YS ALTNOTES II LLC SERIES NOTE SUPPLEMENT
BORROWER PAYMENT DEPENDENT NOTES SERIES NO. YS ACF PBC I

TRANSACTION

Overview:

YS ACF PBC I LLC ("YS SPV") entered into a participation agreement with a special purpose vehicle ("Seller") wholly-owned by an indirect non-prime and subprime motorcycle and powersports lender ("Originator" and the "Servicer") to purchase a 100% participation interest in $13.2M of seasoned consumer installment loans secured by motorcycles (such loans, the "Receivables" and collectively, the "Portfolio"). To mitigate adverse selection bias, YS SPV has randomly selected the Receivables to similarly replicate characteristics of the Originator's total portfolio of motorcycle loans. The Portfolio cutoff and closing date was August 31, 2020. Funding occurred on September 11, 2020 (allowing all debits and credits for month-end to post for final purchase price) and collections from closing, September 1st through the 10th were credited towards YS SPV's final purchase price. The Portfolio did not contain any loans that were in default as of the closing date and as additional downside protection, Originator has a 90-day buyback requirement for any Receivables that default within the initial 90 days from closing date (through November 30, 2020). Additionally, the Originator has the option to purchase the Portfolio back when the remaining principal outstanding balance is below 10% of the original principal balance or $1.32M. The Servicer will be responsible for performance management and will be paid a monthly servicing fee of 3.0% subject to meeting a satisfactory performance metric (as further described in the Structure section below) which is expected to provide an additional cushion as needed to support the target annualized interest rate to investors of 10.0%. The Portfolio has an average weighted coupon of 20.99%. YS SPV will receive 100% of the interest and principal payments, less the 3% servicing fee, until a total net investor annualized interest rate of 10% is achieved, net of a 2% management fee to the Manager (as defined below), and return of principal. Any excess cash received thereafter, will be retained by the Originator. Cash flow from the Portfolio is expected to consist of principal amortization payments, interest, voluntary early payoffs and repossession proceeds as collected.

Capital Position	**$**	**%**
Yieldstreet	$13,213,035.58	100.0%
Total	$13,213,035.58	100.0%

Sources	**$**	**%**		**Uses**	**$**	**%**
Yieldstreet	$13,213,035.58	100.0%		Purchase Price	$13,213,035.58	100.0%
Total	$13,213,035.58	100.0%		Total	$13,213,035.58	100.0%

Vehicle Type	**Loan Balance ($)**	**%**
New Vehicle	$1,832,735	13.87%
Used Vehicle	$11,380,301	86.13%
Total	**$13,213,036**	**100.00%**

Brand	Loan Balance ($)	%
HARLEY DAVIDSON	6,259,030	47.37%
SUZUKI	1,795,787	13.59%
KAWASAKI	1,359,390	10.29%
HONDA	856,510	6.48%
YAMAHA	848,187	6.42%
Others	2,094,132	15.85%
Total	**$13,213,036**	**100.00%**

Brand	Loan Balance ($)	%
TX	4,134,232	31.29%
FL	2,567,267	19.43%
NC	976,023	7.39%
GA	906,432	6.86%
IL	776,131	5.87%
Others	3,852,951	29.16%
Total	**$13,213,036**	**100.00%**

Distribution:

YS SPV was established for this investment and is a fund managed by YieldStreet Management, LLC, an SEC-registered investment advisor ("Manager"). The Manager has advised YS SPV to participate in the Portfolio through the purchase of a participation interest which represents YS SPV's sole asset. YieldStreet investors have an opportunity to purchase borrower payment dependent notes ("Notes") issued by the YS SPV's parent and thus indirectly participate economically in the Portfolio.

This Series Note Supplement describes the underlying transaction as well as this series of Notes offered for sale by YS ALTNOTES II LLC ("Issuer") and the corresponding participation interest in the Portfolio with respect to such Notes. The use of Notes helps Yieldstreet to structure debt transactions more efficiently by allowing for a greater number of investors in a given transaction and lower minimum investment amounts. For more information please refer to the comprehensive Private Placement Memorandum available for download at the time of investment. The Notes issued by the Issuer in which investors are investing will have the following terms as set forth in the Form of Note attached to the Indenture:

- Corresponding Asset (upon which the Notes are dependent for payment): Participation Interest in the Portfolio
- Maximum Aggregate Principal Amount of this Series of Notes: $13,213,035.58
- Duration: The expected duration is 36 months.
- Target Annualized Interest Rate: 10.0%

Each Note will bear interest from the date of issuance. All Notes issued under this series will be pari-passu regardless of when an investor purchases their Note. All Notes will be dependent on payment of the underlying secured consumer installment motorcycle loans comprising the Portfolio and the Stated Maturity was established to ensure the Notes encompassed the entire term of the underlying transaction.

