]	
Summarized Option Activity under Option Plan	Stock option activity under the 2005 Plan and 2015 Plan is summarized for the six months ended June 30, 2017 below:

	Options Issued and Outstanding	Weighted-Average Exercise Price
Balance as of January 1, 2017	41,395,719	$ 1.48
Options issued	30,388,611	0.22
Options exercised – vested	(134,633)	0.11
Options forfeited	(12,089,870)	1.17
Options expired	(2,500)	0.22
Balance as of June 30, 2017	59,557,327	$ 0.21
Options vested and expected to vest as of June 30, 2017	47,563,036	0.21
Options vested and exercisable at June 30, 2017	21,119,436	0.18

Additional Information Regarding Common Stock Options Outstanding

Additional information regarding common stock options outstanding as of June 30, 2017 is as follows:

	Options Outstanding			Options Vested and Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted – Avg. Remaining Life	Weighted –Avg. Exercise Price	Number Vested	Weighted – Avg. Exercise Price
$ 0.02 - 0.20	8,275,145	6.56	$ 0.11	8,275,145	$ 0.11
0.20 - 0.50	51,260,062	9.09	0.22	12,822,171	0.22
0.50 - 1.13	22,120	7.35	1.13	22,120	1.13
$ 0.02 - 1.13	59,557,327	8.74	$ 0.20	21,119,436	$ 0.18

Fair Value of Stock Option Awards

The fair value of PMI's stock option awards granted during the three months ended June 30, 2017 and 2016 was estimated at the date of grant using the Black-Scholes model with the following average assumptions:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Volatility of common stock	N/A	50.88%	50.28%	50.88%
Risk-free interest rate	N/A	1.29%	2.12%	1.29%
Expected life	N/A	5.8 years	5.7 years	5.8 years
Dividend yield	N/A	0%	0%	0%

Summarized Activities for RSU's

The following table summarizes the activities for PMI's RSUs during the six months ended June 30, 2017:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested - December 31, 2016	1,995,159	$ 2.16

Granted	12,000	0.22
Vested	—	—
Forfeited	(509,479)	2.18
Unvested - June 30, 2017	1,497,680	$ 2.14

Stock Based Compensation Included in Consolidated Statements of Operations

The following table presents the amount of stock-based compensation related to stock-based awards granted to employees recognized in Prosper's condensed consolidated statements of operations during the three months ended June 30, 2017 and 2016 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Origination and servicing	$ 328	$ 579	$ 545	$ 1,018
Sales and marketing	141	896	311	1,632
General and administrative	2,843	4,884	5,956	8,815
Restructuring	—	45	—	45
Total stock based compensation	$ 3,312	$ 6,404	$ 6,812	$ 11,510

Restructuring (Tables)

6 Months Ended Jun. 30, 2017

Restructuring and Related Activities [Abstract]

Summary of Activities Related to Prosper's Restructuring Plan

The following table summarizes the activities related to Prosper's restructuring plan (in thousands):

	Severance Related	Facilities Related	Total
Balance January 1, 2017	$ 597	$ 6,052	$ 6,649
Adjustments to expense	(13)	321	308
Sublease cash receipts	—	16	16
Less: Cash paid	(584)	(3,193)	(3,777)
Balance June 30, 2017	$ —	$ 3,196	$ 3,196

Commitments and Contingencies (Tables)	6 Months Ended Jun. 30, 2017
Commitments and Contingencies Disclosure [Abstract]	
Future Minimum Lease Payments	Future minimum rental payments under these leases as of June 30, 2017 are as follows (in thousands):

Remaining six months of 2017	2,762
2018	5,690
2019	6,026
2020	6,193
2021	6,170
2022	6,076
Thereafter	8,480
Total future operating lease obligations	$ 41,397

Related Parties (Tables)	6 Months Ended Jun. 30, 2017
Entity Information [Line Items]	
Aggregate Amount of Notes Purchased and the Income Earned	The aggregate amount of the Notes and Borrower Loans purchased and the income earned by parties deemed to be affiliates and related parties of Prosper for the six months ended June 30, 2017 and 2016, as well as the Notes and Borrower Loans outstanding as of June 30, 2017 and December 31, 2016 are summarized below (in thousands):

Related Party	Aggregate Amount of Notes and Borrower Loans Purchased Six Months Ended June 30, 2017	2016	Interest Earned on Notes and Borrower Loans Six Months Ended June 30, 2017	2016
Executive officers and management	$ 10	$ 801	$ 81	$ 110
Directors (excluding executive officers and management)	174	350	20	15
Total	$ 184	$ 1,151	$ 101	$ 125

Related Party	Aggregate Amount of Notes and Borrower Loans Purchased Three Months Ended June 30, 2017	2016	Interest Earned on Notes and Borrower Loans Three Months Ended June 30, 2017	2016
Executive officers and management	$ 5	$ 396	$ 35	$ 61
Directors (excluding executive officers and management)	85	114	10	9
Total	$ 90	$ 510	$ 45	$ 70

Related Party	Notes and Borrower Loans Balance as of June 30, 2017	December 31, 2016
Executive officers and management	$ 1,012	$ 1,620
Directors (excluding executive officers and management)	560	537
	$ 1,572	$ 2,157

Prosper Funding LLC	
Entity Information [Line Items]	
Aggregate Amount of Notes Purchased and the Income Earned	The aggregate amount of the Notes and Borrower Loans purchased and the income earned by parties deemed to be related parties of Prosper Funding as of June 30, 2017 and December 31, 2016 are summarized below (in thousands):

Related Party	Aggregate Amount of Notes and Borrower Loans Purchased Six Months Ended June 30, 2017	2016	Interest Earned on Notes and Borrower Loans Six Months Ended June 30, 2017	2016

Executive officers and management	$ 10	$ 801	$ 81	$ 110
Directors (excluding executive officers and management)	—	—	—	—
Total	$ 10	$ 801	$ 81	$ 110

Related Party	Aggregate Amount of Notes and Borrower Loans Purchased		Interest Earned on Notes and Borrower Loans	
	Three Months Ended June 30,		Three Months Ended June 30,	
	2017	2016	2017	2016
Executive officers and management	$ 5	$ 396	$ 35	$ 61
Directors (excluding executive officers and management)	—	—	—	—
Total	$ 5	$ 396	$ 35	$ 61

Related Party	Note and Borrower Loan Balance as of	
	June 30, 2017	December 31, 2016
Executive officers and management	$ 1,012	$ 1,620
Directors (excluding executive officers and management)	—	—
	$ 1,012	$ 1,620

Summary of Significant Accounting Policies (Details) $ in Thousands	Jun. 30, 2017 USD ($)
Accounting Policies [Abstract]	
Non-cancelable operating lease commitments	$ 41,397

Property and Equipment, Net (Details) - USD ($) $ in Thousands	3 Months Ended		6 Months Ended		
	Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2017	Jun. 30, 2016	Dec. 31, 2016
Property, Plant and Equipment [Line Items]					
Property and equipment	$ 44,474		$ 44,474		$ 42,127
Less accumulated depreciation and amortization	(22,406)		(22,406)		(17,274)
Total property and equipment, net	22,068		22,068		24,853
Depreciation expense			6,270	$ 6,430	
Property Plant And Equipment					
Property, Plant and Equipment [Line Items]					
Depreciation and amortization expense	2,700	$ 2,500	5,200	4,500	
Computer equipment					
Property, Plant and Equipment [Line Items]					
Property and equipment	14,370		14,370		14,107
Internal-use software and website development costs					
Property, Plant and Equipment [Line Items]					
Property and equipment	18,603		18,603		16,750
Capitalized internal-use software and website development costs	1,000	1,800	2,100	3,600	
Office equipment and furniture					
Property, Plant and Equipment [Line Items]					
Property and equipment	3,010		3,010		3,010
Leasehold improvements					
Property, Plant and Equipment [Line Items]					
Property and equipment	7,038		7,038		7,038
Assets not yet placed in service					
Property, Plant and Equipment [Line Items]					
Property and equipment	1,453		1,453		1,222
Prosper Funding LLC					
Property, Plant and Equipment [Line Items]					
Less accumulated depreciation and amortization	(9,291)		(9,291)		(6,654)
Total property and equipment, net	9,312		9,312		10,095
Depreciation expense	1,400	$ 1,000	2,637	$ 1,864	
Prosper Funding LLC | Internal-use software and website development costs					
Property, Plant and Equipment [Line Items]					
Property and equipment	$ 18,603		$ 18,603		$ 16,749

Borrower Loans, Loans Held for Sale, and Notes Held at Fair Value - Aggregate Principal Balances Outstanding and Fair Values of Borrower Loans, Notes and Loans Held for Sale (Details) - USD ($) $ in Thousands	6 Months Ended Jun. 30, 2017	12 Months Ended Dec. 31, 2016
Fair Value Balance Sheet Grouping Financial Statement Captions [Line Items]		
Borrower Loans, at Fair Value	$ 312,272	$ 315,627
Notes, at Fair Value	(311,410)	(316,236)
Loans Held for Sale, at Fair Value	95	624
Prosper Funding LLC		
Fair Value Balance Sheet Grouping Financial Statement Captions [Line Items]		
Borrower Loans, at Fair Value	312,272	315,627
Notes, at Fair Value	(311,410)	(316,236)
Loans Held for Sale, at Fair Value	95	624
Notes		
Fair Value Balance Sheet Grouping Financial Statement Captions [Line Items]		
Aggregate principal balance outstanding, Notes	(319,072)	(323,358)
Fair value adjustments, Notes	7,662	7,122
Notes, at Fair Value	(311,410)	(316,236)
Notes | Prosper Funding LLC		
Fair Value Balance Sheet Grouping Financial Statement Captions [Line Items]		
Aggregate principal balance outstanding, Notes	(319,072)	(323,358)
Fair value adjustments, Notes	7,662	7,122
Notes, at Fair Value	(311,410)	(316,236)
Borrower Loans		
Fair Value Balance Sheet Grouping Financial Statement Captions [Line Items]		
Aggregate principal balance outstanding, Borrower Loans	316,378	319,143
Fair value adjustments, Borrower Loans, Loans Held for Sale	(4,106)	(3,516)
Borrower Loans, at Fair Value	312,272	315,627
Borrower Loans | Prosper Funding LLC		
Fair Value Balance Sheet Grouping Financial Statement Captions [Line Items]		
Aggregate principal balance outstanding, Borrower Loans	316,378	319,143
Fair value adjustments, Borrower Loans, Loans Held for Sale	(4,106)	(3,516)
Borrower Loans, at Fair Value	312,272	315,627
Loans Held for Sale		

