UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(MARK ONE)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM TO

Commission File Number 001-36779

On Deck Capital, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**42-1709682**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1400 Broadway, 25th Floor

New York, New York 10018

(Address of principal executive offices)

(888) 269-4246

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.005 per share	**ONDK**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:

None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☐ NO ☒

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ☐ NO ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data file required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES ☒ NO ☐

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The aggregate market value of the common stock by non-affiliates of the registrant, based on the closing price of a share of the registrant's common stock on June 30, 2019 (the last business day of the registrant's most recently completed second fiscal quarter) as reported by the New York Stock Exchange on such date was $274,117,091. Shares of the registrant's common stock held by each executive officer, director and holder of 10% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This calculation does not reflect a determination that certain persons are affiliates of the registrant for any other purpose.

The number of shares of the registrant's common stock outstanding as of February 21, 2020 was 58,417,627.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its 2020 Annual Meeting of Stockholders are incorporated by reference in Part III of this Annual Report on Form 10-K. Such Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates. Except with respect to information specifically incorporated by reference in this Form 10-K, the Proxy Statement is not deemed to be filed as part of this Form 10-K.

On Deck Capital, Inc.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other legal authority. These forward-looking statements concern our operations, economic performance, financial condition, goals, beliefs, future growth strategies, objectives, plans and current expectations.

Forward-looking statements appear throughout this report including in Part I - Item 1A. Risk Factors, Part I - Item 3. Legal Proceedings and Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, including but not limited to the "2020 Outlook." Forward-looking statements can generally be identified by words such as "will," "enables," "expects," "intends," "may," "allows," "plan," "continues," "believes," "anticipates," "estimates" or similar expressions.

Forward-looking statements are neither historical facts nor assurances of future performance. They are based only on our current beliefs, expectations and assumptions regarding the future of our business, anticipated events and trends, the economy and other future conditions. As such, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and in many cases outside our control. Therefore, you should not rely on any of these forward-looking statements. Our expected results may not be achieved, and actual results may differ materially from our expectations.

Important factors that could cause or contribute to such differences include risks relating to: (1) our ability to achieve consistent profitability in the future in light of our prior loss history and competition; (2) our growth strategies, including the introduction of new products or features, expanding our platform to other lenders through ODX, maintaining ODX's current clients or losing a significant ODX client, expansion into international markets, offering equipment financing and our ability to effectively manage and fund our growth; (3) possible future acquisitions of complementary assets, businesses, technologies or products with the goal of growing our business, and the integration of any such acquisitions including Evolocity Financial Group; (4) any material reduction in our interest rate spread and our ability to successfully mitigate this risk through interest rate hedging or raising interest rates or other means; (5) worsening economic conditions that may result in decreased demand for our loans or services and increase our customers' default rates; (6) supply and demand driven changes in credit and increases in the availability of capital for our competitors that negatively impacts our loan pricing; (7) our ability to accurately assess creditworthiness and forecast and provision for credit losses; (8) our ability to prevent or discover security breaches, disruptions in service and comparable events that could compromise confidential information held in our data systems or adversely impact our ability to service our loans; (9) incorrect or fraudulent information provided to us by customers causing us to misjudge their qualifications to receive a loan or other financing; (10) the effectiveness of our efforts to identify, manage and mitigate our credit, market, liquidity, operational and other risks associated with our business and strategic objectives; (11) our ability to continue to innovate or respond to evolving technological changes and protect our intellectual property; (12) our reputation and possible adverse publicity about us or our industry; (13) failure of operating controls, including customer or partner experience degradation, and related legal expenses, increased regulatory cost, significant fraud losses and vendor risk; (14) changes in federal or state laws or regulations, or judicial decisions involving licensing or supervision of commercial lenders, interest rate limitations, the enforceability of choice of law provisions in loan agreements, the validity of bank sponsor partnerships, the use of brokers or other significant changes; (15) risks associated with pursuing a bank charter, either de novo or in a transaction, and risks associated with either failing to obtain or obtaining a bank charter; and other risks, including those described in Part II - Item 1A. Risk Factors in this report and in other documents that we file with the Securities and Exchange Commission, or SEC, from time to time which are or will be available on the SEC website at www.sec.gov.

Except as required by law, we undertake no duty to update any forward-looking statements. Readers are also urged to carefully review and consider all the information in this report, as well as the other documents we make available through the SEC's website.

In this report, when we use the terms "OnDeck," the "Company," "we," "us" or "our," we are referring to On Deck Capital, Inc. and its consolidated subsidiaries, and when we use the term "ODX" we are referring to our wholly-owned subsidiary ODX, LLC, in each case unless the context requires otherwise.

PART I

Item 1. Business

Our Company

On Deck Capital, Inc. is the proven leader in transparent and responsible online lending to small business. We were founded in 2006 and pioneered the use of data analytics and digital technology to make real-time lending decisions and deliver capital rapidly to small businesses online. Our mission is to help small businesses succeed. Today, we offer a wide range of term loans and lines of credit customized for the needs of small business owners. In 2019 we began to offer equipment finance loans and in Canada, a variable pay product. OnDeck has provided over $13 billion in loans to customers in 700 different industries across the United States, Canada and Australia. We have an A+ rating with the Better Business Bureau and are rated 5 stars by Trustpilot.

We are a leading platform for online small business lending and continue to transform small business lending by making it efficient and convenient for small businesses to access capital through innovative lending experiences and financial products. Our platform touches every aspect of the customer life cycle, including customer acquisition, sales, scoring and underwriting, funding, and servicing and collections. Enabled by our proprietary technology and analytics, we aggregate and analyze thousands of data points from dynamic, disparate data sources, and the relationships among those attributes, to assess the creditworthiness of small businesses rapidly and accurately. The data points include customer activity shown on their bank statements, business and personal credit bureau reports, government filings, tax and census data. Small businesses can apply for a term loan or line of credit, 24 hours a day, 7 days a week, on our website in minutes and, using our proprietary OnDeck *Score*®, we can make a funding decision immediately and fund as fast as 24 hours.

We also offer bank clients a comprehensive technology and services platform that facilitates online lending to small business customers through our subsidiary, ODX. In 2018, we established ODX, a wholly-owned subsidiary, in response to the growing demand from banks for third-party digital origination solutions. ODX continues to strive to provide bank and financial institution clients a best-in-class solution package consisting of platform-as-a-service technology modules, consultative analytics and business process services, and real-time origination services support to enable digital small business origination solutions. Over time, we believe ODX can become a significant contributor to OnDeck's financial growth and profitability, especially given ODX's wide range of potential bank and non-bank partners. However, we do not expect ODX to be profitable in the coming few years as our near-term focus is on expanding our capabilities and scaling the business.

Since we made our first loan in 2007, we have originated more than $13 billion of loans and as of December 31, 2019, our total assets were $1.3 billion and our loans and finance receivables, net, was $1.1 billion.

In 2019, 2018 and 2017, we originated $2.5 billion, $2.5 billion and $2.1 billion of loans, respectively. Our originations have been supported by a diverse and scalable set of funding sources, including committed debt facilities and securitizations. In 2019, 2018 and 2017, we recorded gross revenue of $444.5 million, $397.7 million and $350.4 million respectively. In 2019, we generated $28.0 million of net income attributable to On Deck Capital, Inc common stockholders compared to net income of $27.0 million and net loss of $12.1 million in 2018 and 2017, respectively. Our Adjusted Net Income, a non-GAAP financial measure, was $26.0 million, $44.8 million, and $3.6 million over the same three-year period. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures for a discussion and reconciliation of Adjusted Net Income to net income (loss).

We were incorporated in the state of Delaware on May 4, 2006. We operate from our headquarters in New York, New York and also have offices in Arlington, Virginia, Denver, Colorado, Sydney, Australia and Toronto and Montreal, Canada. Additional information about us is available on our website at http://www.ondeck.com. The information on our website is not incorporated herein by reference and is not a part of this report.

Our Market and Solution

The small business lending market is vast and underserved. OnDeck's vision is to be the first-choice lending partner for underserved small businesses. According to the FDIC, there were $232 billion in outstanding business loans in the U.S. with balances of $250,000 or below at June 30, 2019 across 21.8 million loans.