Structure:

Transaction

The Portfolio is fully amortizing with a weighted average coupon of 20.3% producing a target preferred yield of 12.0% net of all servicing fees and losses. The fully amortized Portfolio has a weighted average months outstanding of 44; however, an expected term of 36 months taking into account early repayments, the forecasted remaining losses and the option for the Originator to purchase the remaining Portfolio at par value when the principal outstanding on the Notes falls below $1.32M. It is important to note, as principal and interest payments are collected, the actual duration of the Notes may be shorter (paid as agreed) or longer (increase in delinquency or default rates) depending on the performance of the Portfolio. The order of payments for cash flow generated by the Portfolio is as follows:

a. *First,* to the third-party service providers, the amount of any fees and expenses, if any;
b. *Second,* to the Servicer, in an amount equal to 3.0% of the outstanding balance of the secured consumer installment motorcycle loan portfolio on an annualized basis divided by 12 months, paid monthly in arrears (the "Servicing Fee"). Such payments are subject to a performance metric tied to overall loss rates, measured monthly, and if such metric is not met, servicing fees will be withheld until the performance metric is achieved;
c. *Third,* to YS SPV, all principal and interest payments collected until the target internal rate of return (IRR) of 12.0% is met net of all expenses, fees and losses;
d. *Fourth,* to the Seller, any excess cash thereafter.

The Transaction contains a protective performance trigger metric set against overall loss rates, which upon occurrence, withholds the Servicing Fee and diverts such payments to YS SPV until the target preferred yield of 12.0% is met on a monthly basis. Such performance metric is calculated on any payment date with respect to the preceding calendar month. It is the quotient of (i) the total outstanding balance of the Participation divided by (ii) the outstanding balance of the Portfolio, net of defaulted Receivables. If the performance metric ratio is greater than 1.0x, the Servicing Fee shall be withheld, but shall accrue and be payable to Servicer at such time as the target preferred yield to YS SPV of 12.0% is met on a monthly basis. Any payments collected after YS SPV is paid in full will be retained by the Seller.

Yieldstreet Investors

Yieldstreet investors are expected to receive monthly interest at a target annualized rate of 10.0% on the outstanding balance of the Notes, which is net of a management fee of 2.0% to YieldStreet Management, LLC. Any excess cash flow after being applied to each Note's monthly interest payment shall be used to prepay the outstanding principal balance thereof.

Any proceeds generated by the Portfolio after YS SPV has paid in full in accordance with the waterfall described above are not subject to distribution to YS SPV. The Seller is expected to retain such excess proceeds to the extent it is collected.

Additional Considerations

- At closing, any Receivables that were known to be delinquent or defaulted were excluded from the Portfolio.
- The Seller is obligated to repurchase any receivables defaulted during the first 90 days following the closing for the purchase price paid by YS SPV either with cash or by substituting an eligible receivable of the same or higher value.
- The weighted average aging of the portfolio is at least 12 months. The Originator's historical performance indicates that approximately 50% of a static pool's losses occur during the first 12 months.

- Servicing fee of 3.0% may be subordinated to YS SPV's repayment based on a performance metric tested monthly. This allows the portfolio to incur up to an additional 3% of losses without affecting the target preferred yield of 12%.
- All proceeds received by the YS SPV from the Portfolio shall be directed by a third-party payment processor to a dedicated bank account under a deposit account control agreement ("DACA") with YS SPV. Should the Seller or Servicer default under its obligations under the Participation Agreement or the Servicing Agreement, under the deposit account control agreement, YS SPV shall control all proceeds in the dedicated bank account.
- YS SPV reserves the right to replace the Servicer in the event they breach the terms of the Servicing Agreement.
- The Originator has represented to YS SPV that it is a state licensed consumer finance company and as such is expected to operate within each applicable state's lending and usury regulations.