Fair Value Balance Sheet Grouping Financial Statement Captions [Line Items]		
Fair value adjustments, Borrower Loans, Loans Held for Sale	(11)	(17)
Aggregate principal balance outstanding, Loans Held for Sale	106	641
Loans Held for Sale, at Fair Value	95	624
Loans Held for Sale | Prosper Funding LLC		
Fair Value Balance Sheet Grouping Financial Statement Captions [Line Items]		
Fair value adjustments, Borrower Loans, Loans Held for Sale	(11)	(17)
Aggregate principal balance outstanding, Loans Held for Sale	106	641
Loans Held for Sale, at Fair Value	$ 95	$ 624

Borrower Loans, Loans Held for Sale, and Notes Held at Fair Value - Additional Information (Details) - USD ($) $ in Millions	6 Months Ended		12 Months Ended
	Jun. 30, 2017	Jun. 30, 2016	Dec. 31, 2016
Fair Value Balance Sheet Grouping Financial Statement Captions [Line Items]			
Loss related to credit risks on borrower loans	$ 1.2	$ 2.0	
Minimum number of days for which loans originated were delinquent	90 days		90 days
Aggregate principal amount of loans originated	$ 2.6		$ 3.2
Fair value of loans originated	$ 0.9		1.0
Non accrual status past due date	120 days		
Borrower loans receivable	$ 0.2		$ 0.5
Prosper Funding LLC			
Fair Value Balance Sheet Grouping Financial Statement Captions [Line Items]			
Loss related to credit risks on borrower loans	$ 1.2		
Minimum number of days for which loans originated were delinquent	90 days		90 days
Aggregate principal amount of loans originated	$ 2.6		$ 3.2
Fair value of loans originated	$ 0.9		1.0
Non accrual status past due date	120 days		
Borrower loans receivable	$ 0.2		$ 0.5
Loans Held For Sale Borrower Loans And Underlying Notes			
Fair Value Balance Sheet Grouping Financial Statement Captions [Line Items]			
Fixed interest rate, minimum	5.32%		5.32%
Fixed interest rate, maximum	33.04%		33.04%
Loans Held For Sale Borrower Loans And Underlying Notes | Prosper Funding LLC			
Fair Value Balance Sheet Grouping Financial Statement Captions [Line Items]			
Fixed interest rate, minimum	5.32%		5.32%
Fixed interest rate, maximum	33.04%		33.04%
Minimum | Loans Held For Sale Borrower Loans And Underlying Notes			
Fair Value Balance Sheet Grouping Financial Statement Captions [Line Items]			
Maturity, in months	36 months		36 months
Minimum | Loans Held For Sale Borrower Loans And Underlying Notes | Prosper Funding LLC			
Fair Value Balance Sheet Grouping Financial Statement Captions [Line Items]			
Maturity, in months	36 months		36 months
Maximum | Loans Held For Sale Borrower Loans And Underlying Notes			

Fair Value Balance Sheet Grouping Financial Statement Captions [Line Items]		
Maturity, in months	60 months	60 months
Maximum | Loans Held For Sale Borrower Loans And Underlying Notes | Prosper Funding LLC		
Fair Value Balance Sheet Grouping Financial Statement Captions [Line Items]		
Maturity, in months	60 months	60 months

Loan Servicing Assets and Liabilities (Details) - USD ($) $ in Thousands	3 Months Ended		6 Months Ended		12 Months Ended
	Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2017	Jun. 30, 2016	Dec. 31, 2016
Servicing Assets And Liabilities Fair Value [Line Items]					
Gain (loss) on sale of borrower loans	$ (3,803)	$ 687	$ (3,485)	$ (3,104)	
Fair Value of Warrants Vested on Sale of Borrower Loans	16,887	0	20,194	0	
Prosper Funding LLC					
Servicing Assets And Liabilities Fair Value [Line Items]					
Gain (loss) on sale of borrower loans	13,084	687	16,709	(3,104)	
Borrower Loans					
Servicing Assets And Liabilities Fair Value [Line Items]					
Outstanding principle	3,600,000		$ 3,600,000		$ 3,500,000
Fixed interest rate, minimum			5.32%		5.32%
Fixed interest rate, maximum			35.52%		35.52%
Contractually specified servicing fees, late charges and ancillary fees	9,400	10,400	$ 18,200	20,000	
Borrower Loans | Prosper Funding LLC					
Servicing Assets And Liabilities Fair Value [Line Items]					
Outstanding principle	3,500,000		$ 3,500,000		$ 3,400,000
Fixed interest rate, minimum			5.32%		5.32%
Fixed interest rate, maximum			35.52%		35.52%
Contractually specified servicing fees, late charges and ancillary fees	$ 9,200	$ 10,300	$ 17,900	$ 19,700	
Minimum | Borrower Loans					
Servicing Assets And Liabilities Fair Value [Line Items]					
Maturity, in months			36 months		36 months
Minimum | Borrower Loans | Prosper Funding LLC					
Servicing Assets And Liabilities Fair Value [Line Items]					
Maturity, in months			36 months		36 months
Maximum | Borrower Loans					
Servicing Assets And Liabilities Fair Value [Line Items]					
Maturity, in months			60 months		60 months
Maximum | Borrower Loans | Prosper Funding LLC					

Servicing Assets And Liabilities Fair Value [Line Items]		
Maturity, in months	60 months	60 months

Available for Sale Investments, at Fair Value - Schedule of Amortized Cost, Gross Unrealized Gains and Losses and Fair Value of Available for Sale Investments (Details) - USD ($) $ in Thousands	Jun. 30, 2017	Dec. 31, 2016
Schedule Of Available For Sale Securities [Line Items]		
Amortized Cost	$ 8,001	$ 32,777
Gross Unrealized Gains	0	5
Gross Unrealized Losses	(4)	(13)
Fair Value	7,997	32,769
Fixed Maturity Securities | US Treasury securities		
Schedule Of Available For Sale Securities [Line Items]		
Amortized Cost	5,501	8,516
Gross Unrealized Gains	0	3
Gross Unrealized Losses	(3)	(3)
Fair Value	5,498	8,516
Fixed Maturity Securities | Agency bonds		
Schedule Of Available For Sale Securities [Line Items]		
Amortized Cost	2,500	2,499
Gross Unrealized Gains	0	1
Gross Unrealized Losses	(1)	0
Fair Value	$ 2,499	2,500
Fixed Maturity Securities | Corporate debt securities		
Schedule Of Available For Sale Securities [Line Items]		
Amortized Cost		21,762
Gross Unrealized Gains		1
Gross Unrealized Losses		(10)
Fair Value		$ 21,753

Available for Sale Investments, at Fair Value - Summary of Available for Sale Investments of Continuous Unrealized Loss (Details) - USD ($) $ in Thousands	6 Months Ended Jun. 30, 2017	12 Months Ended Dec. 31, 2016
Schedule Of Available For Sale Securities [Line Items]		
Fair value, less than 12 months	$ 5,498	$ 0
Unrealized losses, less than 12 months	(3)	0
Fair value, 12 months or longer	2,499	19,150
Unrealized losses, 12 months or longer	(1)	(13)
Fair Value	7,997	19,150
Unrealized Losses	(4)	(13)
Fixed Maturity Securities | US Treasury securities		
Schedule Of Available For Sale Securities [Line Items]		
Fair value, less than 12 months	5,498	0
Unrealized losses, less than 12 months	(3)	0
Fair value, 12 months or longer		4,499
Unrealized losses, 12 months or longer		(3)
Fair Value	5,498	4,499
Unrealized Losses	(3)	(3)
Fixed Maturity Securities | Agency bonds		
Schedule Of Available For Sale Securities [Line Items]		
Fair value, less than 12 months	0	
Unrealized losses, less than 12 months	0	
Fair value, 12 months or longer	2,499	
Unrealized losses, 12 months or longer	(1)	
Fair Value	2,499	
Unrealized Losses	$ (1)	
Fixed Maturity Securities | Corporate debt securities		
Schedule Of Available For Sale Securities [Line Items]		
Fair value, less than 12 months		0
Unrealized losses, less than 12 months		0
Fair value, 12 months or longer		14,651
Unrealized losses, 12 months or longer		(10)
Fair Value		14,651
Unrealized Losses		$ (10)

Available for Sale Investments, at Fair Value - Additional Information (Details) - USD ($)	6 Months Ended	
	Jun. 30, 2017	Jun. 30, 2016
Investments, Debt and Equity Securities [Abstract]		
Impairment charges recognized during period	$ 0	
Proceeds from investments	16,163,000	$ 9,193,000
Available-for-sale investments, realized gains	$ 12,000	

Available for Sale Investments, at Fair Value - Schedule of Maturities of Available for Sale Investments (Details) - USD ($) $ in Thousands	Jun. 30, 2017	Dec. 31, 2016
Schedule Of Available For Sale Securities [Line Items]		
Within 1 year	$ 7,997	$ 32,769
After 1 year through 5 years	0	0
After 5 years to 10 years	0	0
After 10 years	0	0
Fair value	7,997	32,769
Amortized cost within 1 year	8,001	32,777
Amortized cost after 1 year through 5 years	0	0
Amortized cost after 5 years to 10 years	0	0
Amortized cost after 10 years	0	0
Amortized cost	8,001	32,777
Corporate debt securities		
Schedule Of Available For Sale Securities [Line Items]		
Within 1 year		21,753
After 1 year through 5 years		0
After 5 years to 10 years		0
After 10 years		0
Fair value		21,753
US Treasury securities		
Schedule Of Available For Sale Securities [Line Items]		
Within 1 year	5,498	8,516
After 1 year through 5 years		0
After 5 years to 10 years		0
After 10 years		0
Fair value	5,498	8,516
Agency bonds		
Schedule Of Available For Sale Securities [Line Items]		
Within 1 year	2,499	2,500
After 1 year through 5 years		0
After 5 years to 10 years		0
After 10 years		0
Fair value	$ 2,499	$ 2,500