We offer a suite of financing options, currently through term loans and lines of credit, tailored to meet the needs of small businesses throughout their life cycle. Since we made our first loan in 2007, we have originated more than $13 billion of loans across more than 700 industries in all 50 states, as well as Canada and Australia. The top five states in which we, or our issuing bank partner, originated loans in 2019 were California, Florida, Texas, New York and New Jersey, representing approximately 14%, 9%, 9%, 6% and 4% of our total loan originations, respectively. As of December 31, 2019, our customers had a median annual revenue of approximately $670 thousand, with 90.0% of our customers having between $122,690 and $4.4 million in annual revenue, and have been in business for a median of 9 years, with 90.0% in business between 2 and 29 years. The average size of a term loan we made was down to $54,649 in 2019 from $55,490 in 2018 and the average size of an outstanding line of credit to our customers increased to $38,057 in 2019 from $33,689 in 2018.

We believe our scale offers significant benefits, including lower customer acquisition costs, access to a broader dataset, better underwriting decisions and a lower cost of capital, compared to certain smaller online lending businesses.

We believe our customers choose us because we provide the following key benefits sought by small business borrowers:

- *Tailored Solutions*. We offer small businesses a suite of financing choices with our term loans and lines of credit that we believe can be tailored to effectively address small businesses' particular funding needs. We believe that small businesses prefer to work with providers with whom they can build long-term relationships and that the range of our offerings makes us an ideal lending partner. Our term loans are available from $5,000 up to $500,000 with maturities of three to 36 months and our lines of credit range from $6,000 to $100,000 and substantially all are repayable within twelve months of the date of most recent draw. We believe this provides a wider range of term lengths, pricing alternatives and repayment options than any other online small business lender. We also report customer performance to several business credit bureaus, which can help small businesses build their business credit.

- *Simple*. Small businesses can submit an application on our website in as little as minutes. We are able to provide many loan applicants with an immediate decision and, if approved, fund as fast as 24 hours. Because we require no in-person meetings, collect comprehensive information electronically and have an intuitive online application form, we have been able to significantly increase the convenience and efficiency of the application process without burdensome documentation requirements.

- *Human*. Being "human" is about understanding our customers and treating them with respect. We employ a hybrid approach to deliver a "human" experience, where people and technology complement one another. Our internal sales force and customer service representatives provide assistance throughout the application process and the life of the loan. Our U.S-based representatives support customers in the U.S., and currently also Canada, and our separate Sydney-based representatives support customers in Australia. Our representatives are available Monday through Saturday before, during and after regular business hours to accommodate the busy schedules of small business owners. Our website enables our customers to complete the loan application process online, but they may also elect to mail, fax or securely email us their application and related documentation. We believe that our inclusion of the human element differentiates us from many digital lenders that attempt to complete transactions with no human interaction as well as from banks that, we believe, have a poor history of customer service and satisfaction.

Our Loan Distribution Channels

We source our lending customers through three diverse distribution channels: Direct Marketing, Strategic Partners and Funding Advisors.

- Through our direct marketing channel, we make contact with prospective customers utilizing direct mail, outbound calling, social media and other online marketing.

- In our strategic partner channel, we enter into agreements with third parties that serve or otherwise have access to the small business community, who then introduce us to prospective customers. Strategic partners include, among others, small business-focused service providers, other financial institutions, financial and accounting solution providers, payment processors, independent sales organizations and other websites. Strategic partners conduct their own marketing activities which may include email marketing, leveraging existing business relationships and direct mail. Our business development team is dedicated to expanding our network of strategic partners and leveraging their relationships with small businesses to acquire new customers. In general, if a strategic partner refers a customer that takes a loan from us, we pay that strategic partner a referral fee based on the amount of the originated loan. Strategic partners differ from

funding advisors (described below) in that strategic partners generally provide a referral to our direct sales team and our direct sales team is the main point of contact with the customer. On the other hand, funding advisors serve as the main points of contact with the customer on its initial loan and may help a customer access multiple funding options besides those we offer. As a result, funding advisors' commissions generally exceed strategic partners' referral fees. We generally do not recover these commissions or fees upon default of a loan. Generally, no other fees are paid to strategic partners.

- Through our funding advisor program, we make contact with prospective customers by entering into relationships with third party independent advisors, known as funding advisor program partners, or FAPs, that typically offer a variety of financial services to small businesses. FAPs conduct their own marketing activities, which may include direct mail, online marketing, paid leads, television and radio advertising or leveraging existing business relationships. FAPs include independent sales organizations, commercial loan brokers and equipment leasing firms. FAPs act as intermediaries between potential customers and lenders by brokering business loans on behalf of potential customers. As part of our FAP strategy, we require a detailed certification process, including background checks, to approve a FAP, and annual recertifications in order to remain a FAP. We also employ a senior compliance officer whose responsibilities include overseeing compliance matters involving our funding advisor program channel. Our relationships with FAPs provide for the payment of a commission at the time the term loan is originated or for line of credit accounts when it is opened or on draw amounts. We generally do not recover these commissions upon default of a loan. As of December 31, 2019, we had active relationships with approximately 400 FAPs, and in 2019, 2018 and 2017, no single FAP was associated with more than 2.8%, 2.0%, and 1.7% of our total originations, respectively.

Our Competitive Strengths

We believe the following competitive strengths differentiate us and serve as barriers for others seeking to enter our market:

- *Singular Focus and Visibility.* We are passionate about small businesses. Since we began lending in 2007, we have focused exclusively on assessing and delivering credit to small businesses. We believe this passion, focus and small business credit expertise provides us with significant competitive advantages, including deep insight into small businesses and their financing needs. Our partnerships with well-known companies such as PNC Bank, National Association, or PNC, Intuit Inc., Investors Bank and others also help increase our visibility and validate our brand.

- *Scale*. We have originated over $13 billion in loans across more than 700 industries since we made our first loan in 2007. We believe our extensive experience and significant scale allow us to obtain and analyze large and growing amounts of data, which provides us with greater insight to identify, understand and meet the needs of our customers and prospective customers as well as better manage our business. We listed on the NYSE in December 2014 and have consistently met their high standards of transparency, governance, financial reporting and other requirements. We believe this differentiates us from non-listed small business lenders.

- *Diversified Distribution Channels*. We have established distribution capabilities through diversified channels, including direct marketing, strategic partnerships and funding advisors. Having multiple distribution channels enables us to optimize our targeting efforts and resource allocation in response to fluctuations in customer demand and marketing costs and the overall competitive landscape by channel. Moreover, each channel provides its own set of complimentary benefits. Our direct marketing includes direct mail, outbound calling, social media and other online marketing, enhances brand awareness and fosters customer retention and loyalty. Our strategic partners, including small business-focused service providers, payment processors, and other financial institutions, offer us access to their base of small business customers and data that can be used to enhance our targeting capabilities. Our relationships with a large network of funding advisors, including businesses that provide loan brokerage services, expand our reach in identifying and serving more customers and aid brand awareness.

- *Proprietary Small Business Credit Evaluation*. We use data, analytics and technology to optimize our business operations and the customer experience. Our loan decision process, including our proprietary OnDeck *Score,* provide us with significant visibility and predictability to assess the creditworthiness of small businesses and allow us to better serve more customers across more industries. With each loan application, each originated loan and each payment received, our dataset expands and our loan decision process improves. We are able to lend to more small businesses than if we relied on personal credit scores alone. We are also able to use our proprietary data and analytics engine to pre-qualify customers and market to those customers we believe are predisposed to take a loan and have a higher likelihood of approval. When we believe it is warranted, we may also utilize our hybrid approach which utilizes our online platform together with our judgmental underwriting to help tailor the right financial solution for our customers. We believe that our technology and decisioning process allow us to more quickly and dynamically make credit adjustments in changing environments compared to certain smaller or less experienced lenders.

- *End-to-End Integrated Technology Platform*. We built our integrated platform specifically to meet the financing needs of small businesses. Our platform touches every aspect of the customer life cycle, including customer acquisition, sales, scoring and underwriting, funding, and servicing and collections. This purpose-built infrastructure is enhanced by robust fraud protection, multiple layers of security and proprietary application programming interfaces. It enables us to deliver a superior customer experience and facilitates agile decision making.