Composition:

The Portfolio as of June 30, 2020 was randomly selected to reduce the risk of adverse selection and the stratification of the Portfolio mirrors as closely as possible the composition of the Originator's total portfolio. The stratification selection criteria included but were not limited to motorcycle manufacturers, new versus used collateral, obligors' state of residence, payment frequency, interest rate, and average term remaining. In addition, the weighted average seasoning of the Portfolio must be at least 12 months, with a weighted average receivable APR of at least 20.0% and not a delinquent or defaulted receivable. The maximum interest rate charged in the Portfolio is 24.99%

As of August 31, 2020, the Portfolio consisted of 1,755 consumer installment loans totaling $13,213,035.58, or 38.8% of the Originator's total current portfolio, secured by motorcycles with an average outstanding loan amount of approximately $7,200 and an average monthly payment of $299. The Portfolio had an average APR of 20.3%, weighted average original term of 55 months, and weighted average remaining term of 41 months.

The Portfolio composition will change over time as the underlying loans therein will be paid down or paid off and losses are incurred over time on defaulted receivables.

Originator / Servicer:

The Originator is an indirect non-prime and subprime motorcycle lender established in 2015. The President of the Originator has owned and operated several successful auto and powersport vehicle retail outlets since 1993 that included a captive finance company. He is also an accomplished rider, winning in multiple motocross and short track events. The rest of the management team has decades of experience in the consumer finance industry and compliance field. The Originator is partnered with independent dealers across the U.S. to originate loans. Since inception, the Originator has originated and funded more than 6,900 loans totaling $65.1MM in principal deployed across more than 560 dealers. At the time of YS SPV's purchase, the Originator's existing credit facilities supported approximately $35,000,000 worth of motorcycle loans. The Originator has adequate legal and organizational structure optimized for capital markets and is a licensed lender in 29 states. The proceeds from this Transaction were used to repay a portion of the Originator's existing credit facilities to create availability to originate new motorcycle loans and continue to grow the business.

<u>Underwriting Criteria</u>

The Originator has proprietary underwriting guidelines developed to maintain quality and consistent motorcycle loan portfolio performance. The criteria include, but are not limited to, minimum income requirement, credit score requirement, advance rates and down payment. The Originator attempts to verify all sources of income, employment status, residences and references of the applicants. Required documents to be approved include, but are not limited to, W-2 or non-W-2 employment forms, recent bank account statements and other military or rental income statements. It is the Originator's policy to be a named loss payee on all collateral pledged to secure the consumer installment loans for any damage and theft. It is important to note, the underwriting criteria may change from time to time, particularly as economic conditions change. The Originator reports payment activity on all consumer accounts to major credit bureau companies, enabling subprime riders to improve credit scores and qualify for other forms of credit and loans in the future.

The chart below shows the underwriting criteria for the Originator:

Income Requirement	Min Gross Income: $2,000/month individual, $3,000/month joint
Credit Score Requirement	- No minimum credit score - Originator grades credit by tier; the credit tier determines advance / LTV
Advance – New Units	- Max amount finance not to exceed 105% of MSRP + mandatory VSI - Model Years 2019 - 2020
Advance – Used Units	- Max amount financed not to exceed 140% NADA clean trade + VSI; - 2004 or newer, with less than 35,000 miles
Vendor's Single Interest Insurance	Vendor's Single Interest insurance is mandatory on all loans
Down Payment	Minimum cash down payment required for most applicants (25% average)

Servicing and Collection Guideline

The Servicer has set collection and servicing policies to maintain compliance, maintain contact with customers, collect amounts due and recover/repossess, recondition, and resale motorcycles when necessary. All calls related to customer service and collections must be made using its internal software system for compliance, quality assurance and reporting purposes. The Servicer also utilizes emails and text messages for all customers. Emails and text messages will be created by the collection manager and sent out to specific delinquency groups as determined by the Servicer in its overall default management strategy. Emails and text messages will be sent out to all selected delinquent account groups ensuring proper exclusions are made for accounts with payment arrangements, repossessed units, or bankruptcy.

The Servicer's customized internal system provides a series of reports that can be utilized in assessing overall performance of the Receivables. As accounts enter into the delinquent stage, collection efforts begin immediately. Collection efforts include but are not limited to daily contact attempts by phone, email, and/or text messages; place of employment contact; reference contact by phone; repossession assignment; and legal assignment, all of which are intended to be executed in accordance with Federal and/or State Law.