Fair Value of Assets and Liabilities - Fair Value Hierarchy for Assets and Liabilities Measured at Fair Value (Details) - USD ($) $ in Thousands	Jun. 30, 2017	Dec. 31, 2016
Assets:		
Borrower Loans	$ 312,272	$ 315,627
Loans Held for Sale	95	624
Available for Sale Investments, at Fair Value	7,997	32,769
Servicing Assets	13,489	12,786
Total Assets	333,853	361,806
Liabilities:		
Notes	311,410	316,236
Servicing Liabilities	111	198
Convertible Preferred Stock Warrant Liability	70,114	21,711
Loan Trailing Fee Liability	1,655	665
Total Liabilities	383,290	338,810
Prosper Funding LLC		
Assets:		
Borrower Loans	312,272	315,627
Loans Held for Sale	95	624
Servicing Assets	13,297	12,461
Total Assets	325,664	328,712
Liabilities:		
Notes	311,410	316,236
Servicing Liabilities	111	198
Loan Trailing Fee Liability	1,655	665
Total Liabilities	313,176	317,099
Level 1 Inputs		
Assets:		
Borrower Loans	0	0
Loans Held for Sale	0	0
Available for Sale Investments, at Fair Value	0	0
Servicing Assets	0	0
Total Assets	0	0
Liabilities:		
Notes	0	0
Servicing Liabilities	0	0
Convertible Preferred Stock Warrant Liability	0	0
Loan Trailing Fee Liability	0	0
Total Liabilities	0	0
Level 1 Inputs | Prosper Funding LLC		
Assets:		

Borrower Loans	0	0
Loans Held for Sale	0	0
Servicing Assets	0	0
Total Assets	0	0
Liabilities:		
Notes	0	0
Servicing Liabilities	0	0
Loan Trailing Fee Liability		0
Total Liabilities	0	0
Level 2 Inputs		
Assets:		
Borrower Loans	0	0
Loans Held for Sale	0	0
Available for Sale Investments, at Fair Value	7,997	32,769
Servicing Assets	0	0
Total Assets	7,997	32,769
Liabilities:		
Notes	0	0
Servicing Liabilities	0	0
Convertible Preferred Stock Warrant Liability	0	0
Loan Trailing Fee Liability	0	0
Total Liabilities	0	0
Level 2 Inputs | Prosper Funding LLC		
Assets:		
Borrower Loans	0	0
Loans Held for Sale	0	0
Servicing Assets	0	0
Total Assets	0	0
Liabilities:		
Notes	0	0
Servicing Liabilities	0	0
Loan Trailing Fee Liability		0
Total Liabilities	0	0
Level 3 Inputs		
Assets:		
Borrower Loans	312,272	315,627
Loans Held for Sale	95	624
Available for Sale Investments, at Fair Value	0	0
Servicing Assets	13,489	12,786
Total Assets	325,856	329,037
Liabilities:		
Notes	311,410	316,236
Servicing Liabilities	111	198
Convertible Preferred Stock Warrant Liability	70,114	21,711

Loan Trailing Fee Liability	1,655	665
Total Liabilities	383,290	338,810
Level 3 Inputs | Prosper Funding LLC		
Assets:		
Borrower Loans	312,272	315,627
Loans Held for Sale	95	624
Servicing Assets	13,297	12,461
Total Assets	325,664	328,712
Liabilities:		
Notes	311,410	316,236
Servicing Liabilities	111	198
Loan Trailing Fee Liability	1,655	665
Total Liabilities	$ 313,176	$ 317,099

Fair Value of Assets and Liabilities - Borrower Loans, Loans Held For Sale and Notes - Quantitative Information about the Significant Unobservable Inputs (Details)	6 Months Ended Jun. 30, 2017	12 Months Ended Dec. 31, 2016
Minimum		
Fair Value Inputs Assets Quantitative Information [Line Items]		
Discount rate	4.30%	4.00%
Default rate	1.90%	1.70%
Minimum | Prosper Funding LLC		
Fair Value Inputs Assets Quantitative Information [Line Items]		
Discount rate	4.30%	4.00%
Default rate	1.90%	1.70%
Maximum		
Fair Value Inputs Assets Quantitative Information [Line Items]		
Discount rate	15.20%	15.90%
Default rate	15.20%	14.90%
Maximum | Prosper Funding LLC		
Fair Value Inputs Assets Quantitative Information [Line Items]		
Discount rate	15.20%	15.90%
Default rate	15.20%	14.90%

Fair Value of Assets and Liabilities - Servicing Rights - Quantitative Information about the Significant Unobservable Inputs (Details)	6 Months Ended	12 Months Ended
	Jun. 30, 2017	Dec. 31, 2016
Servicing Liabilities at Fair Value [Line Items]		
Market servicing rate	0.625%	0.625%
Prosper Funding LLC		
Servicing Liabilities at Fair Value [Line Items]		
Market servicing rate	0.625%	0.625%
Minimum		
Servicing Liabilities at Fair Value [Line Items]		
Discount rate	15.00%	15.00%
Default rate	1.60%	1.50%
Prepayment rate	14.40%	13.60%
Minimum | Prosper Funding LLC		
Servicing Liabilities at Fair Value [Line Items]		
Discount rate	15.00%	15.00%
Default rate	1.60%	1.50%
Prepayment rate	14.40%	13.60%
Maximum		
Servicing Liabilities at Fair Value [Line Items]		
Discount rate	25.00%	25.00%
Default rate	15.70%	15.20%
Prepayment rate	26.70%	26.60%
Maximum | Prosper Funding LLC		
Servicing Liabilities at Fair Value [Line Items]		
Discount rate	25.00%	25.00%
Default rate	15.70%	15.20%
Prepayment rate	26.70%	26.60%

Fair Value of Assets and Liabilities - Summary of Level 3 Borrower Loans, Loans Held for Sale and Notes, Measured at Fair Value on a Recurring Basis (Details) - Recurring - USD ($) $ in Thousands	3 Months Ended		6 Months Ended	
	Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2017	Jun. 30, 2016
Fair Value Measurement With Unobservable Inputs Reconciliations Recurring Basis Asset And Liability [Roll Forward]				
Beginning balance, Total	$ 701	$ 916	$ 15	$ (100)
Purchase of Borrower Loans/Issuance of Notes	722,397	426,762	1,246,260	1,358,079
Principal repayments	633	(464)	2,740	607
Borrower Loans sold to third parties	(722,698)	(421,810)	(1,248,306)	(1,353,259)
Other changes	(146)	(193)	272	(39)
Change in fair value	70	(2)	(24)	(79)
Ending balance, Total	957	5,209	957	5,209
Prosper Funding LLC				
Fair Value Measurement With Unobservable Inputs Reconciliations Recurring Basis Asset And Liability [Roll Forward]				
Beginning balance, Total	701	916	15	(100)
Originations	722,397	426,762	1,246,260	1,358,079
Principal repayments	633	(464)	2,740	607
Borrower Loans sold to third parties	(722,698)	(421,810)	(1,248,306)	(1,353,259)
Other changes	(146)	(193)	272	(39)
Change in fair value	70	(2)	(24)	(79)
Ending balance, Total	957	5,209	957	5,209
Notes				
Fair Value, Liabilities Measured on Recurring Basis, Unobservable Input Reconciliation, Calculation [Roll Forward]				
Beginning balance, Liabilities	(316,944)	(302,357)	(316,236)	(297,405)
Purchase of Borrower Loans/Issuance of Notes	(49,692)	(53,873)	(106,506)	(109,147)
Principal repayments	48,695	41,057	100,274	83,119
Borrower Loans sold to third parties	0	499	0	1,081
Other changes	(156)	(191)	266	(33)
Change in fair value	6,687	5,335	10,792	12,855
Ending balance, Liabilities	(311,410)	(309,530)	(311,410)	(309,530)
Notes | Prosper Funding LLC				
Fair Value, Liabilities Measured on Recurring Basis, Unobservable Input Reconciliation, Calculation [Roll Forward]				
Beginning balance, Liabilities	(316,944)	(302,357)	(316,236)	(297,405)
Originations	(49,692)	(53,873)	(106,506)	(109,147)