- *High Customer Satisfaction and Repeat Customer Base*. Our strong value proposition has been validated by our customers. We achieved an overall Net Promoter Score of 80 for the year ended December 31, 2019 based on our internal survey of U.S. customers in all three of our distribution channels. The Net Promoter Score is a widely used index ranging from negative 100 to positive 100 that measures customer loyalty. Our score places us at the upper end of customer satisfaction ratings and compares favorably to the average Net Promoter Score of 34 for the financial services industry. We have also consistently achieved an A+ rating from the Better Business Bureau. We believe that high customer satisfaction has played an important role in repeat borrowing by our customers. In 2019, 2018, and 2017, 53%, 52% and 52%, respectively, of loan originations were by repeat term loan customers, who either replaced their existing term loan with a new, usually larger, term loan or took out a new term loan after paying off their existing OnDeck term loan in full. Repeat customers generally demonstrate improvements in key metrics such as revenue and bank balance when they return for an additional loan. Approximately 30% of renewals in 2019 represented the rollover of remaining balances and the remainder was incremental borrowings.

- *Durable Business Model*. Since we began lending in 2007, we have successfully operated our business through both strong and weak economic environments. The diversity of our portfolio including loans to over 114,000 small businesses in over 700 industries reduces sensitivity to industry or geographically specific downturns or events. Our real-time data, short duration loans, automated daily and weekly collections, risk management capabilities and unit economics enable us to react rapidly to changing market conditions.

Our Strategy for Responsible Growth and Improved Profitability

Our vision is to become the first-choice lender to underserved small businesses while growing responsibly and increasing profitability. In doing so, and to accomplish this, we intend to:

- *Expand in Each of our Distribution Channels and Optimize our Funnel.* We plan to continue efficient investment in direct marketing to increase our brand awareness and add new customers. As our dataset expands, we will continue to pre-qualify and market to those customers we believe are predisposed to take a loan and have a higher likelihood of approval. We have seen success from this strategy as the direct marketing channel continued to originate more dollar volume than any other channel in 2019. We also intend to grow originations by broadening our indirect distribution capabilities through expanding our strategic partner and funding advisor networks. Our strategic partner channel offers our lowest customer acquisition cost while enhancements to our funding advisor network has led to increased application volume and conversion rates. We regularly seek to improve our efficiency in attracting new and repeat customers to apply for loans from us, to increase the number of completed loan applications and improve the conversion rate of completed applications into funded loans for qualified small businesses. This includes many aspects of our business from marketing, sales and customer support, underwriting, funding and servicing. By optimizing our sales funnel, we seek to reduce customer acquisition costs, responsibly increase loan originations and improve profitability.

- *Continue to Optimize Decisioning Models.* We continually update our decisioning models based on additional data and use that information to refine and optimize our marketing and lending decisions. For example, during 2019 as in prior years, in the ordinary course of business, we conducted numerous underwriting tests of discreet pools of loans with defined characteristics to assess the profitability of the sample. Testing included specific sectors, credit profiles and loan terms. We incorporate the learnings from these tests, both positive and negative, into our underwriting which we believe will lead to increased originations and profitability.

- *Expand Loan Offerings and Features*. We will continue to develop financing solutions and enhancements for underserved small businesses throughout their life cycle. We offer lines of credit with limits up to $100,000 and term loans up to $500,000 with terms up to 36-months. In 2019, we began to offer equipment finance loans and, in Canada only, a variable pay product. We regularly evaluate and explore new ideas including variations of existing loans through test pilot programs before new loans or loan enhancements are fully introduced. We believe expanded offerings and features will help retain existing customers, attract new customers and ultimately increase customer lifetime value.

- *Scale International Businesses to Profitability*. We continue to grow our business in both Canada and Australia where we believe the markets for online small business loans are still relatively new and underserved. On April 1, 2019, we combined our Canadian business with Evolocity Financial Group, or Evolocity, which helped us accelerate the growth of our Canadian operations. We will continue to grow efficiencies in Canada and Australia to help scale our international

operations to profitability. We believe there are other promising international markets, although our near-term plans do not include expansion of OnDeck lending into additional countries.

- *Grow ODX*. We believe the opportunity exists to further expand ODX, which offers bank clients a comprehensive technology and services platform to facilitate online lending to their small business customers. Our customers use ODX services to support the origination and underwriting processes for a portion of their small business customers. We intend to work with our existing bank clients to increase the volume and scope of our business together and are actively seeking to expand the ODX customer base to include other banks and small business lenders.

- *Extend Customer Lifetime Value*. We believe we have an opportunity to increase revenue and loyalty from new and existing customers, thereby extending customer lifetime value. We continue to add benefits to our customer offerings to increase engagement and usage of our platform. In 2019, we began to offer equipment finance loans which we offer to both new and existing customers to help then with a lending solution to match their needs.

Our Loans and Loan Pricing

We offer term loans and lines of credit to eligible small businesses. We currently offer term loans from $5,000 to $500,000. The original term of each individual term loan ranges from 3 to 36 months. Customers repay our term loans through fixed, automatic ACH collections from their business bank account on either a daily or weekly basis. We offer a revolving line of credit with fixed 12-month level-yield amortization on amounts outstanding and automated weekly ACH payments. We currently offer lines of credit from $6,000 to $100,000. In addition to originating our own loans, we also purchase certain term loans and lines of credit from our issuing bank partner who originates those loans.

Our term loan and line of credit sizes and pricing are based on a risk assessment generated by our proprietary data and analytics engine, which includes the OnDeck *Score*. Pricing is determined primarily based on the customer's OnDeck *Score*, the business owner's FICO® score, loan term and origination channel. Loans originated through direct marketing and strategic partners are generally priced lower than loans originated through FAPs due to the commission structure of the FAP program as well as the relative risk profile of the borrowers within the channel. Additionally, we may offer discounts to qualified repeat customers as part of our loyalty program.

For all of our term loans and lines of credit, our customers are quoted multiple pricing metrics to provide transparency and help them better understand the cost of their loan, including:

- the total repayment amount in dollars;
- the annual percentage rate, or APR;
- the average monthly payment amount; and
- the "Cents on Dollar," or COD, which expresses the total amount of interest that will be paid per dollar borrowed.

Cents on Dollar borrowed reflects the monthly interest paid by a customer to us for a loan and does not include the loan origination fee and the repayment of the principal of the loan. As of December 31, 2019, the APRs of our term loans ranged from 9.0% to 99.4% and the APRs of our lines of credit ranged from 11.0% to 61.9%. Because many of our loans are short term in nature and APR is calculated on an annualized basis, we believe that small business customers tend to evaluate these short-term loans primarily on a Cents on Dollar borrowed basis rather than APR.

We believe that our product pricing has historically been higher than traditional bank loans to small businesses and lower than certain non-bank small business financing alternatives such as merchant cash advances. For the year ended December 31, 2019, our weighted average COD per dollar borrowed per month and weighted average APR were 2.12 cents and 45.5%, respectively. For the year ended December 31, 2018, our weighted average COD per dollar borrowed per month and weighted average APR were 2.14 cents and 46.9%, respectively. We intend to continue to manage the pricing of our loans to optimize between risk-adjusted yields and loan origination volume. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations —Key Factors Affecting Our Performance—Pricing.

Our Risk Management

Our management team has operated the business through both strong and weak economic environments and has developed significant risk management experience and protocols.

Risk is governed by the risk management committee, which is comprised of certain members of our board of directors and meets regularly to examine our credit and enterprise risks. The risk management committee also has established management

committees that are comprised of members of our management team that monitor key risks and we have teams within the company that monitor and report on various enterprise risks. Credit risk is the most fundamental and significant risk faced by the Company.

We make credit decisions based on real-time performance data about our small business customers. We believe that the data and analytics powering the OnDeck *Score* can predict the creditworthiness of a small business better than models that rely solely on the personal credit score of the small business owner. Our analysis suggests that the current iteration of our proprietary credit-scoring model has become more accurate than previous versions at identifying credit risk in small businesses across a range of credit risk profiles than personal credit scores alone.

