YS ALTNOTES I LLC SERIES NOTE SUPPLEMENT
BORROWER PAYMENT DEPENDENT NOTES SERIES NO. YS AVA REL III

TRANSACTION

Overview: Yieldstreet Real Estate (through the special purpose entity YS AVA REL III LLC, "YS SPV") has acquired a $5.25M participation in a $16.0M first mortgage loan ("Loan") originated by an affiliate of Avant Capital Partners ("Originator"). The Loan is secured by 13 units and 31 parking spaces (the "Collateral") associated with a 12-story luxury condominium building (the "Property") in the River North neighborhood of Chicago, Illinois. Proceeds from the Loan, along with $276k in Sponsor equity, were used to repay a $14.0M outstanding balance mezzanine loan, pay construction costs, pay prepaid interest (six months) and fund interest (approximately six months), tax (one year) and Home Owners Association (HOA, one year) reserves. A family office ("Leverage Provider") provided $8.25M (i.e., 51.6% advance rate) in senior note-on-note leverage ("Senior Leverage") on the Loan to the Originator. YS SPV's $5.25M participation (the "Investment") represents a 67.7% participation in the remaining $7.75M of the Loan (the "Subordinated Portion"), which is effectively subordinated to the Leverage Provider's $8.25M interest in the Loan. The remainder of the Subordinated Portion is retained by the Originator and its investor syndicate. The sources and uses for the transaction are shown below:

Sources	$	%		Uses	$	%
First Mortgage Loan	$16,000,000	98.3%		Mezzanine Loan Payoff	$14,016,537	86.1%
Senior Leverage	*$8,250,000*	50.7%		Construction Payoff	$254,375	1.6%
Subordinated Portion	*$7,750,000*	47.6%		Origination Fee	$60,000	0.4%
Equity	$276,000	1.7%		Stub Interest	$7,556	0.0%
				Prepaid Interest	$683,778	4.2%
				Interest Reserve	$749,521	4.6%
				RE Tax Reserve	$110,000	0.7%
				HOA Fee Reserve	$171,061	1.1%
				Closing Costs & Expenses	$223,173	1.4%
Total	$16,276,000	100.0%		Total	$16,276,000	100.0%

** Italicized items show the breakdown of First Mortgage*

The Property is a 34-unit condominium building (total 71,960 net SF) completed by the Sponsor in May 2020. The total project cost was $61.7M, or $857/SF and $1.9M per unit. According to the Sponsor's financial statements as of 08/30/20, it had $9.0M of equity in the project. The Property is located in the western section of River North, a neighborhood in downtown Chicago which is in proximity to employment areas and is becoming increasingly residential with the development of luxury rental and condominiums. As of October 2020, the Sponsor had sold 21 units for a total of $37.7M, or an average of $798/SF or 1.8M per unit. All 21 units have closed and are occupied, with no material complaints from unit owners. The Collateral is subject to a minimum release price of $700 per SF, and all net proceeds from the sale of units would go towards repaying the Loan. (Please see the Structure section of the Series Note Supplement for details regarding payment allocation between the Senior Leverage and the Subordinated Portion). Based on the minimum release price of $700/SF and 8.0% sale costs, the Loan would be fully repaid after the sale of 9 units. The Collateral is subject to a minimum release provision that the Originator receives $700 per SF for each unit, and all net proceeds from the sale would go towards repaying the Loan. (Please see the Structure section of the Series Note Supplement for details regarding payment allocation between the Senior Leverage and the Subordinated Portion).

The sponsor is a Chicago-based real estate investment, development and management firm (the "Sponsor") which has been the court-appointed receiver, asset manager, and broker for over 70 properties in the Chicago area and has developed several notable projects, including luxury condominiums. The Sponsor's principals ("Principals") have jointly and severally provided a debt service, carry and bad-acts guaranty in relation to the Loan. As of 2020, the Principals reported a combined liquidity of $809k and net worth of $6.1M.

The Loan has an initial term of 18 months, with two options to extend for 3 months each. The exercise of the extension options are subject to the conditions there be no event of default or material adverse effect in existence at the time of extension request and to certain unit sale requirements (detailed in the *Structure* section of this Series Note Supplement). Upon full allocation of the Investment to Yieldstreet investors, Yieldstreet investors are expected to receive a pro rata amount of pre-paid interest, which corresponds to the time period ending 04/30/2021 and will be pro-rated based on investment size and time of investment. After 04/30/2021, Yieldstreet investors are expected to earn monthly interest at an annualized rate of 9.5%. Principal is expected to be repaid incrementally upon the sale of unit(s).