Principal repayments	48,695	41,057	100,274	83,119
Borrower Loans sold to third parties	0	499	0	1,081
Other changes	(156)	(191)	266	(33)
Change in fair value	6,687	5,335	10,792	12,855
Ending balance, Liabilities	(311,410)	(309,530)	(311,410)	(309,530)
Borrower Loans				
Changes in Level 3 assets measured at fair value on a recurring basis [Abstract]				
Beginning balance, Assets	317,536	303,243	315,627	297,273
Purchase of Borrower Loans/Issuance of Notes	50,260	54,044	106,940	109,215
Principal repayments	(48,048)	(41,390)	(97,492)	(82,376)
Borrower Loans sold to third parties	(869)	(525)	(1,990)	(1,138)
Other changes	10	(2)	9	(6)
Change in fair value	(6,617)	(5,336)	(10,822)	(12,934)
Ending balance, Assets	312,272	310,034	312,272	310,034
Borrower Loans | Prosper Funding LLC				
Changes in Level 3 assets measured at fair value on a recurring basis [Abstract]				
Beginning balance, Assets	317,536	303,243	315,627	297,273
Originations	50,260	54,044	106,940	109,215
Principal repayments	(48,048)	(41,390)	(97,492)	(82,376)
Borrower Loans sold to third parties	(869)	(525)	(1,990)	(1,138)
Other changes	10	(2)	9	(6)
Change in fair value	(6,617)	(5,336)	(10,822)	(12,934)
Ending balance, Assets	312,272	310,034	312,272	310,034
Loans Held for Sale				
Changes in Level 3 assets measured at fair value on a recurring basis [Abstract]				
Beginning balance, Assets	109	30	624	32
Purchase of Borrower Loans/Issuance of Notes	721,829	426,591	1,245,826	1,358,011
Principal repayments	(14)	(131)	(42)	(136)
Borrower Loans sold to third parties	(721,829)	(421,784)	(1,246,316)	(1,353,202)
Other changes	0	0	(3)	0
Change in fair value	0	(1)	6	0
Ending balance, Assets	95	4,705	95	4,705
Loans Held for Sale | Prosper Funding LLC				
Changes in Level 3 assets measured at fair value on a recurring basis [Abstract]				
Beginning balance, Assets	109	30	624	32
Originations	721,829	426,591	1,245,826	1,358,011
Principal repayments	(14)	(131)	(42)	(136)
Borrower Loans sold to third parties	(721,829)	(421,784)	(1,246,316)	(1,353,202)
Other changes	0	0	(3)	0
Change in fair value	0	(1)	6	0
Ending balance, Assets	$ 95	$ 4,705	$ 95	$ 4,705

Fair Value of Assets and Liabilities - Schedule of Servicing Assets and Liabilities and Loan Trailing (Details) - USD ($) $ in Thousands	3 Months Ended			6 Months Ended	
	Jun. 30, 2017	Mar. 31, 2017	Jun. 30, 2016	Jun. 30, 2017	Jun. 30, 2016
Servicing Asset at Amortized Cost, Balance [Roll Forward]					
Servicing Asset at Fair Value, Beginning Balance		$ 12,786		$ 12,786	
Servicing Asset at Fair Value, Ending Balance	$ 13,489			13,489	
Servicing Liability at Amortized Cost [Roll Forward]					
Servicing Liability at Fair Value, Beginning Balance		198		198	
Servicing Liability at Fair Value, Ending Balance	111			111	
Prosper Funding LLC					
Servicing Asset at Amortized Cost, Balance [Roll Forward]					
Servicing Asset at Fair Value, Beginning Balance		12,461		12,461	
Servicing Asset at Fair Value, Ending Balance	13,297			13,297	
Servicing Liability at Amortized Cost [Roll Forward]					
Servicing Liability at Fair Value, Beginning Balance		198		198	
Servicing Liability at Fair Value, Ending Balance	111			111	
Servicing Assets					
Servicing Asset at Amortized Cost, Balance [Roll Forward]					
Servicing Asset at Fair Value, Beginning Balance	12,436	12,786	$ 15,548	12,786	$ 14,363
Additions		3,768	1,729	6,532	5,750
Less: Changes in fair value		(2,715)	(2,980)	(5,829)	(5,816)
Servicing Asset at Fair Value, Ending Balance	13,489	12,436	14,297	13,489	14,297
Servicing Assets | Prosper Funding LLC					
Servicing Asset at Amortized Cost, Balance [Roll Forward]					
Servicing Asset at Fair Value, Beginning Balance	12,190	12,461	14,929	12,461	13,605
Additions	3,768		1,729	6,532	5,750
Less: Changes in fair value	(2,661)		(2,860)	(5,696)	(5,557)
Servicing Asset at Fair Value, Ending Balance	13,297	12,190	13,798	13,297	13,798
Servicing Liabilities					
Servicing Liability at Amortized Cost [Roll Forward]					
Servicing Liability at Fair Value, Beginning Balance	147	198	398	198	484
Additions		0	0	0	9
Less: Changes in fair value		(36)	(74)	(87)	(169)
Servicing Liability at Fair Value, Ending Balance	111	147	324	111	324

Servicing Liabilities | Prosper Funding LLC					
Servicing Liability at Amortized Cost [Roll Forward]					
Servicing Liability at Fair Value, Beginning Balance	147	198	398	198	484
Additions	0		0	0	9
Less: Changes in fair value	(36)		(74)	(87)	(169)
Servicing Liability at Fair Value, Ending Balance	111	147	$ 324	111	$ 324
Trailing Fee					
Servicing Liability at Amortized Cost [Roll Forward]					
Beginning balance		665		665	
Issuances				1,216	
Cash payment of Loan Trailing Fee				(351)	
Change in fair value				125	
Ending balance	1,655			1,655	
Trailing Fee | Prosper Funding LLC					
Servicing Liability at Amortized Cost [Roll Forward]					
Beginning balance		$ 665		665	
Issuances				1,216	
Cash payment of Loan Trailing Fee				(351)	
Change in fair value				125	
Ending balance	$ 1,655			$ 1,655	

Fair Value of Assets and Liabilities - Fair Value Assumptions for Borrower Loans, Loans Held for Sale and Notes (Details) $ in Thousands	6 Months Ended Jun. 30, 2017 USD ($)
Discount rate assumption | Notes	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Discount rate	7.55%
Discount rate assumption | Notes | Prosper Funding LLC	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Discount rate	7.55%
Discount rate assumption | Borrower Loans and Loans Held for Sale	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Discount rate	7.55%
Discount rate assumption | Borrower Loans and Loans Held for Sale | Prosper Funding LLC	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Discount rate	7.55%
Discount rate assumption | 100 basis point increase | Notes	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Notes	$ 308,250
Discount rate assumption | 100 basis point increase | Notes | Prosper Funding LLC	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Notes	308,250
Discount rate assumption | 100 basis point increase | Borrower Loans and Loans Held for Sale	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Borrower loans	309,203
Discount rate assumption | 100 basis point increase | Borrower Loans and Loans Held for Sale | Prosper Funding LLC	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Borrower loans	309,203
Discount rate assumption | 200 basis point increase | Notes	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Notes	305,170
Discount rate assumption | 200 basis point increase | Notes | Prosper Funding LLC	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Notes	305,170
Discount rate assumption | 200 basis point increase | Borrower Loans and Loans Held for Sale	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Borrower loans	306,119
Discount rate assumption | 200 basis point increase | Borrower Loans and Loans Held for Sale | Prosper Funding LLC	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Borrower loans	306,119

Discount rate assumption | 100 basis point decrease | Notes	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Notes	314,653
Discount rate assumption | 100 basis point decrease | Notes | Prosper Funding LLC	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Notes	314,653
Discount rate assumption | 100 basis point decrease | Borrower Loans and Loans Held for Sale	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Borrower loans	315,614
Discount rate assumption | 100 basis point decrease | Borrower Loans and Loans Held for Sale | Prosper Funding LLC	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Borrower loans	315,614
Discount rate assumption | 200 basis point decrease | Notes	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Notes	317,984
Discount rate assumption | 200 basis point decrease | Notes | Prosper Funding LLC	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Notes	317,984
Discount rate assumption | 200 basis point decrease | Borrower Loans and Loans Held for Sale	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Borrower loans	318,948
Discount rate assumption | 200 basis point decrease | Borrower Loans and Loans Held for Sale | Prosper Funding LLC	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Borrower loans	$ 318,948
Default rate assumption | Notes	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Default rate	12.96%
Default rate assumption | Notes | Prosper Funding LLC	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Default rate	12.96%
Default rate assumption | Borrower Loans and Loans Held for Sale	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Default rate	12.96%
Default rate assumption | Borrower Loans and Loans Held for Sale | Prosper Funding LLC	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Default rate	12.96%
Default rate assumption | 100 basis point increase | Notes	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Notes	$ 307,645
Default rate assumption | 100 basis point increase | Notes | Prosper Funding LLC	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Notes	307,645

Default rate assumption | 100 basis point increase | Borrower Loans and Loans Held for Sale	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Borrower loans	308,608
Default rate assumption | 100 basis point increase | Borrower Loans and Loans Held for Sale | Prosper Funding LLC	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Borrower loans	308,608
Default rate assumption | 200 basis point increase | Notes	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Notes	304,015
Default rate assumption | 200 basis point increase | Notes | Prosper Funding LLC	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Notes	304,015
Default rate assumption | 200 basis point increase | Borrower Loans and Loans Held for Sale	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Borrower loans	304,984
Default rate assumption | 200 basis point increase | Borrower Loans and Loans Held for Sale | Prosper Funding LLC	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Borrower loans	304,984
Default rate assumption | 100 basis point decrease | Notes	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Notes	315,200
Default rate assumption | 100 basis point decrease | Notes | Prosper Funding LLC	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Notes	315,200
Default rate assumption | 100 basis point decrease | Borrower Loans and Loans Held for Sale	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Borrower loans	316,150
Default rate assumption | 100 basis point decrease | Borrower Loans and Loans Held for Sale | Prosper Funding LLC	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Borrower loans	316,150
Default rate assumption | 200 basis point decrease | Notes	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Notes	319,038
Default rate assumption | 200 basis point decrease | Notes | Prosper Funding LLC	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Notes	319,038
Default rate assumption | 200 basis point decrease | Borrower Loans and Loans Held for Sale	
Fair Value Inputs Assets Quantitative Information [Line Items]	
Borrower loans	319,980
Default rate assumption | 200 basis point decrease | Borrower Loans and Loans Held for Sale | Prosper Funding LLC	
Fair Value Inputs Assets Quantitative Information [Line Items]	