In addition, because our products generally require automated payment of principal and interest either daily, weekly or, on equipment finance loans, monthly and allow for ongoing data collection, we obtain early-warning indicators that provide a higher degree of visibility not just on individual loans, but also on macro portfolio trends. Insights gleaned from such real-time performance data provide the opportunity for us to be agile and adapt to changing conditions. For the year ended December 31, 2019, the average length of a term loan at origination was approximately 12.7 months compared to 11.8 months for the year ended December 31, 2018. We believe the rapid amortization and recovery of amounts from the short duration of our portfolio helps to mitigate our overall loss exposure.

Our credit risk team is responsible for portfolio management, allowance for credit losses, or ALLL, credit model validation and underwriting performance. This team engages in numerous risk management activities, including reporting on performance trends, and monitoring of portfolio concentrations.

We also focus on a variety of other enterprise risks and processes, including but not limited to:

- Competitive Risks including threat of new and existing market entrants.
- Regulatory Risks. Regulatory risk involves regularly reviewing the legal and regulatory environment to ensure compliance with existing laws and anticipate future legal or regulatory changes that may impact us.
- Operational Risks including: (1) ensuring our IT systems, security protocols and business continuity plans are maintained, reviewed and tested; (2) establishing and testing internal controls with respect to financial reporting; (3) recruiting and retaining talent and (4) other risks associated with developing and executing business strategies.
- Liquidity and Market Risks. Liquidity risk is the risk that we will not maintain adequate financial resources to meet our financial obligations. We mitigate liquidity risk by using a funding strategy that allows us to access debt facilities and the securitization markets through a diverse set of banks, insurance companies and other institutional lenders, which reduces our dependence on any one source of capital. Market risks relate to potential implications of fluctuating interest rate or currency exchange rates on our operations or financial results. Liquidity and market risks are monitored by an asset liability committee.

Our Subsidiaries

We conduct certain of our operations through domestic and foreign subsidiaries that support our business. We offer bank clients a comprehensive technology and services platform that facilitates online lending to small business customers through our ODX subsidiary. Several of our other subsidiaries are special purpose vehicles acting as the borrower in different asset-backed revolving debt facilities and one other subsidiary is a special purpose vehicle acting as the issuer under our current asset-backed securitization vehicle.

See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources and Note 8 of Notes to Consolidated Financial Statements elsewhere in this report for more information regarding our subsidiaries.

Our Information Technology and Security

Our Information Security program is based on principles that reflect our goals and that form the foundation of the policies, standards and procedures of our Information Security Policy. These underlying principles expand on traditional confidentiality, integrity and availability models to provide a framework for: safeguarding critical and sensitive company, customer and other information we maintain in many formats including databases, electronic mail and paper documents; protecting critical company business applications, both those under development and those in live production environments; securing many types of computing devices including data center assets through desktop and laptop computers; protecting company communications networks

including wireless, voice over IP and Internet connectivity; and facilitating discussions with third parties when establishing contracts or service level agreements governing information security arrangements.

Our network is configured with multiple layers of security with the goal of detecting, preventing, and responding to unauthorized access to or probing of our information. In addition to regular internal vulnerability scans, we submit to external penetration testing to validate our defenses and to identify areas for improvement.

Our applications are engineered with a focus on security and protected using a number of preventative controls in addition to in-code measures. We also use security protocols for communication among applications. All of our public Application Programming Interfaces, or APIs, and websites use Transport Layer Security Applications and are analyzed for security flaws internally by a dedicated team in order to maintain our security posture through continued development and functional improvement.

Our systems infrastructure is deployed on a private cloud hosted in co-located redundant data centers in New Jersey and Colorado. We believe that we have enough physical capacity to support our operations for the foreseeable future. We have multiple layers of redundancy to support the reliability of network service and achieved 99.9% monthly uptime. We also have a working data redundancy model with comprehensive backups of our databases and software.

Our Intellectual Property

We protect our intellectual property through a combination of trademarks, trade dress, domain names, copyrights and trade secrets, as well as contractual provisions and restrictions on access to our proprietary technology.

We have registered trademarks in the United States, Canada and Australia for “OnDeck,” “ODX,” “*OnDeck Score*,” “*OnDeck Marketplace*,” the OnDeck logo and many other trademarks. We also have filed other trademark applications in the United States and certain other jurisdictions and will pursue additional trademark registrations to the extent we believe it will be beneficial.

Our Employees

As of December 31, 2019, we had 742 full-time employees.

In 2018 we refreshed our core values to help us focus even more on helping our small business customers succeed:

One Team	We know that the best outcomes happen when we work together.
Switched On	We are passionate about small businesses, our company, and each other.
Driven to Win	Every decision counts in our journey to lend responsibly and win with integrity.
Focused Innovation	We invent where it differentiates us and leverage existing solutions where it doesn't.
Strike the Right Balance	Our entrepreneurial culture keeps us nimble and standards and processes keep us well-managed.

We consider our relationship with our employees to be satisfactory and we have not had any work stoppages. None of our employees are represented by a labor union or covered by a collective bargaining agreement.

Government Regulation

The regulatory framework for nonbank online lending platforms such as OnDeck is evolving and uncertain. We and our bank partners are affected by laws and regulations, and judicial interpretations of those laws and regulations, that apply to businesses in general, as well as to commercial lending. This includes a range of laws, regulations and standards that address information security, privacy, fair lending and anti-discrimination, fair sales/marketing practices, transparency, credit bureau reporting, anti-money laundering and sanctions screening, commercial lending, licensing and interest rates, among other things. Because we are not a bank and are engaged in commercial lending, we are not subject to certain of the laws and rules that only apply to banks and that has federal preemption over certain state laws and regulations. However, we purchase term loans and lines of credit from our issuing bank partner that is subject to laws and rules applicable to banks and commercial lenders.

In July 2019 we announced that we decided to pursue obtaining a bank charter, either de novo or through a transaction. Because we are not currently a bank, we are not subject to certain of the laws and regulations that only apply to banks and are not

entitled to utilize federal preemption over certain state laws and regulations applicable to commercial lending activity. However, our issuing bank partner is subject to such laws and regulations and is entitled to utilize federal preemption as described below.

State Lending Regulations

Interest Rate Regulations

Although the federal government does not regulate the maximum interest rates that may be charged on commercial loan transactions, many states have enacted laws specifying the maximum legal interest rate at which loans can be made in their state. The loan agreements relating to loans that we originate are by their terms governed by Virginia law, and the loans are underwritten, processed and entered into by our personnel in our Virginia office. Virginia does not have rate limitations on commercial loans of $5,000 or more or licensing requirements for commercial lenders making such loans. Our underwriting team and senior members of our credit risk team are headquartered in Arlington, Virginia, and that is where our commercial loan contracts are made. With respect to loans where we work with a partner or issuing bank, the issuing bank may utilize the law of the jurisdiction applicable to the bank in connection with its commercial loans.

Licensing Requirements

In states and jurisdictions that do not require a license to make commercial loans, we typically make term loans and extend lines of credit directly to customers pursuant to Virginia law, which is the governing law we require in the underlying loan agreements with our customers. There are five states that have licensing requirements where we do not make any term loans and lines of credit and instead purchase term loans and lines of credit draws made by an issuing bank partner: California, Nevada, North Dakota, South Dakota and Vermont. In addition to those five states, there are other states and jurisdictions that require a license or have other requirements or restrictions applicable to commercial loans, including both term loans and lines of credit, and may not honor a Virginia choice of law. In these other states, historically we have originated some term loans and lines of credit directly but purchased other term loans and lines of credit from issuing bank partners, the foregoing depending on the requirements or restrictions of these other states. Those other states assert either that their own licensing laws and requirements or restrictions should generally apply to commercial loans made by nonbanks or apply to commercial loans made by nonbanks of certain principal amounts, with certain interest rates, to certain business entity types or based on other terms. In such other states and jurisdictions and in some other circumstances, term loans and lines of credit are made by an issuing bank partner that is not subject to such state law, and may be sold to us. Certain lines of credit are extended by an issuing bank partner in all 50 states in the U.S. and we may purchase extensions under those lines of credit. For the years ended December 31, 2019, 2018 and 2017, loans made by issuing bank partners constituted 16.6%, 18.9% and 22.6%, respectively, of our total loan originations (including both term loans, draws on lines of credit and equipment finance loans).