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 Loan 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 Loan. In connection with the subject transaction, Yieldstreet Inc. received a due diligence fee from the Originator or an affiliate thereof, which fee will be retained by Yieldstreet Inc. For the avoidance of doubt, such due diligence fee will not reduce the target rate of interest paid to the investors.

This Series Note Supplement describes the underlying transaction as well as this series of Notes offered for sale by YS ALTNOTES I LLC ("Issuer") and the corresponding Loan 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 Loan
- Maximum Aggregate Principal Amount of this Series of Notes: $5,250,000
- Stated Maturity Date: 11/02/2022
- Target Interest Rate: 9.5%

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 under the Loan and the Stated Maturity was established to ensure the Notes encompassed the entire term of the underlying transaction. The Manager anticipates that it will offer a range of incentives from $100 to $500 based on a number of factors including but not limited to: (i) whether this offering has not been fully allocated and remains open after a certain amount of time (approximately 60-90 days), (ii) an investor's investment exceeding a certain amount (approximately $150k-250k) and (iii) an investor making an investment for the first time. Incentives are expected to fall in the lower end of the range if they are offered because the deal has not been fully allocated, and the higher end of the range if they are offered based on the amount of an investor's investment. No investor will be automatically entitled to an incentive based on the foregoing.

Structure: The full Loan amount of $15.75M was financed with $8.25M (51.6% of the total Loan amount) in senior leverage provided by a family office and a $7.75M subordinated position. YS SPV holds a $5.25M participation interest (67.7% participation in the Subordinated Portion), with the Originator and its investor syndicate retaining the remaining $2.5M. As a result, YS SPV's Investment and the Originator's retained portion are effectively in a junior position in the Loan which means that, among other things, upon an event of default under the Loan, Leverage Provider will have the right to receive its interest and principal in full prior to YS SPV's receipt of any payments or proceeds in respect of its Investment in the Loan (for example, in the case of a foreclosure and sale of the Collateral).

The Collateral is subject to a minimum release provision such that the Originator must receive the greater of $700 per square foot for each unit and the net sale proceeds from the sale for the applicable portion of the Collateral to be released. In the event that the Sponsor wishes to sell a unit below $700 per SF, the consent of the Originator (and Yieldstreet) is required. The first $250k received from unit sale(s) shall be paid to the Leverage Provider. Subsequently and until 08/30/21, proceeds received from unit sales shall be used to repay the Senior Leverage's and the Subordinated Portion's pro rata outstanding balance. From and after 08/30/21, all proceeds from unit sales shall be used to repay the Senior Leverage until the Senior Leverage has a basis of $175/SF ("Senior Threshold"). Once the Senior Threshold has been reached, proceeds from unit sales shall revert to repaying the Senior Leverage's and Subordinated Portion's pro rata outstanding balance.

The Loan has an 18-month term with two options to extend for 3 months each (amounting to a total extended term of 24 months). At closing, the Loan bore an interest rate of 8.5% and the Senior Leverage bore an interest rate of 6.25%. If the Sponsor does not sell at least four units and reduce the Loan basis to $345/SF by 08/01/21 ("First Unit Sale Milestone"), then the Loan interest rate shall increase to 9.25%. From and after 08/30/21, the Senior Leverage shall increase its interest rate to 6.75%. The first extension option is subject to the condition that the First Unit Sale Milestone is met plus that 6 total units have been sold. The second extension option is subject to the condition that the First Unit Sale Milestone is met plus that 7 total units have been sold.

In the event of a default by the Sponsor on the Loan, provided that the default is not due to a maturity default or the failure by the Sponsor to replenish reserves (3-month minimum for interest, tax and HOA), then the Originator must pay to the Leverage Provider an amount equal to the greater of $1.0M or the amount necessary to reach the Senior Threshold. Within 90 days of a Sponsor default, if the Originator has not repaid the Senior Leverage in full, the interest rate on the Senior Leverage shall increase to 1.0% above the then-existing rate. Within 180 days of a Sponsor default, the Originator must repay the Senior Leverage.