To repossess and recover assets, the Servicer arranges a date and time to pick up the collateral. If there is no response from the customer, the Servicer will complete a contact effort at the customer's address. If customers are unwilling to voluntarily surrender the vehicle or cure the default on the account, the Servicer will attempt to repossess the collateral without warning.

The average time of repossession to sale is approximately 60 days. Typically, the customer is given 21 days to redeem the vehicle, and an additional 7 to 10 days may be required to schedule transportation of the vehicle to the auction. Also, an insurance inspection and/or a reconditioning of the collateral will be scheduled prior to sale. Once all necessary steps are completed, the collateral will be scheduled for sale at the auction. Motorcycle auctions run once a month, typically the 2nd or 3rd week of the month. Depending on the timing of when the vehicle is ready to be scheduled, the actual sale could be up to an additional 30 days.

APPENDIX

Exhibit A - Certain Flat Expenses Allocated to Investors

In accordance with the Indenture (defined below), investors will be allocated a flat amount for the first calendar year and a different flat amount for each subsequent calendar year, intended to cover, inter alia, the following annual and/or one-time expenses: (A) mandated expenses required by the SEC such as Form D filings, (B) State blue sky filings, (C) out-of-pocket legal fees and expenses, if any, incurred to structure and document any SPV loan or participation, (D) SPV annual Delaware franchise and registered agent fees, (E) the Trustee's annual fees and other fees associated therewith and (F) annual audit fees and costs associated with preparation of the Issuer's and SPV's annual tax returns.

The flat expense allocations per investor ("Flat Expenses") will be $100 per participating investor in the first year of each offering, and $30 per participating investor in subsequent years if the offering is active for more than one calendar year.

The Flat Expenses will reduce the interest payments made to investors on their Notes.

Exhibit B – Statement of Confidentiality

This Confidential Series Note Supplement (this "Series Note Supplement") was prepared by YS ALTNOTES II LLC (the "Issuer") solely for informational purposes, from materials and information supplied by the Originator. This Series Note Supplement is furnished through the Platform operated by YieldStreet Inc. (the "Platform Operator") solely for use by prospective investors considering purchasing borrower payment dependent notes (the "Notes") in the Issuer. Except as may be required by applicable law, this Series Note Supplement may not be used by you for any other purpose, nor may it be reproduced or distributed, nor may its contents be disclosed, to persons who are not directly involved with your evaluation of your investment, without our prior written consent. Your acceptance and review of this Series Note Supplement shall constitute your acceptance and acknowledgement to the foregoing, and your agreement to ensure that any person with whom you share any portion of this Series Notes Supplement does not do, or omit to do anything which, if done or omitted to be done by you, would constitute a breach of your obligations hereunder.

The information contained herein was prepared to assist interested parties in making their own evaluation of purchasing Notes issued by the Issuer and does not purport to be all-inclusive or to contain all of the information that may be required to evaluate a purchase of the Notes. In all cases, interested parties should conduct their own investigation and analysis of the Issuer and the data set forth in this Series Note Supplement and supplementary documents available on the YieldStreet Platform, including the Private Placement Memorandum dated September 15, 2020 and the Amended and Restated Borrower Payment Dependent Notes Indenture dated April 9, 2020 between the Issuer and Delaware Trust Company, as Trustee. The Platform Operator, the Issuer, and YieldStreet Management, LLC as manager ("Manager") of the Issuer, expressly disclaim any and all liability for any representations (whether expressed or implied) contained in, or any omissions from, this Series Note Supplement or any other written or oral communication transmitted to prospective investors in the course of such prospective investor's evaluation of its purchase of Notes issued by the Issuer.

Exhibit C - Risk Factors

When analyzing this offering to invest in the Notes, prospective investors should carefully consider each of the following risks.

RISK FACTORS ASSOCIATED WITH MOTORCYLCE-BACKED CONSUMER INSTALLMENT LOANS GENERALLY AND THIS INVESTMENT

The Portfolio of Loans May Experience Higher Than Expected Delinquencies and Defaults

There is expected to be a certain level of delinquencies and defaults among the consumer installment loans in which YS SPV has participated. While YS SPV has attempted to take these delinquencies and defaults into consideration in the underwriting of its investment (i.e., the participation purchase), delinquencies and defaults may nonetheless occur at a higher rate than expected. This may have a material adverse effect on the ability of the Issuer to make payments of interest and principal on the Notes in accordance with their terms.