The issuing bank partner establishes its underwriting criteria for the issuing bank partner program in consultation with us. We recommend commercial loans to the issuing bank partner that meet the bank partner's underwriting criteria, at which point the issuing bank partner may elect to fund the term or equipment finance loan or extend the line of credit. If the issuing bank partner decides to fund the loan (including term loans, line of credit extensions and equipment finance loans), it retains the economics on the loan for the period that it owns the loan. The issuing bank partner earns origination fees from the customers who borrow from it and retains the interest paid during the period that the issuing bank partner owns the loan. In exchange for recommending loans to an issuing bank partner, we earn a marketing referral fee based on the loans recommended to, and originated by, that issuing bank partner. Historically, we have been the purchaser of the loans that we refer to issuing bank partners. Our agreement with our issuing bank partner also provides for a collateral account, which is maintained at the issuing bank. The account serves as cash collateral for the performance of our obligations under the relevant agreements, which among other things may include compliance with certain covenants, and also serves to indemnify the issuing bank partner for breaches by us of representations and warranties where it suffers damages as a result of the loans that we refer to it. Our current agreement with our issuing bank partner, Celtic Bank, or Celtic, expires October 2020 and the agreement automatically extends for one-year periods unless terminated by either party. Celtic is an industrial bank chartered by the state of Utah and makes small business and certain other loans. The agreement with Celtic may not be assigned without the prior written consent of the non-assigning party. We may in the future and from time to time work with a different issuing bank partner, or multiple issuing bank partners.

We are not required to have licenses to make commercial loans under any state laws as currently in effect and our operations as presently conducted. Virginia, unlike some other jurisdictions, does not require licensing of commercial lenders. Because we make loans from Virginia in accordance with the Virginia choice of law in our loan agreements, we are not required, with respect to any loans we originate, to be licensed as a lender in other jurisdictions that honor the Virginia choice of law.

Federal Lending Regulations

We are a commercial lender and as such there are federal laws and regulations that affect our lending operations. These laws include, among others, portions of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, Economic and Trade Sanctions rules, the Electronic Signatures in Global and National Commerce Act, the Service Members Civil Relief Act, the Telephone Consumer Protection Act of 1991, and Section 5 of the FTC Act prohibiting unfair and deceptive acts or practices. In addition, there are other federal laws that do not directly govern our business but with respect to which we have established certain procedures, including procedures to designed to protect our platform from being used to launder money.

Competition

The small business lending market is highly competitive and fragmented, and we expect it to remain so in the future. Our principal competitors include traditional banks, legacy merchant cash advance providers, and newer, technology-enabled FinTech lenders. We believe the principal factors that generally determine a company's competitive advantage in our market include the following:

- customer experience, including:
  - customer service;
  - transparent description of key terms;
  - ease of process to apply for a loan;
  - effectiveness of operational processes;
  - speed of funding.
- brand recognition and trust;
- loan features, including amount, rate, term and repayment method; and
- effectiveness of customer acquisition.

See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Our Performance - Competition.

Disclosure of Information

We recognize that in today's environment, our current and potential investors, the media and others interested in us look to social media and other online sources for information about us. We believe that these sources represent important communication channels for disseminating information about us, including information that could be deemed to constitute material non-public information. As a result, in addition to our investor relations website (http://investors.ondeck.com), filings made with the SEC, press releases we issue from time to time, and public webcasts and conference calls, we have used, and intend to continue to use, various social media and other online sources to disseminate information about us and, without limitation, our general business developments; financial performance; product and service offerings; research, development and other technical updates; relationships with customers, platform providers and other strategic partners and others; and market and industry developments.

We intend to use the following social media and other websites for the dissemination of information:

Our blog: https://www.ondeck.com/resources

Our Twitter feed: http://twitter.com/ondeckcapital

Our Facebook page: http://www.facebook.com/ondeckcapital

Our corporate LinkedIn page: https://www.linkedin.com/company/ondeck

We invite our current and potential investors, the media and others interested in us to visit these sources for information related to us. Please note that this list of social media and other websites may be updated from time to time on our investor relations website and/or filings we make with the SEC.

Copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, or Exchange Act, are available, free of charge, on our investor relations website as soon as reasonably practicable after we file such materials electronically with or furnish it to the SEC. Information contained on, or that can be accessed through, our website or the social media and other websites noted above, do not constitute part of this Annual Report on Form 10-K and the inclusion of our website address and social media addresses in this Annual Report is an inactive textual reference only. The SEC also maintains a website that contains our SEC filings at www.sec.gov.

Industry and Market Data

This report contains estimates, statistical data, and other information concerning our industry that are based on industry publications, surveys and forecasts. The industry and market information included in this report involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such information. The source of the industry and market data contained in this report is the FDIC, *Loans to Small Businesses and Farms, FDIC-Insured Institutions 1995-2019*, Q2 2019.

The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in Item 1A. Risk Factors and elsewhere in this report. These and other factors could cause our actual results to differ materially from those expressed in the estimates made by the independent parties and by us.

Item 1A. Risk Factors

Our current and prospective investors should carefully consider the following risks and all other information contained in this report, including our consolidated financial statements and the related notes, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the "Cautionary Note Regarding Forward-Looking Statements," before making investment decisions regarding our securities. The risks and uncertainties described below are not the only ones we face but include the most significant factors currently known by us. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, also may become important factors that affect us. If any of the following risks materialize, our business, financial condition and results of operations could be materially harmed. In that case, the trading price of our securities could decline, and you may lose some or all of your investment.

We have a history of losses prior to 2018 and may not achieve consistent profitability in the future.

While we generated net income in 2019 and 2018 of $23.6 million and $24.6 million respectively, we generated net loss of $14.9 million in 2017. As of December 31, 2019, we had an accumulated deficit of $169.0 million. We will need to generate and sustain increased revenue levels, and control costs and credit losses, in future periods in order to maintain or increase our level of profitability. We intend to continue to expend significant funds on our marketing and sales operations, increasing our investment in technology and analytics capabilities including investments in our wholly-owned ODX subsidiary, increasing our customer service and general loan servicing capabilities, meeting the increased compliance requirements associated with our operation as a public company that on and after January 1, 2020 does not qualify as an "emerging growth company" and changing regulatory requirements, and upgrading our technology infrastructure and expanding in existing or possibly new markets. In addition, we record our loan loss provision as an expense to account for the possibility that loans we intend to hold may not be repaid in full. Because we incur a given loan loss expense at the time that we issue the loans we intend to hold, we expect the aggregate amount of this expense to grow as we increase the total amount of loans we make to our customers.

Our efforts to grow our business may be more costly than we expect, and we may not be able to increase our revenue enough to offset our higher operating expenses. Future profitability may decline or be volatile, and we may incur significant losses in the future for a number of reasons, including the other risks described in this report, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If profitability declines or is volatile, or we are unable to sustain profitability, the market price of our common stock may significantly decrease.

Our recent growth may not be indicative of our future growth and, if we continue to grow, we may not be able to manage our growth effectively.

Our gross revenue grew to $444.5 million in 2019 from $397.7 million in 2018 and from $350.4 million in 2017. We expect that, in the future, even if our revenue continues to increase, our rate of revenue growth may decline.

In addition, we expect to continue to expend substantial financial and other resources on:

- marketing, including expenses relating to increased direct marketing efforts;
- expanding product offerings;
- product development, including the continued development of our platform and OnDeck *Score*;
- technology and analytics, including through ODX;
- diversification of funding sources;
- broadening distribution capabilities through strategic partnerships and funding advisors;
- general administration, including legal, accounting and other compliance expenses related to being a public company and no longer being an emerging growth company after 2019; and
- expansion in Canada and Australia, and possibly into new international geographies.

In addition, our historical growth has placed, and may continue to place, significant demands on our management and our operational and financial resources. Finally, as our business grows, we will need to continue to improve our operational, financial and management controls as well as our reporting systems and procedures. If we cannot manage our growth effectively, our financial results will suffer.