Upon the issuance of the Notes, Yieldstreet investors are expected to receive a pro rata amount of pre-paid interest, which corresponds to the time period ending 04/30/2021 and will be pro-rated based on investment size and time of investment. After 04/30/2021, Yieldstreet investors are expected to earn monthly interest at an annualized rate of 9.5%. Yieldstreet's participation has a gross interest rate of 10.5%. Yieldstreet Management, LLC will receive a management fee of 1.0%. Due to the Loan and Senior Leverage dynamics discussed in the preceding paragraphs, the levered rate of the Loan is expected to fluctuate during the Loan's term. For the avoidance of doubt, the Originator is expected to retain any excess spread (i.e., in excess of the 10.5% gross interest rate) as a servicing fee to the extent it is collected, and any interest income produced from the Loan in excess of the gross interest rate is not subject to distribution to YS SPV or Yieldstreet investors. In the event the levered yield on the Loan is below the gross yield to YS SPV of 10.5%, the Originator is expected to contribute the deficit. Principal is expected to be repaid as units are sold.

The Collateral is the primary security for the Loan, but the Loan is structured with additional downside protections. The additional downside protections include:

- The Principals of the Sponsor have jointly and severally provided unconditional debt service and carry guarantees to the Originator.
- The Principals of the Sponsor have jointly and severally provided bad actor carve-outs to the Originator. In the event of any fraud, misrepresentation, willful misconduct, gross negligence, and/or other situations in which the Sponsor could willfully harm the investment, the Originator would have recourse to the Principals.
- At closing, the Originator retained funds for prepaid interest for six months, an approximately six month interest reserve, one year tax reserve and one year HOA reserve.
- The Sponsor is obligated to maintain an interest, tax and HOA reserve with a 3-month minimum balance. In the event that the Originator reasonably determines (for example in the event of a reassessment) that the existing reserve is insufficient, the Sponsor is required to replenish the reserve with the amount of the deficit. Note that insurance costs are included in HOA fees.
- As a condition for term extension, the Sponsor must replenish the interest, tax and HOA reserve with additional funds equal to the Originator's calculation of interest and tax payments for the duration of the extension.
- The Sponsor has pledged, assigned and transferred to the Originator a continuing lien and security interest in the reserves.

Composition: The Collateral consists of 13 units and 31 parking spaces associated with a 12-story luxury condominium building in the River North neighborhood of Chicago, Illinois. The Property has frontage on a street connecting it to arterial roadways, and is in close proximity to a CTA subway stop. The western part of River North, where the Property is located, has become increasingly residential with the development of luxury residential product. In contrast, the eastern part of River North consists of buildings with more commercial uses. In total, the Property has 34 residential units and 63 parking spaces. The lobby and parking garage comprise the first two floors of the building, and the residential units on the 3rd to the 11^{th} floor. Property amenities include a roof-top sun deck with an outdoor kitchen/bar and grill, a fire pit, a garden area, party room, workout and yoga rooms and a pet recreation area. Each residential floor has four units, and each unit is a corner unit with a private terrace. In total, there are four-unit floor plans (excluding the two penthouse units), each differing in view and in size, corresponding to each of the four corners.

According to the Appraiser (defined below), between 2008 and 2016, the annual number of sales (contracts) at new condo developments ranged between 400 and 600 sales/contracts per year. Sales volume dropped to approximately 300 contracts in 2017 and then to 200 contracts in 2018 and 2019. Sales of condominiums in downtown Chicago had been affected by the sluggish resale market in the suburbs. With COVID-19, housing demand has increased in the suburbs leading to shorter suburban home sales times, however, this is offset by general unrest caused by the pandemic and 2020 urban riots which are expected to impact the market in the near term. 2020 condominium sales are expected to fall below the prior year figures, with Year to Date sales currently at 41 units. As of 2Q20, the Appraiser estimates 1,341 units not under contract (newly constructed), under construction or proposed. The condominium inventory being marketed for sale by developers is heavily weighted towards the ultraluxury segment of the market as high land costs, affordable requirements (ARO), and increasing construction costs have rendered it difficult to develop product targeted to a mid-priced buyer. Of the 1,341 units tracked by the Appraiser, 1,134 units (85%) of the units are marketed at $850/SF and above and 432 (32%) are marketed at $1,000/SF or above.

The Property was completed in May 2020 for total project cost of $61.7M, or $857 per SF and $1.9M per unit. Prior to closing, remaining project costs included $841k to the general contractor. At closing, the Sponsor contributed $276k in cash equity, of which $254k was contributed into an account held by title with an existing balance of $5867k. The $841k general contractor balance is expected to be paid in installments. It is a post-closing obligation of the Sponsor to deliver a lien waiver from the general contractor, whereby the general contractor forfeits its ability to place a lien on the Collateral.

The 21 units sold entered into contract between December 2017 and December 2019, and closed between June 2019 and July 2020. The sales prices ranged from $564/SF-$1,153/SF. All 21 units have been delivered and moved into. According to the Sponsor, there have been no materials claims on the warranty. The table below shows a summary of the units sold. Note that the average sale price per SF is skewed by the number of D line units sold. The D line has the smallest floorplan and is considered to have the least desirable view. All 8 units of the D line have been sold.