Borrower loans	$ 319,980

Fair Value of Assets and Liabilities - Schedule of Prosper's and Prosper Funding's Estimated Fair Value of Servicing Assets and Liabilities (Details) - USD ($) $ in Thousands	6 Months Ended Jun. 30, 2017	12 Months Ended Dec. 31, 2016
Servicing Assets And Liabilities Fair Value [Line Items]		
Market servicing rate assumptions	0.625%	0.625%
Prosper Funding LLC		
Servicing Assets And Liabilities Fair Value [Line Items]		
Market servicing rate assumptions	0.625%	0.625%
Servicing Assets		
Servicing Assets And Liabilities Fair Value [Line Items]		
Market servicing rate assumptions	0.625%	
Resulting fair value from:		
Servicing Asset, Market servicing rate increase to 0.65%	$ 12,613	
Servicing Asset, Market servicing rate decrease to 0.60%	$ 14,365	
Weighted average prepayment assumptions	20.09%	
Resulting fair value from:		
Weighted average default assumptions	12.18%	
Servicing Assets | Prosper Funding LLC		
Servicing Assets And Liabilities Fair Value [Line Items]		
Market servicing rate assumptions	0.625%	
Resulting fair value from:		
Servicing Asset, Market servicing rate increase to 0.65%	$ 12,434	
Servicing Asset, Market servicing rate decrease to 0.60%	$ 14,160	
Weighted average prepayment assumptions	20.09%	
Resulting fair value from:		
Weighted average default assumptions	12.18%	
Servicing Liabilities		
Servicing Assets And Liabilities Fair Value [Line Items]		
Market servicing rate assumptions	0.625%	
Resulting fair value from:		
Servicing Liabilities, Market servicing rate increase to 0.65%	$ 122	
Servicing Liabilities, Market servicing rate decrease to 0.60%	$ 100	
Weighted average prepayment assumptions	20.09%	
Resulting fair value from:		
Weighted average default assumptions	12.18%	
Servicing Liabilities | Prosper Funding LLC		
Servicing Assets And Liabilities Fair Value [Line Items]		
Market servicing rate assumptions	0.625%	
Resulting fair value from:		

Servicing Asset, Market servicing rate increase to 0.65%	$ 122
Servicing Asset, Market servicing rate decrease to 0.60%	$ 100
Weighted average prepayment assumptions	20.09%
Resulting fair value from:	
Weighted average default assumptions	12.18%
Prepayment rate assumption | Servicing Assets | Applying a 1.1 multiplier to prepayment rate	
Resulting fair value from:	
Servicing Asset, Applying a 1.1 multiplier to prepayment rate	$ 13,301
Prepayment rate assumption | Servicing Assets | Applying a 1.1 multiplier to prepayment rate | Prosper Funding LLC	
Resulting fair value from:	
Servicing Asset, Applying a 1.1 multiplier to prepayment rate	13,112
Prepayment rate assumption | Servicing Assets | Applying a 0.9 multiplier to prepayment rate	
Resulting fair value from:	
Servicing Asset, Applying a 0.9 multiplier to prepayment rate	13,678
Prepayment rate assumption | Servicing Assets | Applying a 0.9 multiplier to prepayment rate | Prosper Funding LLC	
Resulting fair value from:	
Servicing Asset, Applying a 0.9 multiplier to prepayment rate	13,484
Prepayment rate assumption | Servicing Liabilities | Applying a 1.1 multiplier to prepayment rate	
Resulting fair value from:	
Servicing Liabilities, Applying a 1.1 multiplier to prepayment rate	109
Prepayment rate assumption | Servicing Liabilities | Applying a 1.1 multiplier to prepayment rate | Prosper Funding LLC	
Resulting fair value from:	
Servicing Asset, Applying a 1.1 multiplier to prepayment rate	109
Prepayment rate assumption | Servicing Liabilities | Applying a 0.9 multiplier to prepayment rate	
Resulting fair value from:	
Servicing Liabilities, Applying a 0.9 multiplier to prepayment rate	113
Prepayment rate assumption | Servicing Liabilities | Applying a 0.9 multiplier to prepayment rate | Prosper Funding LLC	
Resulting fair value from:	
Servicing Asset, Applying a 0.9 multiplier to prepayment rate	113
Default rate assumption | Servicing Assets | Applying a 1.1 multiplier to default rate	
Applying Multiplier, Default Rate [Abstract]	
Servicing Asset, Applying a 1.1 multiplier to default rate	13,301
Default rate assumption | Servicing Assets | Applying a 1.1 multiplier to default rate | Prosper Funding LLC	
Applying Multiplier, Default Rate [Abstract]	
Servicing Asset, Applying a 1.1 multiplier to default rate	13,112
Default rate assumption | Servicing Assets | Applying a 0.9 multiplier to default rate	

Applying Multiplier, Default Rate [Abstract]	
Servicing Asset, Applying a 0.9 multiplier to default rate	13,680
Default rate assumption | Servicing Assets | Applying a 0.9 multiplier to default rate | Prosper Funding LLC	
Applying Multiplier, Default Rate [Abstract]	
Servicing Asset, Applying a 0.9 multiplier to default rate	13,486
Default rate assumption | Servicing Liabilities | Applying a 1.1 multiplier to default rate	
Applying Multiplier, Default Rate [Abstract]	
Servicing Liabilities, Applying a 1.1 multiplier to default rate	111
Default rate assumption | Servicing Liabilities | Applying a 1.1 multiplier to default rate | Prosper Funding LLC	
Applying Multiplier, Default Rate [Abstract]	
Servicing Asset, Applying a 1.1 multiplier to default rate	111
Default rate assumption | Servicing Liabilities | Applying a 0.9 multiplier to default rate	
Applying Multiplier, Default Rate [Abstract]	
Servicing Liabilities, Applying a 0.9 multiplier to default rate	111
Default rate assumption | Servicing Liabilities | Applying a 0.9 multiplier to default rate | Prosper Funding LLC	
Applying Multiplier, Default Rate [Abstract]	
Servicing Asset, Applying a 0.9 multiplier to default rate	$ 111

Fair Value of Assets and Liabilities - Schedule of Prosper's and Prosper Funding's Estimated Fair Value of Servicing Assets and Liabilities Additional Info (Details)	6 Months Ended Jun. 30, 2017
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]	
Servicing rate increase	0.65%
Servicing rate decrease	0.60%
Prepayment rate assumption	
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]	
Prepayment rate increase	1.10%
Prepayment rate decrease	0.90%
Default rate assumption	
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]	
Default rate increase	1.10%
Default rate decrease	0.90%
Prosper Funding LLC	
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]	
Servicing rate increase	0.65%
Servicing rate decrease	0.60%
Prosper Funding LLC | Prepayment rate assumption	
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]	
Prepayment rate increase	1.10%
Prepayment rate decrease	0.90%
Prosper Funding LLC | Default rate assumption	
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]	
Default rate increase	1.10%
Default rate decrease	0.90%

Goodwill And Other Intangible Assets - Additional Information (Details) - USD ($)	3 Months Ended		6 Months Ended		
	Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2017	Jun. 30, 2016	Dec. 31, 2016
Goodwill And Other Intangible Assets [Line Items]					
Goodwill	$ 36,368,000		$ 36,368,000		$ 36,368,000
Goodwill impairment expense			0		
Intangible assets, net	1,862,000		1,862,000		$ 9,212,000
Impairment loss			6,319,000	$ 0	
Amortization of intangible assets	200,000	$ 1,000,000	1,000,000	$ 2,000,000	
User base and customer relationships					
Goodwill And Other Intangible Assets [Line Items]					
Intangible assets, net	347,000		$ 347,000		
Intangible assets amortized period			7 years 9 months 18 days		
User base and customer relationships | Minimum					
Goodwill And Other Intangible Assets [Line Items]					
Intangible assets amortized period			3 years		
User base and customer relationships | Maximum					
Goodwill And Other Intangible Assets [Line Items]					
Intangible assets amortized period			10 years		
Developed technology					
Goodwill And Other Intangible Assets [Line Items]					
Intangible assets, net	1,515,000		$ 1,515,000		
Intangible assets amortized period			9 months 18 days		
Developed technology | Minimum					
Goodwill And Other Intangible Assets [Line Items]					
Intangible assets amortized period			3 years		
Developed technology | Maximum					
Goodwill And Other Intangible Assets [Line Items]					
Intangible assets amortized period			5 years		
Brand name					

Goodwill And Other Intangible Assets [Line Items]		
Intangible assets, net	$ 0	$ 0
Intangible assets amortized period		1 year

Goodwill And Other Intangible Assets - Summary of Other Intangible for the Period Presented (Details) - USD ($) $ in Thousands	6 Months Ended	
	Jun. 30, 2017	Dec. 31, 2016
Finite Lived Intangible Assets [Line Items]		
Gross Carrying Value	$ 8,975	
Accumulated Amortization	(7,113)	
Net Carrying Value	1,862	$ 9,212
User base and customer relationships		
Finite Lived Intangible Assets [Line Items]		
Gross Carrying Value	4,122	
Accumulated Amortization	(3,775)	
Net Carrying Value	$ 347	
Remaining Useful Life (In Years)	7 years 9 months 18 days	
Developed technology		
Finite Lived Intangible Assets [Line Items]		
Gross Carrying Value	$ 4,793	
Accumulated Amortization	(3,278)	
Net Carrying Value	$ 1,515	
Remaining Useful Life (In Years)	9 months 18 days	
Brand name		
Finite Lived Intangible Assets [Line Items]		
Gross Carrying Value	$ 60	
Accumulated Amortization	(60)	
Net Carrying Value	$ 0	
Remaining Useful Life (In Years)	1 year	

Goodwill And Other Intangible Assets - Summary of Estimated Amortization of Purchased Intangible Assets (Details) $ in Thousands	Jun. 30, 2017 USD ($)
Goodwill and Intangible Assets Disclosure [Abstract]	
Remainder of 2017	$ 355
2018	379
2019	279
2020	219
2021	500
Net Carrying Value	$ 1,732

Assets Held for Sale (Details) - USD ($) $ in Thousands	3 Months Ended	6 Months Ended	
	Jun. 30, 2017	Jun. 30, 2017	Jun. 30, 2016
Income Statement, Balance Sheet and Additional Disclosures by Disposal Groups, Including Discontinued Operations [Line Items]			
Impairment loss		$ 6,319	$ 0
Held-for-sale			
Income Statement, Balance Sheet and Additional Disclosures by Disposal Groups, Including Discontinued Operations [Line Items]			
Impairment loss	$ 2,000	6,300	
Intangible Assets	130	130	
Goodwill	12	12	
Total Assets Held for Sale	$ 142	$ 142	