Our current level of interest rate spread may decline in the future. Any material reduction in our interest rate spread could harm our business, results of operations and financial condition.

We earn a majority of our revenues from interest payments on the loans we make to our customers. Financial institutions and other funding sources provide us with the funding for these term loans and lines of credit and charge us interest on the funds that we utilize. In the event that the spread between the interest rate at which we lend to our customers and the interest rate at which we borrow from our lenders decreases, our financial results and operating performance will be harmed. The interest rates we charge to our customers and pay to our lenders could each be affected by a variety of factors, including access to capital based on our business performance, the volume of loans we make to our customers, competition and regulatory requirements. These interest rates may also be affected by a change over time in the mix of the types of loans we provide to our customers, the mix of new and renewal loans and a shift among our channels of customer acquisition.

Our funding mix and loan structure increase the risk that our interest rate spread will decline in periods of rising interest rates. We lend to our customers at a fixed rate of interest while a majority of our borrowings that fund our lending are at a variable rate of interest. To the extent that underlying market interest rates rise, our interest rate spread will likely narrow. We may not be able to successfully mitigate this risk either partially or at all. Any interest rate hedging we enter into may not be effective and we may not be able to successfully raise the interest rates we charge customers on new originations due to competitive and other factors.

Interest rate changes may adversely affect our business forecasts and expectations and are highly sensitive to many macroeconomic factors beyond our control, such as inflation, recession, the state of the credit markets, changes in market interest rates, global economic disruptions, unemployment and the fiscal and monetary policies of the federal government and its agencies. Any material reduction in our interest rate spread could have a material adverse effect on our business, results of operations and financial condition.

Worsening economic conditions may result in decreased demand for our loans, cause our customers' default rates to increase and harm our operating results.

Uncertainty and negative trends in general economic conditions in the United States and abroad, including significant tightening of credit markets, historically have created a difficult environment for companies in the lending industry. Many factors, including factors that are beyond our control, may have a detrimental impact on our operating performance. These factors include general economic conditions, unemployment levels, energy costs and interest rates, as well as events such as natural disasters, public health crises, such as the outbreak of coronavirus, acts of war, terrorism and catastrophes.

Our customers are small businesses and some customers have a limited operating history. As of December 31, 2019, approximately 24.6% of our total loans outstanding are related to customers with fewer than five years of operating history. Accordingly, our customers historically have been, and may in the future remain, more likely to be affected or more severely affected than large enterprises by adverse economic conditions. These conditions may result in a decline in the demand for our loans by potential and existing customers, and higher default rates by existing customers. If a customer defaults on a loan payable to us, the loan enters a collections process where our systems and collections teams initiate contact with the customer for payments owed. In the past when we charged off a loan, we had generally sold the loan to a third-party collection agency in exchange for

only a small fraction of the remaining amount payable to us. In 2018, we began expanding our in-house collection efforts up to and including litigation with the goal of achieving higher net recoveries over time. We expect to continue this strategy. At year-end 2019, we retained all or substantially all of our delinquent loans, which contributed to a year-over-year increase in our 15+ Day Delinquency Ratio. There is no assurance that this strategy will be successful, and it could result in lower recoveries than we have realized historically from selling charged-off loans. It may also lead to increased litigation, negative publicity and harm to our reputation.

There can be no assurance that economic conditions will remain favorable for our business or that demand for our loans or default rates by our customers will remain at current levels. Reduced demand for our loans would negatively impact our growth and revenue, while increased default rates by our customers may inhibit our access to capital, including debt warehouse facilities and securitizations, and negatively impact our profitability. Furthermore, we have received a large number of applications from potential customers who do not satisfy the requirements for an OnDeck loan. If an insufficient number of qualified small businesses apply for our loans, our growth and revenue could decline.

A pandemic, epidemic or outbreak of an infectious disease in the areas in which we operate or that directly or indirectly impacts our small business customers or their supply chains could adversely impact our business.

If a pandemic, epidemic, or outbreak of an infectious disease including the recent outbreak of a novel coronavirus known as COVID-19 first identified in Wuhan, China in December 2019, or other public health crisis were to affect our markets, or directly or indirectly impact our small business customers or their products, manufacturing, raw materials, required third-party services or other inputs to their businesses, our business could be adversely affected. Any such crisis might adversely impact our business if our small business customers experience a disruption or delay in the delivery of products or materials in their supply chain or if they result in staffing shortages in the facilities where such products or materials are manufactured or stored. While it is uncertain the extent to which the coronavirus may directly or indirectly impact our business, in the event that the coronavirus outbreak, or any actions taken by the Chinese government or other governments of other impacted nations, were to disrupt the supply of products, materials or services upon which our small business customers depend, our customers may be unable to operate their businesses and repay their loans to us which could adversely impact our business.

An increase in customer default rates may reduce our overall profitability and could also affect our ability to attract institutional funding. Further, historical default rates may not be indicative of future results.

Customer default rates may be significantly affected by economic downturns or general economic conditions beyond our control and beyond the control of individual customers. In particular, loss rates on customer loans may increase due to factors such as prevailing interest rates, the rate of unemployment, the level of consumer and business confidence, commercial real estate values, the value of the U.S. dollar, energy prices, changes in consumer and business spending, the number of personal and business bankruptcies, disruptions in the credit markets and other factors. We offer our term loans, line of credit loans and equipment finance loans to the same customers, subject to customary credit and loan underwriting procedures. To the extent that our customers borrow from us under multiple types of loans and default, our losses could be greater than if we had offered them only one type of loan. In addition, as of December 31, 2019, approximately 24.6% of our total loans outstanding related to customers with fewer than five years of operating history. While our loan decisioning process is designed to establish that, notwithstanding such limited operating and financial history, customers would be a reasonable credit risk, our loans may nevertheless be expected to have a higher default rate than loans made to customers with more established operating and financial histories. In addition, if default rates, delinquency rates or certain performance metrics reach certain levels, the principal of our securitized notes or other borrowings may be required to be paid down, and we may no longer be able to borrow from our debt facilities to fund future loans.

Even in favorable economic conditions, supply and demand driven changes in credit can place downward pressure on our loan pricing, which may have a material adverse effect on our business.

We believe that favorable economic conditions are generally helpful to OnDeck's business because historically small business and consumer optimism tends to encourage investments in small businesses and to promote related borrowing activity. However, these conditions can also tend to expand risk levels acceptable to legacy financial institutions and to increase capital availability for newer FinTech competitors. These forces, combined with the lower switching costs that online platforms provide, could place downward pressure or create volatility on our loan pricing, reducing our ability to generate growth from current and prospective price-sensitive customers. This could be particularly damaging to us because of our size relative to larger small business lenders. We may not be able to adequately reduce our marginal costs if our loan pricing were to decline, which could have a material adverse effect on our business.

We operate in a cyclical industry. In an economic downturn, we may not be able to grow our business or maintain levels of liquidity, loss minimization, and revenue growth to sustain our business and remain viable through the credit cycle.

The timing, severity, and duration of an economic downturn have can have significant negative impacts on small businesses and our ability to generate adequate revenue and to absorb expected and unexpected losses.

We do not have all of the elements necessary to ensure sustainability of our business in all circumstances. In making a decision whether to extend credit to a new or existing customer, or determine appropriate pricing for a loan, our decision structure relies on robust data collection, our proprietary credit scoring model, market expertise and judgmental underwriting. An economic downturn will place financial stress on our customers, potentially impacting our decision structure's ability to make accurate decisions. Small businesses are typically impacted before and more severely than large businesses. Our early warning and portfolio management capability to adapt in a manner that balances future revenue production and loss minimization will be tested in a downturn. The longevity and severity of a downturn will also place pressure on our lenders, who provide financing to us through our debt warehouses and our securitization. There can be no assurance that our financing arrangements will remain available to us through any particular business cycle. The timing and extent of a downturn may also require us to change, postpone or cancel our strategic initiatives or growth plans to pursue shorter-term sustainability. The longer and more severe an economic downturn, the greater the adverse impact on us, which could be material.

We rely on our proprietary decision structure to make credit decisions, set loan prices and forecast loss rates. If we do not make accurate credit and pricing decisions or effectively forecast our loss rates, our business and financial results will be harmed, and the harm could be material.