Layout	SF	Total Units	# Units Sold	Total Price	Avg. Price	Avg. $/SF
A	2,650	8	2	$4,699,000	$2,349,500	$887
B	2,320	8	5	$10,155,000	$2,031,000	$875
C	2,255	8	4	$6,970,000	$1,742,500	$773
D	1,770	8	8	$8,719,500	$1,089,938	$616
PH	3,580	2	2	$6,570,000	$3,285,000	$918
Total	**8,995**	**32**	**19**	**$30,543,500**	**-**	**-**
Average	**2,249**	**8**	**5**	**$7,635,875**	**$1,803,234**	**$788**
Min	**1,770**	**8**	**2**	**$4,699,000**	**$1,089,938**	**$616**
Max	**2,650**	**8**	**8**	**$10,155,000**	**$2,349,500**	**$887**

** Metrics exclude PH units*

Integra Realty Resources (the “Appraiser”), a real estate appraisal company, was engaged to appraise (the “Appraisal”) the Collateral as of 10/05/2020. The Appraisal concludes a gross sale value of $26.3M, or $823 per SF, for the residential units. With regards to the 31 parking units, the Appraisal expects each unit sale to receive a concession of at least one parking space. It assumed that 15 spaces would be concession spaces, leaving 16 non-concession parking spaces, which were valued at a total of $1.0M. The Appraisal arrived at a gross sale value of $27.3M for the collateral, or $857 per SF After taking into account selling expenses of 8%, the net sale value is $25.2M, or $789 per SF. Based on the Appraisal implied net sale value, the Loan has an LTV of 63.6%. The comparative set utilized by the Appraisal is included in the Appendix as Exhibit A.

Based on the minimum release price of $700 per SF and attributing no value to parking spaces, net proceeds would be $22.3M. This equates to an LTV of 71.7%. The table below shows a summary of the units sold, and the remaining inventory. A breakdown of the parking spaces sellout is included in the Appendix as Exhibit B.

Layout	SF	Units Rem.	Sponsor Avg. $/SF	Sponsor Avg. Price	Appraisal Avg. $/SF	Appraisal Avg. Price	Min Release Price	Unit Price
A	2,650	6	$900	$2,385,000	$851	$2,255,000	$700	$1,855,000
B	2,320	3	$910	$2,111,667	$851	$1,975,000	$700	$1,624,000
C	2,255	4	$813	$1,832,500	$761	$1,715,000	$700	$1,578,500
Avg.	**2,452**	**-**	**$878**	**$2,151,923**	**$823**	**$2,024,231**	**$700**	**$1,716,615**
Total	**31,880**	**13**	**-**	**$27,975,000**	**-**	**$26,315,000**	**-**	**$22,316,000**
Less: 8.0% Sale Cost				($2,238,000)		($2,105,200)		-
Plus: Parking				$1,764,000		$1,020,000		-
Gross Proceeds			$933	$29,739,000	$857	$27,335,000	$700	$22,316,000
Less: 8.0% Sale Cost				($2,379,120)		($2,186,800)		-
Net Unit Proceeds			**$858**	**$27,359,880**	**$789**	**$25,148,200**	**$700**	**$22,316,000**
LTV				**58.5%**		**63.6%**		**71.7%**
Loan Amount			**$16,000,000**					
Loan Basis Per Unit			**$1,230,769**					
Loan Basis Per SF			**$502**					

Associated carry costs for the collateral includes monthly HOA fees and annual real estate taxes. HOA fees are expected to be $12.7k per month, or $152k per year. At closing, the Originator retained $171k in reserve for HOA fees. The Sponsor is further obligated to maintain a three-month HOA reserve at all times. With respect to real estate taxes, 2020 real estate taxes (payable in 2021) were assessed based on the property as land. Assessed 2020 taxes for the property are $29k. For reference, taxes in 2019 (paid in 2020) for the property were $48k. The Property is expected to be reassessed based on its value as a constructed condominium in 2021. Upon reassessment, real estate taxes are expected to increase to 2.5% of unit value (sales price) per annum. Total 2021 taxes (payable 2022) for the Collateral is expected to be $746k. The Sponsor expects to collect a pro-rated (based on sales price) 2021 taxes for each unit upon each sale. 2020 and 2021 taxes for the units sold were collected upon their respective closings. The collections are held in an account on which the Originator has been pledged and assigned a continuing lien and security interest. At closing of the Loan, the Originator retained a real estate tax reserve of $110k, which is based on the $29k 2020 taxes payable plus a contingency of $81k. The Sponsor is obligated to maintain a three-month tax reserve at all times.