Other Liabilities (Details) - USD ($) $ in Thousands	Jun. 30, 2017	Dec. 31, 2016
Other Liabilities [Abstract]		
Class action settlement liability	$ 0	$ 2,996
Repurchase liability for unvested restricted stock awards	24	118
Loan trailing fee	1,655	665
Servicing liabilities	111	198
Deferred rent	4,133	4,469
Restructuring liability	3,414	6,052
Other	3,438	2,675
Total Other Liabilities	$ 12,775	$ 17,173

Net Loss Per Share - Basic and Diluted Net Loss Per Share (Details) - USD ($) $ / shares in Units, $ in Thousands	3 Months Ended		6 Months Ended	
	Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2017	Jun. 30, 2016
Numerator:				
Net loss available to common stockholders for basic and diluted EPS	$ (41,405)	$ (35,628)	$ (65,426)	$ (53,092)
Denominator:				
Weighted average shares used in computing basic and diluted net loss per share (in shares)	69,691,841	63,270,058	69,436,365	61,813,773
Basic and diluted net loss per share (in dollars per share)	$ (0.59)	$ (0.56)	$ (0.94)	$ (0.86)

Net Loss Per Share - Common Stock Equivalents Excluded from Computation of Diluted Net Loss Per Share (Details) - shares	3 Months Ended		6 Months Ended	
	Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2017	Jun. 30, 2016
Antidilutive Securities Excluded from Computation of Earnings Per Share [Line Items]				
Total common stock equivalents excluded from diluted net loss per common share computation (in shares)	452,811,881	227,416,092	444,914,220	225,221,095
Convertible preferred stock issued and outstanding				
Antidilutive Securities Excluded from Computation of Earnings Per Share [Line Items]				
Total common stock equivalents excluded from diluted net loss per common share computation (in shares)	177,388,428	177,388,425	177,388,428	177,388,425
Stock options issued and outstanding				
Antidilutive Securities Excluded from Computation of Earnings Per Share [Line Items]				
Total common stock equivalents excluded from diluted net loss per common share computation (in shares)	60,938,265	43,719,604	53,040,604	41,694,271
Unvested stock options exercised				
Antidilutive Securities Excluded from Computation of Earnings Per Share [Line Items]				
Total common stock equivalents excluded from diluted net loss per common share computation (in shares)	20,940	5,345,950	20,940	5,345,950
Restricted stock units				
Antidilutive Securities Excluded from Computation of Earnings Per Share [Line Items]				
Total common stock equivalents excluded from diluted net loss per common share computation (in shares)	0	0	0	0
Warrants issued and outstanding				
Antidilutive Securities Excluded from Computation of Earnings Per Share [Line Items]				
Total common stock equivalents excluded from diluted net loss per common share computation (in shares)	1,199,403	962,113	1,199,403	792,449
Series E convertible preferred stock warrants				
Antidilutive Securities Excluded from Computation of Earnings Per Share [Line Items]				
Total common stock equivalents excluded from diluted net loss per common share computation (in shares)	35,544,141	0	35,544,141	0
Series F convertible preferred stock warrants				
Antidilutive Securities Excluded from Computation of Earnings Per Share [Line Items]				
Total common stock equivalents excluded from diluted net loss per common share computation (in shares)	177,720,704	0	177,720,704	0

Net Loss Per Share - Additional Information (Details)	Feb. 16, 2016
Earnings Per Share [Abstract]	
Stock split conversion ratio	5

Convertible Preferred Stock, Warrant Liability and Stockholders' Deficit - Additional Information (Details)	Dec. 16, 2016 $ / shares shares	Feb. 16, 2016	3 Months Ended Jun. 30, 2017 USD ($) $ / shares shares	6 Months Ended Jun. 30, 2017 USD ($) time $ / shares shares	12 Months Ended Dec. 31, 2016 vote / shares shares $ / shares shares	Feb. 27, 2017 $ / shares shares	May 31, 2016 $ / shares shares
Class of Stock [Line Items]							
Stock split conversion ratio		5					
Common and preferred stock, shares authorized (in shares)							957,511,351
Common stock, shares authorized (in shares)			550,000,000	550,000,000	338,222,103		550,000,000
Common stock, par value (in dollars per share) | $ / shares			$ 0.01	$ 0.01	$ 0.01		$ 0.01
Preferred stock, shares authorized (in shares)			407,511,351	407,511,351	217,388,425		407,511,351
Preferred stock, par value (in dollars per share) | $ / shares							$ 0.01
Common stock, shares issued (in shares)			70,719,747	70,719,747	70,843,044		
Common stock, shares outstanding (in shares)			69,783,812	69,783,812	69,907,109		
Common stock, vote per share | vote / shares					1		
Common Stock							
Class of Stock [Line Items]							
Stock split conversion ratio		5					
Exercise of stock options (in shares)				134,633			
Cash proceeds | $				$ 14,000			
Unvested restricted stock outstanding (in shares)			20,940	20,940	1,126,210		
Stock repurchase upon termination of employment (in shares)				266,130			
Aggregate price for repurchase of common stock | $				$ 64,000			
Series E-1							
Class of Stock [Line Items]							
Warrant to purchase (number of shares)	20,267,135						
Exercise price (in dollars per share) | $ / shares	$ 0.01						

Liquidation preference (in dollars per share) | $ / shares		$ 0.84	$ 0.84	
Preferred stock, shares authorized (in shares)		35,544,141	35,544,141	
Series E-2				
Class of Stock [Line Items]				
Warrant to purchase (number of shares)				15,277,006
Exercise price (in dollars per share) | $ / shares				$ 0.01
Liquidation preference (in dollars per share) | $ / shares		$ 0.84	$ 0.84	
Warrant expiration period	10 years			
Expense amount | $			$ 14,900,000	
Preferred stock, shares authorized (in shares)		16,858,078	16,858,078	
Series F convertible preferred stock warrants				
Class of Stock [Line Items]				
Warrant to purchase (number of shares)		177,720,706	177,720,706	177,720,706
Exercise price (in dollars per share) | $ / shares		$ 0.01	$ 0.01	$ 0.01
Liquidation preference (in dollars per share) | $ / shares		$ 0.84	$ 0.84	
Expense amount | $		$ 7,500,000		
Preferred stock, shares authorized (in shares)		177,720,707	177,720,707	
Series B				
Class of Stock [Line Items]				
IPO value (at least) | $			$ 2,000,000,000	
Aggregate proceeds (at least) | $			$ 100,000,000	
Voting power (at least)			60.00%	
Liquidation preference (in dollars per share) | $ / shares		$ 0.60	$ 0.60	
Preferred stock, shares authorized (in shares)		35,775,880	35,775,880	
Series A One Convertible Preferred Stock				
Class of Stock [Line Items]				
Voting power (at least)			14.00%	
Conversion ratio		1,000,000	1,000,000	
Liquidation preference (in dollars per share) | $ / shares		$ 2.00	$ 2.00	

Series A		
Class of Stock [Line Items]		
Conversion ratio	1	1
Times the original issue | time		3
Liquidation preference (in dollars per share) | $ / shares	$ 0.29	$ 0.29
Preferred stock, shares authorized (in shares)	68,558,220	68,558,220
Series C		
Class of Stock [Line Items]		
Liquidation preference (in dollars per share) | $ / shares	$ 2.87	$ 2.87
Preferred stock, shares authorized (in shares)	24,404,770	24,404,770
Series D Convertible Preferred Stock		
Class of Stock [Line Items]		
Liquidation preference (in dollars per share) | $ / shares	$ 6.91	$ 6.91

Convertible Preferred Stock, Warrant Liability and Stockholders’ Deficit - Summary of Shares Authorized, Issued, Outstanding, Par Value and Liquidation Preference of Convertible Preferred Stock (Details) - USD ($) $ / shares in Units, $ in Thousands	Jun. 30, 2017	Dec. 31, 2016	May 31, 2016
Class of Stock [Line Items]			
Convertible preferred stock, par value (in dollars per share)	$ 0.01	$ 0.01	
Convertible preferred stock, shares authorized (in shares)	407,511,351	217,388,425	407,511,351
Convertible preferred stock, shares outstanding (in shares)	177,388,428	177,388,425	
Convertible preferred stock, shares issued (in shares)	177,388,428	177,388,425	
Convertible preferred stock, aggregate liquidation preference	$ 325,952	$ 325,952	
Series A			
Class of Stock [Line Items]			
Convertible preferred stock, par value (in dollars per share)	$ 0.01		
Convertible preferred stock, shares authorized (in shares)	68,558,220		
Convertible preferred stock, shares outstanding (in shares)	68,558,220		
Convertible preferred stock, shares issued (in shares)	68,558,220		
Convertible preferred stock, aggregate liquidation preference	$ 19,774		
Series A-1			
Class of Stock [Line Items]			
Convertible preferred stock, par value (in dollars per share)	$ 0.01		
Convertible preferred stock, shares authorized (in shares)	24,760,915		
Convertible preferred stock, shares outstanding (in shares)	24,760,915		
Convertible preferred stock, shares issued (in shares)	24,760,915		
Convertible preferred stock, aggregate liquidation preference	$ 49,522		
Series B			
Class of Stock [Line Items]			
Convertible preferred stock, par value (in dollars per share)	$ 0.01		
Convertible preferred stock, shares authorized (in shares)	35,775,880		
Convertible preferred stock, shares outstanding (in shares)	35,775,880		
Convertible preferred stock, shares issued (in shares)	35,775,880		
Convertible preferred stock, aggregate liquidation preference	$ 21,581		
Series C			
Class of Stock [Line Items]			
Convertible preferred stock, par value (in dollars per share)	$ 0.01		
Convertible preferred stock, shares authorized (in shares)	24,404,770		
Convertible preferred stock, shares outstanding (in shares)	24,404,770		
Convertible preferred stock, shares issued (in shares)	24,404,770		