In making a decision whether to extend credit to prospective customers, we rely upon data to assess credit handling ability, debt servicing capacity, and overall risk level to determine lending exposure and loan pricing. If the components or analytics are either unstable, biased, or missing key pieces of information, the wrong decisions will be made which will negatively affect our financial results. If our proprietary decision structure fails to adequately predict the creditworthiness of our customers, including a failure to predict a customer's true credit risk profile and/or ability to repay their loan, we have in the past recorded, and may in the future need to record, additional provision expense and/or experience higher than forecasted losses. Additionally, if any portion of the information pertaining to the prospective customer is false, inaccurate or incomplete, and our systems did not detect such falsities, inaccuracies or incompleteness, or any or all of the other components of our credit decision process fails, we may experience higher than forecasted losses. Furthermore, if we are unable to access the third-party data used in our decision structure, or our access to such data is limited, our ability to accurately evaluate potential customers will be compromised, and we may be unable to effectively predict probable credit losses inherent in our loan portfolio, which would negatively impact our results of operations, which could be material.

Additionally, if we make errors in the development and validation of any of the underwriting models or tools that we use for the loans securing our debt warehouses or our securitization, such loans may experience higher delinquencies and losses, which could result in the principal of our securitized notes or other borrowings being required to be paid down, and we may no longer be able to borrow from those debt facilities to fund future loans. Moreover, if future performance of our customers' loans differs from past experience (driven by factors, including but not limited to, macroeconomic factors, policy actions by regulators, lending by other institutions and reliability of data used in the underwriting process), which experience has informed the development of the underwriting procedures employed by us, delinquency rates and losses to investors of our securitized debt from our customers' loans could increase, which could result in the principal of our securitized notes or other borrowings being required to paid down, and we may no longer be able to borrow from those debt facilities to fund future loans. This inability to borrow from our debt facilities, which could further hinder our growth and harm our financial performance.

Our allowance for loan losses is determined based upon both objective and subjective factors and may not be adequate to absorb loan losses.

We face the risk that our customers will fail to repay their loans in full. We reserve for such losses by establishing an allowance for loan losses, the increase of which results in a reduction of our earnings as we recognize a provision expense for loan losses. We have established an evaluation process designed to determine the adequacy of our allowance for loan losses. While this evaluation process uses historical and other objective information, the classification of loans and the forecasts and establishment of loan losses are also dependent on our subjective assessment based upon our experience and judgment. Actual losses are difficult to forecast, especially if such losses stem from factors beyond our experience, and unlike traditional banks, we are currently not subject to periodic review by bank regulatory agencies of our allowance for loan losses. In addition, for our line of credit offering we estimate probable losses on unfunded loan commitments in a process similar to that used for the allowance for loan losses.

Inaccurate management assumptions, deterioration of economic conditions affecting borrowers, new information regarding existing loans, identification or deterioration of additional problem loans, acquisition of problem loans and other factors (including third-party review and analysis), both within and outside of our control, may require us to increase our allowance for loan losses.

In addition, if we were to become a bank holding company, our regulators, as an integral part of their periodic examinations, would review our methodology for calculating, and the adequacy of, our allowance for loan losses and may direct us to make additions to the allowance based on their judgments about information available to them at the time of their examination. Further, if actual charge-offs in future periods exceed the amount of our allowance for loan losses, we may need additional provisions for loan losses to restore the adequacy of our allowance for loan losses. Finally, the measure of our allowance for loan losses depends on the adoption and interpretation of accounting standards.

If the information provided by customers to us is incorrect or fraudulent, we may misjudge a customer's qualification to receive a loan and our operating results may be harmed.

Our lending decisions are based partly on information provided to us by loan applicants. To the extent that these applicants provide information to us in a manner that we are unable to verify, our loan decisioning process, including the OnDeck *Score,* may not accurately reflect the associated risk. In addition, data provided by third-party sources is a significant component of our loan decisioning and this data may contain inaccuracies. Inaccurate analysis of credit data that could result from false loan application information could harm our reputation, business and operating results.

In addition, we use identity and fraud checks analyzing data provided by external databases to authenticate each customer's identity. From time to time in the past, these checks have failed and there is a risk that these checks could also fail in the future, and fraud, which may be significant, may occur. We may not be able to recoup funds underlying loans made in connection with inaccurate statements, omissions of fact or fraud, in which case our revenue, operating results and profitability will be harmed. Fraudulent activity or significant increases in fraudulent activity could also lead to regulatory intervention, negatively impact our operating results, brand and reputation, and require us to take steps to reduce fraud risk, which could increase our costs.

Our enterprise risk management efforts may misalign with our strategic objectives, which can result in us failing to achieve our objectives.

We are exposed to credit, market, liquidity, and operational risks related to our business, assets and liabilities. To manage these risks, we have developed enterprise risk management capabilities with the goal of supporting our growth objectives, client reach, risk targets and operational complexities while balancing the needs of stockholders, customers and employees. In order to be effective, among other things, our enterprise risk management capabilities must adapt and align to support any new product or loan features, capability, strategic development, or external change. We could incur substantial losses and our business operations could be disrupted to the extent our business model, operational processes, control functions, technological capabilities, risk analyses, and business/product knowledge do not adequately identify and manage potential risks associated with our strategic initiatives.

We have a limited operating history in an evolving industry, which makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.

We have a limited operating history in an evolving industry that may not develop as expected. Assessing our business and future prospects is challenging in light of the risks and difficulties we may encounter. These risks and difficulties include our ability to:

- increase the number and total volume of loans we extend to our customers;
- improve the terms on which we lend to our customers as our business becomes more efficient;
- increase the effectiveness of our direct marketing, as well as our strategic partner and funding advisor program customer acquisition channels;
- maintain or increase repeat borrowing by existing customers;
- successfully develop and deploy new types of loans and new loan features including equipment finance loans;
- successfully expand ODX, our comprehensive technology and services platform that facilitates online lending to small business customers, to additional banks and other small business lenders;
- successfully maintain our diversified funding strategy, including through debt warehouse facilities and possible future securitization transactions;
- favorably compete with other companies, including traditional lenders and so-called "closed-loop" lenders, that are currently in, or may in the future enter, the business of lending to small businesses;
- successfully navigate economic conditions and fluctuations in the credit market;

- effectively manage the growth of our business;
- obtain debt or equity capital on attractive terms;
- successfully expand internationally; and
- anticipate and react to changes in an evolving regulatory environment.

We may not be able to successfully address these risks and difficulties, which could harm our business and cause our operating results to suffer.

To date, we have derived our revenue from a limited number of financing options and markets. Our efforts to expand our market reach and financing options may not succeed and may reduce our revenue growth.

We offer term loans and lines of credit to our customers in the United States and Canada and term loans to our customers in Australia. In 2019, we began offering secured equipment finance loans in the United States. Many of our competitors offer a more diverse set of financing options to small businesses and in additional international markets. There can be no assurance that we will be successful in broadening the scope of financing options that we offer to our customers. Failure to broaden the scope of financing options we offer to potential customers may inhibit the growth of repeat business from our customers and harm our operating results. There also can be no guarantee that we will be successful with respect to our current efforts in Canada and Australia, as well as any further expansion beyond the United States, Canada and Australia, if we decide to attempt such expansion at all, which may also inhibit the growth of our business.

Demand for our loans may decline if we do not continue to innovate or respond to evolving technological changes.

We operate in a nascent industry characterized by rapidly evolving technology and frequent product introductions. We rely on our proprietary technology to make our platform available to customers, determine the creditworthiness of loan applicants, and service the loans we make to customers. In addition, we may increasingly rely on technological innovation as we introduce new types of loans, expand our current loans into new markets, and continue to streamline the lending process. The process of developing new technologies and products is complex, and if we are unable to successfully innovate and continue to deliver a superior customer experience, customers' demand for our loans may decrease and our growth and operations may be harmed.

Customer complaints or negative publicity could result in a decline in our customer growth and our business could suffer.