Sponsor: The Sponsor is a Chicago-based real estate investment, development and management firm that was founded in 2009. The company has been the court-appointed receiver, asset manager, and broker for over 70 properties in the Chicago area and has developed several notable projects, including luxury multifamily towers, condominium and townhome developments, as well as single family planned developments. The Sponsor's principals have been focused on Chicago metro area real estate for the past 26 years. Their combined experience is over 135 years and they have developed or led investments in over $1.5B in real estate assets throughout their careers. As of 2020, the Principals reported a combined liquidity of $809k and net worth of $6.1M.

APPENDIX

Exhibit A – Appraisal Comparable Sales

Comp	Submarket	Marketi ng Start	Total Units	Under Contract	Unsold Units	2Q20 List Price	SF	Status	Occ. Date	% Sold/Under Contract
1	River North	Mar-17	38	32	6	$700	2,100	Completed	2019	84%
2	River North	Jun-16	50	41	9	$850	2,440	Completed	2019	82%
3	River North	Jun-17	11	9	2	$741	2,574	Completed	2019	82%
4	River North	Feb-17	31	11	20	$750	2,241	Under Constr	2021	35%
5	Streeterville	Sep-16	69	30	39	$1,122	3,300	Completed	2019	43%
6	Gold Coast	Dec-17	32	1	31	$825	3,409	Completed	2020	3%
7	Streeterville	Sep-19	162	48	114	$1,000	2,700	Under Constr	2021	30%
Min		Feb-20	11	1	2	$741	2,241	-	2019	3%
Avg		Aug-20	56	23	33	$877	2,713	-	2020	48%
Max		Dec-20	162	48	114	$1,122	3,409	-	2021	82%

	River North	Oct-20	34	21	13	$853	2,326	Completed	2020	62%

Exhibit B – Parking Spaces Sellout

Parking Type	# Spaces	List Price	Sellout		# Spaces	List Price	Sellout
Regular	23	$65,043	$1,495,989		10	$60,000	$600,000
Electric	2	$68,000	$136,000		2	$65,000	$130,000
Tandem	4	$47,000	$188,000		2	$85,000	$170,000
Handicap	2	$68,000	$136,000		2	$60,000	$120,000
Total	**31**	**-**	**$1,955,989**		**16**	**-**	**$1,020,000**
Avg	**-**	**$63,096**	**-**		**-**	**$63,750**	**-**

Exhibit C - 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 D – Statement of Confidentiality

This Confidential Series Note Supplement (this "Series Note Supplement") was prepared by YS ALTNOTES I LLC (the "Issuer") solely for informational purposes, from materials and information supplied by Avant Capital Partners, 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 February 10, 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 E - 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 REAL ESTATE GENERALLY AND THIS INVESTMENT

General risks of real estate investing

An investment in the Notes is dependent on the ability of the borrower to repay principal and interest on the underlying Loan made by the lender to the borrower to fund the real estate project. As such, the Notes will be subject to the general risks inherent in the ownership of real property.

Changes in value and cash flows of an underlying property

The value of real property and its ability to generate cash flow is subject to volatility and may be adversely affected by many factors, including, without limitation: changes in national, regional or local economic conditions; changes in the supply and demand factors for the real property; rising interest rates; changing environmental regulations; unknown or unanticipated environmental related liabilities; costs associated with the need to periodically repair, renovate and re-lease space; withdrawal of tenants and difficulty of replacing tenants; bankruptcies, financial difficulties or lease defaults by tenants; adverse use of adjacent neighboring real estate; changes in the demand for or supply of competing property; uninsured losses; inability of a borrower to obtain any required permits or entitlements for a reasonable cost or on reasonable conditions or within a reasonable time frame or at all; inability of a borrower to obtain the services of appropriate consultants at a reasonable cost; changes in legal requirements for any needed permits or entitlements; the willingness and ability of a property's owner to provide capable management and adequate maintenance; changes or continued weakness in specific industry segments, convenience, services and attractiveness of the property; changes in government rules, regulations and fiscal policies, including changes in tax, real estate, environmental and zoning laws; retroactive changes to building or similar codes; increases in construction costs; lack of adequate availability of liability insurance or all-risk or other types of required insurance at a commercially reasonable price; shortages in available energy; acts of God or other calamities; and other factors beyond the control of the Issuer or the Manager.