Convertible preferred stock, aggregate liquidation preference	$ 70,075
Series D	
Class of Stock [Line Items]	
Convertible preferred stock, par value (in dollars per share)	$ 0.01
Convertible preferred stock, shares authorized (in shares)	23,888,640
Convertible preferred stock, shares outstanding (in shares)	23,888,640
Convertible preferred stock, shares issued (in shares)	23,888,640
Convertible preferred stock, aggregate liquidation preference	$ 165,000
Series E-1	
Class of Stock [Line Items]	
Convertible preferred stock, par value (in dollars per share)	$ 0.01
Convertible preferred stock, shares authorized (in shares)	35,544,141
Convertible preferred stock, shares outstanding (in shares)	0
Convertible preferred stock, shares issued (in shares)	0
Convertible preferred stock, aggregate liquidation preference	$ 0
Series E-2	
Class of Stock [Line Items]	
Convertible preferred stock, par value (in dollars per share)	$ 0.01
Convertible preferred stock, shares authorized (in shares)	16,858,078
Convertible preferred stock, shares outstanding (in shares)	0
Convertible preferred stock, shares issued (in shares)	0
Convertible preferred stock, aggregate liquidation preference	$ 0
Series F convertible preferred stock warrants	
Class of Stock [Line Items]	
Convertible preferred stock, par value (in dollars per share)	$ 0.01
Convertible preferred stock, shares authorized (in shares)	177,720,707
Convertible preferred stock, shares outstanding (in shares)	3
Convertible preferred stock, shares issued (in shares)	3
Convertible preferred stock, aggregate liquidation preference	$ 0

Convertible Preferred Stock, Warrant Liability and Stockholders’ Deficit - Schedule of Assumptions Used (Details)	6 Months Ended	12 Months Ended
	Jun. 30, 2017	Dec. 31, 2016
Series E-1		
Class of Stock [Line Items]		
Volatility	40.00%	40.00%
Risk-free interest rate	2.28%	2.45%
Remaining contractual term	9 years 6 months 18 days	9 years 11 months 16 days
Dividend yield	0.00%	0.00%
Series F convertible preferred stock warrants		
Class of Stock [Line Items]		
Volatility	40.00%	
Risk-free interest rate	2.29%	
Remaining contractual term	9 years 7 months 28 days	
Dividend yield	0.00%	

Convertible Preferred Stock, Warrant Liability and Stockholders' Deficit - Warrant Liability (Details) - USD ($) $ in Thousands	6 Months Ended	
	Jun. 30, 2017	Jun. 30, 2016
Warrants or Rights [Roll Forward]		
Change in Fair Value	$ 22,817	$ 0
Convertible Preferred Stock Warrant		
Warrants or Rights [Roll Forward]		
Balance at January 1, 2017	21,711	
Warrants Vested	25,586	
Change in Fair Value	22,817	
Balance at June 30, 2017	$ 70,114	

Shared Based Incentive Plan and Compensation - Additional Information (Details)	Feb. 16, 2016	3 Months Ended Jun. 30, 2017 USD ($) shares	3 Months Ended Jun. 30, 2016 USD ($)	6 Months Ended Jun. 30, 2017 USD ($) shares	6 Months Ended Jun. 30, 2016 USD ($)
Share Based Compensation Arrangement By Share Based Payment Award [Line Items]					
Options exercisable, maximum period				10 years	
Stock split conversion ratio	5				
Financial statement impact amount				$ 6,812,000	$ 11,510,000
Unamortized expense related to unvested stock-based awards		$ 21,200,000		$ 21,200,000	
Dividend yield			0.00%	0.00%	0.00%
Unrecognized cost of unvested share-based compensation awards.		0		$ 0	
Remaining weighted average vesting period				2 years	
Internal-use software and website development costs					
Share Based Compensation Arrangement By Share Based Payment Award [Line Items]					
Stock-based compensation capitalized		75,000	$ 225,000		
Stock Option Repricing					
Share Based Compensation Arrangement By Share Based Payment Award [Line Items]					
Financial statement impact amount		100,000			
Unamortized expense related to unvested stock-based awards		$ 900,000		$ 900,000	
Weighted average vesting period		1 year 10 months 24 days			
Restricted stock units					
Share Based Compensation Arrangement By Share Based Payment Award [Line Items]					
Aggregate fair value				$ 3,000	
Vesting Period One					
Share Based Compensation Arrangement By Share Based Payment Award [Line Items]					
Vesting percent				25.00%	
Vesting period of the options				1 year	
Incremental vesting percent				2.08%	
Vesting Period One | Restricted stock units					
Share Based Compensation Arrangement By Share Based Payment Award [Line Items]					
Vesting period of the options				3 years	

Vesting Period Two		
Share Based Compensation Arrangement By Share Based Payment Award [Line Items]		
Vesting percent		50.00%
Vesting period of the options		1 year
Incremental vesting percent		2.08%
Vesting Period Two | Restricted stock units		
Share Based Compensation Arrangement By Share Based Payment Award [Line Items]		
Vesting period of the options		4 years
Vesting period three		
Share Based Compensation Arrangement By Share Based Payment Award [Line Items]		
Vesting percent		50.00%
Vesting period of the options		2 years
Incremental vesting percent		2.08%
Vesting period four		
Share Based Compensation Arrangement By Share Based Payment Award [Line Items]		
Incremental vesting percent		2.78%
2015 Stock Option Plan		
Share Based Compensation Arrangement By Share Based Payment Award [Line Items]		
Number of options made available in pool (in shares) | shares	60,241,343	60,241,343
Shares available for grant under the plan (in shares) | shares	9,817,115	9,817,115
2005 Stock Plan | Stock options issued and outstanding		
Share Based Compensation Arrangement By Share Based Payment Award [Line Items]		
Shares available for grant under the plan (in shares) | shares	0	0

Shared Based Incentive Plan and Compensation - Summarized Option Activity under Option Plan (Details) - 2005 Stock Plan and 2015 Stock Option Plan	6 Months Ended Jun. 30, 2017 $ / shares shares
Options Issued and Outstanding	
Options Issued and Outstanding, Beginning Balance (in shares) | shares	41,395,719
Options Issued and Outstanding, Options issued (in shares) | shares	30,388,611
Options Issued and Outstanding, Options exercised - vested (in shares) | shares	(134,633)
Options Issued and Outstanding, Options forfeited (in shares) | shares	(12,089,870)
Options Issued and Outstanding, Options expired (in shares) | shares	(2,500)
Options Issued and Outstanding, Ending balance (in shares) | shares	59,557,327
Options Issued and Outstanding, Options vested and expected to vest (in shares) | shares	47,563,036
Options Issued and Outstanding, Options vested and/or exercisable (in shares) | shares	21,119,436
Weighted- Average Exercise Price	
Weighted-Average Exercise Price, Beginning balance (in dollars per share) | $ / shares	$ 1.48
Weighted-Average Exercise Price, Options issued (in dollars per share) | $ / shares	0.22
Weighted-Average Exercise Price, Options exercised - vested (in dollars per share) | $ / shares	0.11
Weighted-Average Exercise Price, Options forfeited (in dollars per share) | $ / shares	1.17
Weighted-Average Exercise Price, Options expired (in dollars per share) | $ / shares	0.22
Weighted-Average Exercise Price, Ending balance (in dollars per share) | $ / shares	0.21
Weighted-Average Exercise Price, Options vested and expected to vest (in dollars per share) | $ / shares	0.21
Weighted-Average Exercise Price, Options vested and/or exercisable (in dollars per share) | $ / shares	$ 0.18

Shared Based Incentive Plan and Compensation - Additional Information Regarding Common Stock Options Outstanding (Details) - Stock options issued and outstanding	6 Months Ended Jun. 30, 2017 $ / shares shares
Share Based Compensation Shares Authorized Under Stock Option Plans Exercise Price Range [Line Items]	
Number Outstanding (in shares) | shares	59,557,327
Weighted Avg. Remaining Life	8 years 8 months 27 days
Weighted Avg. Exercise Price (in dollars per share)	$ 0.20
Number Exercisable (in shares) | shares	21,119,436
Weighted-Avg. Exercise Price (in dollars per share)	$ 0.18
$0.02 - $0.20	
Share Based Compensation Shares Authorized Under Stock Option Plans Exercise Price Range [Line Items]	
Range of Exercise Prices, Minimum (in dollars per share)	0.02
Range of Exercise Prices, Maximum (in dollars per share)	$ 0.20
Number Outstanding (in shares) | shares	8,275,145
Weighted Avg. Remaining Life	6 years 6 months 22 days
Weighted Avg. Exercise Price (in dollars per share)	$ 0.11
Number Exercisable (in shares) | shares	8,275,145
Weighted-Avg. Exercise Price (in dollars per share)	$ 0.11
$0.20 - $0.50	
Share Based Compensation Shares Authorized Under Stock Option Plans Exercise Price Range [Line Items]	
Range of Exercise Prices, Minimum (in dollars per share)	0.20
Range of Exercise Prices, Maximum (in dollars per share)	$ 0.50
Number Outstanding (in shares) | shares	51,260,062
Weighted Avg. Remaining Life	9 years 1 month 2 days
Weighted Avg. Exercise Price (in dollars per share)	$ 0.22
Number Exercisable (in shares) | shares	12,822,171
Weighted-Avg. Exercise Price (in dollars per share)	$ 0.22
$0.50 - $1.13	
Share Based Compensation Shares Authorized Under Stock Option Plans Exercise Price Range [Line Items]	
Range of Exercise Prices, Minimum (in dollars per share)	0.50
Range of Exercise Prices, Maximum (in dollars per share)	$ 1.13
Number Outstanding (in shares) | shares	22,120
Weighted Avg. Remaining Life	7 years 4 months 6 days