Motorcycle Values May Fluctuate Over Time

Each loan in which YS SPV has participated is secured by a motorcycle. In the event of a default under a loan, the Originator or Servicer may seek to repossess the applicable motorcycle securing such loan and use the proceeds from a sale to repay amounts owing under the loan. While each loan is underwritten to take into account the value of the motorcycle pledged as collateral for such loan, there can be no guarantee that at the time a motorcycle is repossessed its value will be the same or in excess of its value at the time of underwriting. If the value of a motorcycle has decreased at the time of repossession, the proceeds from a sale may not be sufficient to repay all amounts outstanding under the defaulted loan. As a result, a decrease in the value of a motorcycle, or particularly motorcycles in general, may have a material adverse effect on the ability of the Issuer to make payments of interest and principal on the Notes in accordance with their terms.

Perfection of a Security Interest in a Motorcycle is Subject to Complicated Rules

The consumer installment loans in which YS SPV is participating are secured by motorcycles. The perfection of a security interest in motor vehicles, including motorcycles, is subject to complicated rules, including ones which implicate a vehicle's certificate of title. In the case of a loan default, the Originator or Servicer may seek to repossess the collateral securing such loan, i.e., the applicable motorcycle. Even if a security interest in a motorcycle is granted to the Originator, such security interest must be perfected in order for the Originator to be in the best position to enforce its security interest. The Originator did not receive perfection opinions on any of the loans in which YS SPV is participating. If the Originator is not deemed to be perfected and is unable to repossess an applicable motorcycle, or its enforcement process is delayed or frustrated due to other creditors or purchasers claiming perfection or priority, this may have a material adverse effect on the ability of the Issuer to make payments of interest and principal on the Notes in accordance with their terms.

Risk Associated with Valuation, Collateral and Security Interest

The Originator relies data supplied by third parties, such as NADA, to value the collateral securing loans it makes to borrowers. In the event that the data proves to be incorrect, misleading or incomplete, any decisions made in reliance thereon could expose a noteholder to potential risks. For example, by relying on incorrect valuation models, the loans for which security has been granted may be in a face amount greater than the value of any pledged collateral or other security interest. To the extent that defaults occur with respect to any such loan and the Originator sells or otherwise disposes of such loan or the collateral pledged to secure such loan, it is unlikely that the proceeds of such sales or dispositions will be equal to the unpaid principal of and interest on such loan. In addition, there can be no assurance on the timing of any recoveries. Accordingly, there can be no assurance that loans which are secured by collateral or other security interest will have sufficient collateral pledged to support the obligation of the borrower under any such loan. In addition, while the Originator will seek to obtain a valid security interest in tangible collateral, there can be no assurance that such security interest will be or remain valid or enforceable.

Violations of Federal, State and Local Lending Laws May Adversely Affect Ability to Collect on Collateral

Violations or alleged violations of federal, state or local laws with respect to the loans or any related collateral could result in reduction in the amount available from the collateral for debt service. In the past few years, a number of legislative proposals have been introduced at the federal, state and local level that are designed to discourage certain lending practices, including those now deemed abusive or predatory. Some states have enacted, or may enact, laws or regulations that prohibit inclusion of some provisions in loans that have interest rates or origination costs in excess of prescribed levels, and require that borrowers be given certain additional disclosures prior to the consummation of such loans. Lawsuits have been brought in various states making claims against assignees of high cost loans for violations of state law. Named defendants in these cases include numerous participants within the market including some lenders.

State laws generally regulate interest rates and other charges, require specific disclosures, and require licensing of loan brokers, originators and servicers. In addition, most states have other laws and public policies for the protection of consumers that prohibit unfair and deceptive practices in the origination, servicing, and collection of loans. The volume of new or modified laws and regulations has increased in recent years and, in addition, individual cities and counties have begun to enact laws that restrict loan origination activities, and, in some cases, loan servicing activities, in those cities and counties. The laws and regulations of each of these jurisdictions are different, complex and, in some cases, may be in direct conflict with each other.