The underlying Loan secured by a property will be additionally subject to the risks and other factors generally incident to the ownership of real property, including such things as the effects of inflation or deflation; inability to control future operating costs; vandalism; uncertainty of cash flow; the availability and costs of borrowed funds; exposure to non-recourse carve-out guaranty obligations; the ultimate valuation of real estate serving as collateral, whether determined at foreclosure or otherwise; competition from other property; residential patterns and uses; the general suitability of a property to its market area; and other factors beyond the control of the Issuer or the Manager.

Adverse changes in the factors above could affect a borrower's ability to make payments on the underlying Loan. Certain expenditures associated with real estate investments, principally mortgage payments, real estate taxes and some maintenance costs, generally remain constant despite a decrease in income derived from such investments. Thus, the cost of operating a given property may exceed the income earned therefrom. The ability of a borrower to pay on its underlying Loan in a timely manner will depend on factors such as these. The Issuer's obligation to make payments on the Notes is solely dependent on the ability of a borrower to pay on its Loan, and therefore the inability of such borrower to make payments either timely or at all, will have a material adverse effect on the ability of the Issuer to make payments of interest and principal on the Notes.

Furthermore, a decline in the value of the property or loss of liquidity in the capital markets could negatively impact a borrower's ability to refinance the Loan or sell the property. It is common for loans secured by real estate loans to be repaid through a refinance by another lender. A decrease in the value of the property would negatively impact a borrower's ability to obtain refinancing of the Loan, which could have a material adverse effect on the Issuer's ability to repay the principal of the Notes. Furthermore, if the sale of a property is required to repay the Loan, a decrease in the value of such property to the extent that the underlying Loan exceeds the value of the property would result in the sale of the property failing to generate sufficient proceeds to repay the underlying Loan, which would have a material adverse effect on the Issuer's ability to repay the principal of the Notes.

The success of the real estate project investment is dependent on the performance of the borrower and other third parties over which the Issuer has no control

With respect to a property, either a borrower or a third-party real estate management company affiliated with or engaged by borrower is responsible for various management functions that are essential to the success of a real estate project, including property marketing and leasing rates, payment of bills, maintenance of insurance, and property management generally. Poor management on the part of a real estate company could adversely affect the financial performance of the project investment or expose it to unanticipated operating risk, which could reduce a property's cash flow and adversely affect a borrower's ability to repay the underlying Loan, which could have a material adverse effect on the ability of the Issuer to make payments of interest and principal on the Notes.

This risk also pertains to construction of, or renovations to, the real estate. Real estate construction brings with it the risk of cost overrun and time delays. Construction projects are also contingent on correct zoning, various approvals, and regulation. These situations may require additional capital or delay the completion of the project and impair a borrower's ability to repay the underlying Loan, which could have a material adverse effect on the ability of the Issuer to make payments of interest and principal on the Notes.

Construction and rehabilitation loans carry particular risks

Construction and rehabilitation loans involve a number of particular risks, involving, among other things, the timeliness of the project's completion, the integrity of appraisal values, whether or not the completed property can be sold for the amount anticipated, unanticipated extra construction costs, and the length of ultimate sale process. Unanticipated extra construction costs may be caused by inaccurate budgets, increases in materials or transportation expenses, material or labor shortages, substandard work performed by a borrower's employees or subcontractors that must be redone to satisfy contract performance conditions or to meet local building codes, increased interest expense, or delays caused by inclement weather. Projects that rehabilitate or extensively modify existing buildings can be exceptionally vulnerable to overruns because costs in these cases are more difficult to project. If construction work is not completed (due to contractor abandonment, unsatisfactory work performance, or various other factors) and all an underlying loan's funds have already been expended, then in the event of a default YS SPV may have to invest significant additional funds to complete the construction work. Any such investment would be recuperated by YS SPV prior to the Noteholders being paid back on the Notes. If the value of an uncompleted property is materially less than the amount of the construction loan even if the work were completed, then upon a default, YS SPV might need to invest additional funds in order to recoup all or a portion of the investment. Default risks also exist where it takes a borrower longer than anticipated either to construct or then resell the property, or if a borrower does not receive sufficient proceeds from the sale to repay the corresponding underlying loan in full.

In addition, there are potential operational risks inherent in construction lending. A lender needs effective systems for monitoring property performance and the progress of construction and for controlling the disbursement of loan proceeds and repayment. A lender must have systems in place to protect its interests in collateral by ensuring that property taxes, property insurance premiums, and workers and suppliers are paid. Ineffective systems can introduce significant operational risks which could have a material adverse effect on the ability of the Issuer to make payments of interest and principal on the Notes.