Weighted Avg. Exercise Price (in dollars per share)	$ 1.13
Number Exercisable (in shares) | shares	22,120
Weighted-Avg. Exercise Price (in dollars per share)	$ 1.13

Shared Based Incentive Plan and Compensation - Fair Value of Stock Option Awards (Details)	3 Months Ended	6 Months Ended	
	Jun. 30, 2016	Jun. 30, 2017	Jun. 30, 2016
Fair value of stock option awards [Abstract]			
Volatility of common stock	50.88%	50.28%	50.88%
Risk-free interest rate	1.29%	2.12%	1.29%
Expected life	5 years 9 months 18 days	5 years 8 months 12 days	5 years 9 months 18 days
Dividend yield	0.00%	0.00%	0.00%

Shared Based Incentive Plan and Compensation - Summarized Activities for the Company's RSU's (Details) - Restricted stock units	6 Months Ended Jun. 30, 2017 $ / shares shares
Number of Shares	
Restricted stock unit, Unvested, Beginning Balance (in shares) | shares	1,995,159
Granted (in shares) | shares	12,000
Vested (in shares) | shares	0
Forfeited (in shares) | shares	(509,479)
Restricted stock unit, Unvested, Ending Balance (in shares) | shares	1,497,680
Weighted-Average Grant Date Fair Value	
Restricted stock unit, Unvested, Beginning Balance (in dollars per share) | $ / shares	$ 2.16
Granted (in dollars per share) | $ / shares	0.22
Vested (in dollars per share) | $ / shares	0.00
Forfeited (in dollars per share) | $ / shares	2.18
Restricted stock unit, Unvested, Ending Balance (in dollars per share) | $ / shares	$ 2.14

Shared Based Incentive Plan and Compensation - Stock Based Compensation Included in Consolidated Statements of Operations (Details) - USD ($) $ in Thousands	3 Months Ended		6 Months Ended	
	Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2017	Jun. 30, 2016
Share Based Compensation Arrangement By Share Based Payment Award [Line Items]				
Stock based compensation	$ 3,312	$ 6,404	$ 6,812	$ 11,510
Origination and servicing				
Share Based Compensation Arrangement By Share Based Payment Award [Line Items]				
Stock based compensation	328	579	545	1,018
Sales and marketing				
Share Based Compensation Arrangement By Share Based Payment Award [Line Items]				
Stock based compensation	141	896	311	1,632
General and administrative				
Share Based Compensation Arrangement By Share Based Payment Award [Line Items]				
Stock based compensation	2,843	4,884	5,956	8,815
Restructuring				
Share Based Compensation Arrangement By Share Based Payment Award [Line Items]				
Stock based compensation	$ 0	$ 45	$ 0	$ 45

Restructuring - Additional Information (Details) - employee	1 Months Ended	
	May 03, 2016	Dec. 31, 2016
Restructuring Cost and Reserve [Line Items]		
Terminated employees	167	
Israel		
Restructuring Cost and Reserve [Line Items]		
Terminated employees		31

Restructuring - Summary of Activities Related to Prosper's Restructuring Plan (Details) - $ in Thousands	6 Months Ended Jun. 30, 2017 USD ($)
Restructuring Reserve [Roll Forward]	
Balance January 1, 2017	$ 6,649
Adjustments to expense	308
Sublease cash receipts	16
Less: Cash paid	(3,777)
June 30, 2017	3,196
Severance Related	
Restructuring Reserve [Roll Forward]	
Balance January 1, 2017	597
Adjustments to expense	(13)
Sublease cash receipts	0
Less: Cash paid	(584)
June 30, 2017	0
Facilities Related	
Restructuring Reserve [Roll Forward]	
Balance January 1, 2017	6,052
Adjustments to expense	321
Sublease cash receipts	16
Less: Cash paid	(3,193)
June 30, 2017	$ 3,196

Income Taxes (Details) - USD ($)	3 Months Ended		6 Months Ended	
	Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2017	Jun. 30, 2016
Income Taxes [Line Items]				
Income tax expense	$ 97,000	$ 105,000	$ 262,000	$ 270,000
Prosper Funding LLC				
Income Taxes [Line Items]				
Income tax expense			$ 0	0
Net effective tax rate			0.00%	
Valuation Allowance of Deferred Tax Assets				
Income Taxes [Line Items]				
Income tax expense	$ 0	$ 0	$ 0	$ 0

Consortium Purchase Agreement (Details) - Consortium Purchase Agreement $ / shares in Units, $ in Billions	Feb. 27, 2017 USD ($) $ / shares shares
Other Commitments [Line Items]	
Commitment to purchase borrower loans (up to) | $	$ 5.0
Series F Warrant	
Other Commitments [Line Items]	
Warrant to purchase up to (in shares)	3
Warrant to purchase (number of shares)	177,720,706
Exercise price (in dollars per share) | $ / shares	$ 0.01

Commitments and Contingencies - Additional Information (Details)	Jul. 19, 2013 USD ($) installment	3 Months Ended		6 Months Ended		12 Months Ended			
		Jun. 30, 2017 USD ($)	Jun. 30, 2016 USD ($)	Jun. 30, 2017 USD ($)	Jun. 30, 2016 USD ($)	Dec. 31, 2016 USD ($)	Dec. 31, 2015 USD ($)	Dec. 31, 2014 USD ($)	Oct. 16, 2008 USD ($)
Commitments And Contingencies [Line Items]									
Restructuring accrual balance		$ 3,400,000		$ 3,400,000					
Rental expense under operating lease arrangements		1,200,000	$ 1,900,000	2,500,000	$ 3,700,000				
Designated Amount for loans (less than)		143,500		143,500					
Minimum fee, remaining in current year		900,000		900,000					
Minimum fee, year two		1,700,000		1,700,000					
Minimum fee, year three		900,000		900,000					
Minimum liquidity covenant		15,000,000		15,000,000					
Purchase of borrower loans		40,900,000							
Maximum potential future payments		3,557,000,000		3,557,000,000					
Accrued repurchase and indemnification obligation		1,100,000		1,100,000		$ 600,000			
Amount of loans sold to lender members									$ 178,000,000
Settlement amount	$ 10,000,000								
Number of annual installments paid to plaintiffs | installment	4								
Other commitment paid						3,000,000	$ 2,000,000	$ 2,000,000	
Settlement installment due in 2017		3,000,000		3,000,000					
Prosper Funding LLC									
Commitments And Contingencies [Line Items]									
Designated Amount for loans (less than)		143,500		143,500					
Minimum fee, remaining in current year		1,300,000		1,300,000					
Minimum fee, year two		1,700,000		1,700,000					
Minimum fee, year three		900,000		900,000					
Purchase of borrower loans				40,900,000					
Maximum potential future payments		3,506,000,000		3,506,000,000					
Accrued repurchase and indemnification obligation		$ 1,000,000		$ 1,000,000		$ 600,000			

Commitments and Contingencies - Future Minimum Lease Payments (Details) $ in Thousands	Jun. 30, 2017 USD ($)
Commitments and Contingencies Disclosure [Abstract]	
Remaining six months of 2017	$ 2,762
2018	5,690
2019	6,026
2020	6,193
2021	6,170
2022	6,076
Thereafter	8,480
Total future operating lease obligations	$ 41,397

Related Parties - Additional Information (Details)	6 Months Ended Jun. 30, 2017
Related Party Transactions [Abstract]	
Minimum percentage of voting securities considered for related parties	10.00%
Minimum percentage of stock holders considered for related parties	10.00%

Related Parties - Aggregate Amount of Notes Purchased and the Income Earned (Details) - USD ($) $ in Thousands	3 Months Ended		6 Months Ended		
	Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2017	Jun. 30, 2016	Dec. 31, 2016
Related Party Transaction [Line Items]					
Aggregate Amount of Notes and Borrower Loans Purchased	$ 90	$ 510	$ 184	$ 1,151	
Interest Earned on Notes and Borrower Loans	45	70	101	125	
Notes and Borrower Loans Balance as of	1,572		1,572		$ 2,157
Prosper Funding LLC					
Related Party Transaction [Line Items]					
Aggregate Amount of Notes and Borrower Loans Purchased	5	396	10	801	
Interest Earned on Notes and Borrower Loans	35	61	81	110	
Notes and Borrower Loans Balance as of	1,012		1,012		1,620
Executive officers and management					
Related Party Transaction [Line Items]					
Aggregate Amount of Notes and Borrower Loans Purchased	5	396	10	801	
Interest Earned on Notes and Borrower Loans	35	61	81	110	
Notes and Borrower Loans Balance as of	1,012		1,012		1,620
Executive officers and management | Prosper Funding LLC					
Related Party Transaction [Line Items]					
Aggregate Amount of Notes and Borrower Loans Purchased	5	396	10	801	
Interest Earned on Notes and Borrower Loans	35	61	81	110	
Notes and Borrower Loans Balance as of	1,012		1,012		1,620
Directors (excluding executive officers and management)					
Related Party Transaction [Line Items]					
Aggregate Amount of Notes and Borrower Loans Purchased	85	114	174	350	
Interest Earned on Notes and Borrower Loans	10	9	20	15	
Notes and Borrower Loans Balance as of	560		560		537
Directors (excluding executive officers and management) | Prosper Funding LLC					
Related Party Transaction [Line Items]					
Aggregate Amount of Notes and Borrower Loans Purchased	0	0	0	0	
Interest Earned on Notes and Borrower Loans	0	$ 0	0	$ 0	
Notes and Borrower Loans Balance as of	$ 0		$ 0		$ 0

Significant Concentrations (Details)	6 Months Ended	
	Jun. 30, 2017	Jun. 30, 2016
Concentration Risk [Line Items]		
Percentage of funds originating in channel	92.00%	92.00%
Party One		
Concentration Risk [Line Items]		
Percentage of loan purchased	52.00%	25.00%
Party Two		
Concentration Risk [Line Items]		
Percentage of loan purchased	14.00%	25.00%
Party Three		
Concentration Risk [Line Items]		
Percentage of loan purchased	8.00%	12.00%