Recent Developments in the Regulatory Landscape

The regulatory landscape in which the originator and servicer operates is continually changing due to new CFPB rules, regulations and interpretations. The loans may also be subject to certain federal and state laws, including, without limitation: the Federal Truth-in-Lending Act and Regulation Z promulgated thereunder, and similar state laws, which require certain disclosures to borrowers regarding the terms of their borrower loans; the Federal Equal Credit Opportunity Act, which regulates the use and reporting of information related to each borrower's credit history; the Federal Fair Debt Collection Practices Act and similar state debt collection laws, which regulate debt collection practices by "debt collectors" and prohibit debt collectors from engaging in certain practices in collecting, and attempting to collect, outstanding consumer loans; the Federal Trade Commission Act provisions that prevent unfair competition and unfair or deceptive acts; the Equal Credit Opportunity Act/Regulation B; the Fair Credit Reporting Act (FCRA); the Electronic Fund Transfer Act (EFTA)/Regulation E and Truth in Savings Act (TISA); the Community Reinvestment Act (CRA); and the Privacy of Consumer Financial Information/Regulation P.

Under certain state and federal consumer protection laws, borrowers may be required to satisfy suitability tests in connection with the origination of the related loan. These tests may be highly subjective and open to interpretation. As a result, litigation could occur and a court may determine that a loan does not meet these tests even if the originator reasonably believed that these tests were satisfied. If litigation with respect to an underlying consumer loan does occur, then adverse determinations with respect to these tests may be more acute as a result of risk layering. Any determination by a court that the loan does not meet these tests will likely result in a violation of state or federal consumer protection laws.

Depending on the provisions of the applicable federal, state or local laws and the specific facts and circumstances involved, violations of these laws, policies and principles with respect to underlying consumer loan collateral may:

- Limit the ability of the servicer to collect all or part of the principal or interest on these underlying consumer loans;
- Entitle the borrowers under these underlying consumer loans to a rescission right or refund of amounts previously paid;

- Result in borrower claims, litigation or class action lawsuits or regulatory actions or other legal proceedings involving these underlying consumer loans;
- Adversely affect or cause the loss of state licensing or other approvals of the originator and/or servicer to service these underlying consumer loans; and
- Subject the originator, the servicer and potentially even a participant in the loans to damages and administrative enforcement.

In particular, if the originator of a loan failed to comply with certain requirements of the Federal Truth-in-Lending Act, then the Originator, and in some cases its assignees or participants in a loan, could be subject to monetary penalties, and the related borrower may rescind their loan against the originator. Failure by the originator, the servicer or any sub-servicer to comply with these federal, state and local laws can in some circumstances give rise to legal defenses to loan enforceability; potential refunds to borrowers; loss of state licenses or other approved servicer statue; class action lawsuits; administrative enforcement actions that may delay or otherwise materially and adversely affect the servicer or sub-servicer's ability to collect or enforce the loans; and claims against the originator. Losses on loans from the application of those laws will have a material adverse effect on the ability of the Issuer to make payments of principal and interest on the Notes.

The federal and state regulations also include usury, disclosure, credit reporting, identity theft, privacy, fraud and abuse and other laws to protect borrowers. Violations of the laws or regulations governing the originator's or the servicer's operations could result in the imposition of civil or criminal penalties. These penalties may have a material adverse effect on the ability of the Issuer to make payments of principal and interest on the Notes.

Adverse Changes in Laws or Regulations Affecting the Originator's Consumer Loan Services Could Negatively Impact the Originator's Operations

The Originator's products and services are subject to extensive regulation and supervision under various federal, state, and local laws, ordinances and regulations. The Originator faces the risk that restrictions or limitations resulting from the enactment, change, or interpretation of laws and regulations could negatively affect the Originator's business activities or effectively eliminate some of the Originator's current loan products. Consumer loans have come under increased regulatory scrutiny in recent years that has resulted in increasingly restrictive regulations. Some legislative or regulatory activity may limit the amount of interest and fees to levels that would not permit such loans to be feasible or limit the number of loans that customers may receive or have outstanding. Regulations adopted by some states require that all borrowers of certain short-term loan products be listed on a database and limit the number of such loans a borrower may have outstanding. Other regulations limit the availability of certain products to active duty military personnel. Certain consumer advocacy groups and federal and state legislators have also asserted that laws and regulations should be tightened so as to severely limit, if not eliminate, the availability of certain products to consumers, despite the significant demand for it. Both the executive and legislative branches of the federal government have recently exhibited an increasing interest in debating legislation that could further regulate consumer loan products.