Loans ending with large "balloon" payments carry particular risks

An underlying loan may be an interest-only loan providing for relatively small monthly payments with a large "balloon" payment of principal due at the end of the term. A borrower may be unable to repay such balloon payments out of its own funds and will be compelled to refinance or sell its property. Fluctuations in real estate values, interest rates and the unavailability of mortgage funds could adversely affect the ability of a borrower to refinance its loan at maturity or successfully sell the properties for enough money to pay off the underlying loan.

Insurance against risks faced by the properties could become costlier or unavailable altogether, and there is no requirement for a borrower to self-insure the property

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

Title insurance may not cover all title defects

The lender will acquire title insurance on the property to protect its interest in the mortgage lien, but it is possible that uninsured title defects could arise in the future, which the lender may have to defend or otherwise resolve, the cost of which may impact the profitability of the properties.

The property valuation models used by the Manager in determining whether YS SPV should make or participate in the underlying Loan may be deficient and may increase risk of default

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

Liability for environmental issues

Under various federal, state and local environmental and public health laws, regulations and ordinances, a borrower (or lender after foreclosure on the properties) may be required, regardless of knowledge or responsibility, to investigate and remediate the effects of hazardous or toxic substances or petroleum product releases (including in some cases natural substances such as methane or radon gas) and may be held liable under these laws or common law to a governmental entity or to third parties for property, personal injury or natural resources damages and for investigation and remediation costs incurred as a result of the real or suspected presence of these substances in soil or groundwater beneath a property. These damages and costs may be substantial and may exceed insurance coverage a borrower (or lender) has for such events. The Manager will attempt to limit exposure to such conditions by conducting due diligence on the properties prior to advising the YS SPV to make or participate in the Loan, however, all or some of these conditions may not be discovered or occur until after the Loan or participation has been funded.

Security of the underlying Loan does not remove the risks associated with foreclosure

Senior loans and certain mezzanine loans will be secured by a first lien security interest such as a mortgage, deed of trust or security deed on the underlying real estate. Different property types involve different types of risk in terms of realizing on the collateral in the event that a borrower defaults. These risks include completion costs in the case of an incomplete project, partial resale for condominiums and tracts and lease-up (finding tenants) for multi-family residential, small commercial and industrial properties. A lender may not be able to sell a foreclosed commercial property, for example, before expending efforts to find tenants to make the properties more fully leased and more attractive to potential buyers. Moreover, foreclosure statutes vary widely from state to state. A property underlying a defaulted loan will need to be foreclosed upon in compliance with the laws of the state where such property is located. Many states require lengthy processing periods or the obtaining of a court decree before a mortgaged property may be sold or otherwise foreclosed upon. Further, statutory rights to redemption and the effects of anti-deficiency and other laws may limit the ability for a lender to timely recover the value of its loan in the event that a borrower defaults on a loan. Any delay in recovery will correspondingly result in a delay in the recovery of principal by the Noteholders.

Borrower bankruptcy will prevent the prompt exercise of foreclosure remedies

Where an underlying loan is secured, if a borrower enters bankruptcy, an automatic stay of all proceedings against the borrower's property will be granted. This stay will prevent a lender from foreclosing on the property 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 event, a lender will be unable to promptly exercise its foreclosure remedy and realize any proceeds from the property sale. In addition, bankruptcy courts have broad powers to permit a sale of the real property free of a lender's lien, to compel a lender to accept an amount less than the balance due under an underlying loan and to permit the borrower to repay a loan over a term which may be substantially longer than the original term of such loan. In such 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.

A tenant's default in performing lease obligations, or the tenant's bankruptcy, could adversely affect cash flow from the property and materially adversely affect Noteholders

In the event that a tenant defaults in performing its lease obligations or there is an early termination of a lease by a bankrupt tenant and the tenant is not promptly replaced, this will have a materially adverse effect on a property's operating cash flow, which could materially adversely affect the Issuer's ability to make payments of interest and principal on the Notes. In the event such tenant is not promptly replaced, such early termination may also result in unanticipated expenses to re-let the premises, in which case a lender and/or servicer may incur legal costs and other costs that would not likely be recouped and could reduce the amount of interest and/or principal payable to the Noteholders.