Loans Subject to Servicing and Collection Risks

The servicing of loans requires special skill and diligence. Any failure of the Servicer to adequately service the loans may result in a higher default rate and losses from such loans, which in turn, may impair the collateral and have a materially adverse effect on the ability of the Issuer to make payments of principal and interest on the Notes. If the Servicer is terminated, servicing the loans will be transferred to a backup servicer or other successor servicer. During and immediately following a servicing transfer, interruptions in servicing may occur and the loans may suffer a higher default rate and losses, which in turn, may have a materially adverse effect on the ability of the Issuer to make payments of principal and interest on the Notes. In addition, a backup servicer may have limited experience in servicing assets such as the loans and as a result, its overall collection performance may not be as favorable as the collection performance of the servicer. If the servicer is terminated as servicer, we will appoint a successor servicer. There may be difficulty finding a suitable successor servicer. Potential successor servicers may not have the capacity to adequately perform the duties required of a successor servicer or may not be willing to perform those duties for the amount of the servicing fee currently payable under the service agreement.

Security of Underlying Loans Does Not Remove the Risks Associated With Repossession

The loans will be secured by a security interest on a motorcycle. Different property types involve different types of risk in terms of realizing on the collateral in the event that the borrower defaults. Repossession statutes vary widely from state to state. Collateral underlying defaulted loans will need to be repossessed in compliance with the laws of the state where such property is located. Statutory rights to redemption and the effects of anti-deficiency and other laws may limit the ability for the lender to timely recover the value of its loan in the event that a borrower defaults on a loan. Repossession of a motorcycle may be practically difficult for any number of reasons, including without limitation intentional efforts undertaken to hinder lender’s repossession. Any delay in recovery will correspondingly result in a delay in the recovery of principal by the Noteholders. Although the Stated Maturity Date of the Notes may be modified or extended in accordance with the servicing standard set forth in the Indenture, if recovery is delayed until after the Stated Maturity Date on the corresponding Notes, Noteholders will not share in such recovery.

Borrower Bankruptcy Will Prevent the Prompt Exercise of Repossession Remedies

If a borrower enters bankruptcy, an automatic stay of all proceedings against the borrower’s property will be granted. This stay will prevent the lender from repossessing applicable motorcycle collateral unless relief from the stay can be obtained. Significant legal fees and costs may be incurred in attempting to obtain relief from a bankruptcy stay and from the bankruptcy court and, even if such relief is granted, it may take several months or more to obtain. In such an event, the lender will be unable to promptly exercise its repossession remedy and realize any proceeds from a sale. In addition, bankruptcy courts have broad powers to permit a sale of the property free of the lender’s lien, to compel the lender to accept an amount less than the balance due under the underlying loan and to permit the borrower to repay the loan over a term which may be substantially longer than the original term of the loan. In such an event, a bankruptcy court’s order would have a material adverse effect on the ability of the Issuer to make payments of interest and principal on the Notes in accordance with their terms.

Obligors May Commit Fraud or Intentionally Hide, Transfer or Dispose of Assets and/or Otherwise Delay, Hinder or Block Lender’s or Servicer’s Efforts to Collect, Enforce Rights and Exercise Remedies Under a Loan

In the case of a default under a loan, the lender and/or Servicer will be entitled to enforce its rights and exercise remedies against the obligors and collateral securing the loan. This process may include seeking payment from a guarantor under a guaranty or repossessing an asset subject to the lender’s security interest. In the Originator’s or Servicer’s enforcement process– or even prior thereto during the ordinary course of the loan or during the occurrence and continuance of a default – an obligor may commit fraud, hide, transfer or dispose of assets or otherwise seek to delay, hinder or block the lender or servicer from exercising its rights (such as repossessing an asset) and collecting on the loan. Any delay or inability to collect as a result would have a material adverse effect on the ability of the Issuer to make payments of principal and interest on the Notes.