A failure by the borrower to observe customary loan document covenants could materially adversely affect the Noteholders

Loan documents generally contain customary covenants, such as requirements relating to the maintenance of the property securing the debt, restrictions on pledging and creating other liens on the property, restrictions on incurring additional indebtedness and restrictions on transactions with affiliates. A failure by a borrower to make timely payments of principal and interest on mortgage loans or to observe these loan covenants could result in the declaration of a default by a lender. The consequences of a declaration of default include foreclosure of the equity of a borrower or, in the case of a senior loan, the mortgage, resulting in loss of both the property and the income it produces, the incurrence of substantial legal costs, and the imposition of a deficiency judgment if the foreclosure sale does not result in proceeds sufficient to satisfy the mortgage. In addition, if a loan of a borrower contains cross-default provisions, a default under one loan could result in a default under other loans. The occurrence of any of the foregoing events would materially adversely affect the ability of the Issuer to make payments of interest and principal on the Notes.

The Loan on which the Notes are dependent may not impose certain financial restrictions on a borrower during the term of the Loan, which may increase the likelihood that a borrower may not make payments on the Loan in accordance with its terms

If the Loan does not restrict a borrower from incurring additional indebtedness and such borrower incurs additional debt after the funding of the Loan, the additional debt may adversely affect such borrower's and its corporate and individual guarantor's creditworthiness generally, and could result in the financial distress, insolvency, or bankruptcy of such borrower, its affiliated companies and principal guarantors. In such event, this occurrence would adversely affect such borrower's ability to make payments on the Loan and the Noteholder's ability to receive the principal and interest payments on the Notes that are dependent on the underlying Loan. To the extent that a borrower has or incurs other indebtedness and cannot pay all of its indebtedness, a borrower may choose to make payments to other creditors, rather than to a lender on the underlying Loan upon which the Notes are dependent for payment.

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Investing in subordinate debt involves greater risks of loss than senior loans secured by the same properties

Investments in subordinate debt carry a higher degree of risk of loss than senior secured debt investments, because in the event of default and foreclosure, holders of senior liens will be paid in full before subordinate investors and, depending on the value of the underlying collateral, there may not be sufficient assets to pay all or any part of amounts owed to subordinate investors. Moreover, subordinate debt may have higher loan-to-value ratios than conventional senior lien financing, resulting in less equity in the collateral and increasing the risk of loss of principal. If the borrower defaults or declares bankruptcy, a holder of subordinate debt may be subject to agreements restricting or eliminating its rights as a creditor, including rights to call a default, foreclose on collateral, accelerate maturity or control decisions made in bankruptcy proceedings. In addition, the prices of lower credit quality securities are generally less sensitive to interest rate changes than more highly rated investments, but more sensitive to economic downturns or individual issuer developments. An economic downturn, for example, could cause a decline in the price of lower credit quality securities because the ability of obligors of instruments underlying the securities to make principal and interest payments may be impaired.

Risk of Loss is Increased Due to Use of Leverage

The lender has used borrowed money or debt ("Leverage") to finance the underlying Loan made to the borrower. Such Leverage has been provided in the form of a senior loan to the lender from a financial institution (the "Leverage Provider"). Lender may use funds from the Leverage Provider, together with its own funds or funds from other sources, to make the underlying Loan to the borrower. While Leverage can increase returns for a lender funding a loan using the proceeds of Leverage, in the event of a default under such loan, the Leverage Provider will have, among other things, the right to receive its interest and principal in full prior to the lender's receipt of any payments. Therefore, a relatively small loss on the Loan may result in a proportionally greater loss to the lender that has funded a loan using Leverage, and therefore such a loss may have a material adverse effect on the ability of the Issuer to make payments of interest and principal on the Notes.

In addition, Leverage enables the Issuer to issue the Notes at a higher interest rate than the interest rate that actually accrues on a loan. As a result, if the Leverage on a loan is repaid in part or in full, or if the cost of Leverage increases or is no longer available, the lender will receive a reduced gross yield on the loan, possibly at a rate lower than the interest rate owing on the Notes. In this case, the repayment in part or full of a leverage facility or the increased cost or unavailability of Leverage may have a material adverse effect on the Issuer's ability to pay interest on a loan at the target interest rate on such Notes.

Obligors may commit fraud or intentionally hide, transfer or dispose of assets and/or otherwise delay, hinder or block lender's efforts to collect, enforce rights and exercise remedies under the loan

In the case of a default under the loan, the lender 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 foreclosing on an asset subject to the lender's security interest. In the lender's enforcement process, an obligor may commit fraud, hide, transfer or dispose of assets or otherwise seek to delay, hinder or block the lender from exercising its rights 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 Note.

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 November 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 Company, the Manager, any Sponsor, Originator, third-party partner or the Borrower or any guarantor or other obligor 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.