If the Information Provided by a Borrower to the Originator is Incorrect or Fraudulent, the Originator May Misjudge a Borrower's Qualification to Receive a Loan and the Issuer's Interests May be Impacted

The Originator's lending decisions are based partly on information provided to it by loan applicants. To the extent that these applicants provide information to it in a manner that the Originator is unable to verify, the Originator's underwriting may not accurately reflect the associated risk. In addition, data provided by third-party sources is a significant component of the Originator's underwriting analysis and this data may contain inaccuracies. Inaccurate analysis of credit data that could result from false loan application information could harm the Originator's reputation, business and operating results, and therefore materially adversely affect the Issuer. In addition, the Originator may use identity and fraud checks analyzing data provided by external databases to authenticate a customer's identity. These checks may fail, and fraud may occur. The Originator may not be able to recoup funds associated with underlying loans made in connection with inaccurate statements, omissions of fact or fraud. The occurrence of any or all these factors may materially adversely affect the Issuer's investment and therefore would have a material adverse effect on the ability of the Issuer to make payments of principal and interest on the Notes.

Information Supplied by an Obligor or Other Principal or Third-Party May be Inaccurate or Intentionally False

The obligors and principals or other third parties may have provided information to the Originator detailing business and personal assets, evidence of contracts and agreements, historical records, data, information, projections, customer and other third-party contacts and other diligence items requested or required by the Originator. The Originator will have made an attempt to verify this information, but as a practical matter, portions of the information may be incomplete, inaccurate, misleading or intentionally false. Investors will not have any contractual or other relationship with these parties that would enable them to make any claim against the same for fraud or breach of any representation or warranty in relation to any false, incomplete, inaccurate or misleading information supplied. To the extent that any information provided is incomplete, inaccurate, misleading or intentionally false, this may have a material adverse effect on the ability of the lender or servicer to collect on the loan, which would have a material adverse effect on the ability of the Issuer to make payments of principal and interest on the Notes.

The Originator's Risk Management Efforts May Not be Effective

The YS SPV could incur substantial losses if the Originator is unable to effectively identify, manage, monitor and mitigate financial risks, such as credit risk, interest rate risk, liquidity risk, and other market-related risk, as well as operational risks related to its business, assets and liabilities. To the extent the Originator's models used to assess the creditworthiness of potential borrowers do not adequately identify potential risks, the Originator's analysis produced would not adequately represent the risk profile of such borrowers and could result in higher risk than anticipated. The Originator's risk management policies, procedures, and techniques may not be sufficient to identify all of the risks it is exposed to, mitigate the risks that it has identified or identify concentrations of risk or additional risks to which it may become subject in the future. Furthermore, there may be a lag in the time in which a borrower begins to show signs of an inability to pay back a loan and when the Originator begins to take remedial action in respect of this loan, and as a consequence this could impair the YS SPV's eventual ability to receive repayment on the loan, which would have a material adverse effect on the ability of the Issuer to make payments of principal and interest on the Notes.

The Servicer's Success is Reliant on the Efforts of the Chief Executive Officer and the Senior Leadership Team.

The success of the Servicer is largely dependent upon the CEO and his leadership team's management skills and expertise, and the Servicer's ability to attract and retain other skilled managers. The loss of the services of the CEO or any of the senior leadership team for an extended period could have a material adverse effect on the Servicer's business.

Noteholders may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, which may have a material effect on global financial markets.

The Noteholders may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; terrorism; and public health crises, including the occurrence of a contagious disease. To the extent that any such event occurs and has a material effect on global financial markets or specific markets in which the Company, the Manager, any Sponsor, Originator, third-party partner or the Borrower or any guarantor or other obligor operates or participates (or has a material effect on locations in which the any of the foregoing entities operate or participate) the risks of loss can be substantial and this will have a material adverse effect on the yield of the Notes or ability of the Issuer to repay Noteholders.

The Notes may be subject to risks arising from a novel strain of coronavirus (known as COVID-19), which has had a material effect on global financial markets and has caused a disruption of manufacturing supply chains and local and global economies.

In December 2019, COVID-19 surfaced in Wuhan, China, which has resulted in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across China and South Korea, among other affected countries. These closures have caused the disruption of manufacturing supply chains and local and global economies, the duration of which remains uncertain. As of April 2020, COVID-19 has spread across the world, which has resulted in additional market disruptions. The extent to which COVID-19 may negatively affect the operations or performance of the Servicer, Originator, third-party service or data providers or the borrowers or any guarantors or other obligors is difficult to predict. Any potential impact on such operations and performance will depend to a large extent on future developments and new information that may emerge regarding the duration and severity of COVID-19 and the actions taken by authorities and other entities to contain COVID-19 or treat its impact. These potential impacts, while uncertain, could have a material adverse effect on the yield of the Notes or ability of the Issuer to repay Noteholders.