Our reputation is very important to attracting new customers to our platform as well as securing repeat lending to existing customers. There can be no assurance that we will continue to maintain a good relationship with our customers or avoid negative publicity. Any damage to our reputation, whether arising from our conduct of business, negative publicity, regulatory, supervisory or enforcement actions, matters affecting our financial reporting or compliance with SEC and New York Stock Exchange listing requirements, security breaches or otherwise could have a material adverse effect on our business.

Failure of operating controls could produce a significant negative outcome, including customer experience degradation, legal expenses, increased regulatory cost, significant internal and external fraud losses and vendor risk.

We are subject to the Fair Credit Reporting Act, anti-money laundering rules and rules relating to unfair, deceptive, or abusive acts or practices, as well as regulations of the Financial Crimes Enforcement Network. Losses from operational failures can be material. These losses can arise from a wide range of breaches in controls, procedures, processes and security. Breaches in any of these controls, procedures, processes or security measures could lead to significant legal expense and, even, punitive damages. Internal fraud, including the stealing and dissemination of client personally identifiable information, can create significant client distrust and result in serious legal action against us. Breaches in client onboarding and servicing processes can degrade customer experience and place current and future revenues at risk. The continued proliferation and technological advances in first and third-party fraud can result in large losses over a short period of time if undetected. While we seek to enhance and develop our operational risk strategy and control structure, there can be no assurance that our efforts will be successful and that we will avoid material operational losses. These potential operational risk loss scenarios are not exhaustive and we could experience a significant loss in any scenario if our operational risk enhancements do not keep pace with our business, capabilities or our continued organizational growth and complexity. In addition, operational failures could have a significant effect on our reputation which could cause additional material harm to our business and prospects.

Our strategy to expand the availability of our platform to other lenders through our wholly-owned subsidiary, ODX, relies on an unproven business model in an emerging industry, which makes it difficult to evaluate the prospects for that strategy and the risks and challenges we may encounter.

Part of our growth strategy is to expand the availability of our platform to other lenders through our wholly-owned subsidiary, ODX. This strategy relies on an unproven business model in an emerging industry. As a result, the revenue and income potential of offering our platform through ODX and the related market opportunity are uncertain. In order to pursue this strategy, we will be required to make significant investments over time, attract new customers and retain existing ones. Future demand and market acceptance of our platform through ODX are unpredictable. The sales cycle to attract a lender to our platform is long and complex, and once a lender is attracted, the integration and ramp up can also be long, complex and expensive. As a result, it is difficult to evaluate the prospects for this strategy or the timing or degree of its potential success. It is also difficult to assess the risks and challenges we may encounter in pursuing this strategy. Many of these risks and challenges are in categories similar to those we face in our online small business lending activities as described in this Item 1A. - Risk Factors and elsewhere in this report. Others may be in addition to, or greater than, those we face in our online small business lending activities. Additional or greater risks and challenges to expanding the availability of our platform to other lenders through ODX may include:

- lack of acceptance of our platform through ODX by other lenders;
- reluctance of other lenders to share their customer data with us, or impacts of data and security breaches if they do;
- unwillingness of other lenders to use our platform through ODX because we are doing business with their competitors, or for other reasons;
- the possible preference of other lenders to build and use their own platforms, or platforms offered by existing or new competitors of ours, for online small business lending;
- our ability to charge fees for services commensurate with the total cost of providing those services;
- the amount of time it may take us to integrate new lenders;
- our ability to fund investment to expand and customize our platform in advance of earning fee revenue related to that investment;
- our ability to provide customized solutions that meet the needs of lenders;
- our ability to meet the performance criteria that customers or prospective customers require;
- the inability to retain one or more customers and the impact of that customer loss on other existing or prospective customers;
- our ability to scale our platform through ODX to make it economically viable; and
- our ability to compete effectively with third parties seeking to provide similar services.

We may not be able to successfully address these risks and challenges, which could cause our strategy to fail, harm our business and cause our operating results to suffer. In addition, offering our platform through ODX, has placed, and if we are able to expand it will continue to place, significant demands on our management and our operational and financial resources. If we cannot effectively manage the growth of this opportunity, our financial results will suffer.

Expanding our operations internationally could subject us to new challenges and risks.

We currently operate in the United States, Canada and Australia and may seek to expand our business further internationally. Additional international expansion, whether in our existing or new international markets, will require additional resources and controls. Such expansion could subject our business to substantial risks including:

- adjusting our proprietary loan platform, and our loan decisioning process, to account for the country-specific differences in information available on potential small business borrowers;
- conformity with applicable business customs, including translation into foreign languages and associated expenses;
- changes to the way we do business as compared with our current operations;
- the need to support and integrate with local third-party service providers;
- competition with service providers that have greater experience in the local markets than we do or that have pre-existing relationships with potential borrowers and investors in those markets;
- difficulties in staffing and managing foreign operations in an environment of diverse culture, laws and customs, and the increased travel, infrastructure and legal and compliance costs associated with international operations;
- difficulties in securing financing in international markets in local currencies;

- compliance with multiple, potentially conflicting and changing governmental laws and regulations, including banking, securities, employment, tax, privacy and data protection laws and regulations;
- compliance with U.S. and foreign anti-bribery laws, such as the Foreign Corrupt Practices Act and comparable laws in Canada, Australia and other non-U.S. markets into which we might expand in the future;
- difficulties in collecting payments in foreign currencies and associated foreign currency exposure;
- restrictions on repatriation of earnings;
- compliance with potentially conflicting and changing laws of taxing jurisdictions where we conduct business and applicable U.S. tax laws as they relate to international operations, the complexity and adverse consequences of such tax laws and potentially adverse tax consequences due to changes in such tax laws; and
- regional economic and political conditions.

As a result of these risks, any potential future international expansion efforts that we may undertake may not be successful.

From time to time, we may evaluate, and potentially consummate, acquisitions, which could require significant management attention, disrupt our business, and adversely affect our financial results.

Our success will depend, in part, on our ability to grow our business. In some circumstances, we may determine to do so through the acquisition of complementary assets, businesses and technologies rather than through internal development. For example, in December 2018 we announced that we had entered a definitive agreement to combine our Canadian lending business with that of another Canadian company. The identification of suitable acquisition candidates can be difficult, time-consuming, and costly, and we may not be able to successfully complete identified acquisitions. We also have never made these types of acquisitions before and therefore lack experience in integrating such acquisitions, new technology and personnel. The risks we face in connection with acquisitions include:

- diversion of management time and focus from operating our business to addressing acquisition integration challenges;
- coordination of technology, product development and sales and marketing functions;
- transition of the acquired company's customers to our platform;
- retention of employees from the acquired company, and retention of employees from OnDeck who were attracted to OnDeck because of its smaller size or for other reasons;
- cultural challenges associated with integrating employees from the acquired company into our organization;
- integration of the acquired company's accounting, management information, human resources and other administrative systems;
- the need to implement or improve controls, procedures and policies at a business that prior to the acquisition may have lacked effective controls, procedures and policies;
- potential write-offs of loans or intangibles or other assets acquired in such transactions that may have an adverse effect our operating results in a given period;
- liability for activities of the acquired company before the acquisition, including patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities; and
- litigation or other claims in connection with the acquired company, including claims from terminated employees, customers, former stockholders or other third parties.

Our failure to address these risks or other problems encountered in connection with our future acquisitions and investments could cause us to fail to realize the anticipated benefits of these acquisitions or investments, cause us to incur unanticipated liabilities and harm our business, generally. Future acquisitions could also result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, amortization expenses or the write-off of goodwill, any of which could harm our financial condition and negatively impact our stockholders. To the extent we pay the consideration for any future acquisitions or investments in cash, it would reduce the amount of cash available to us for other purposes. Also, the anticipated benefits of any acquisitions may not materialize.

Although we have decided to pursue obtaining a bank charter, there can be no assurances when we would obtain a bank charter, if at all, and whether we may do so either de novo or through a transaction.

On July 29, 2019, we announced that after careful consideration and analysis, we have decided to pursue obtaining a bank charter, either de novo or through a transaction.

There can be no assurances when we would obtain a bank charter, if at all, and whether we may do so either de novo or through a transaction. Since our formation, we have not been a bank, have not been supervised as a bank and do not have experience building, operating or managing a bank. Obtaining a bank charter is subject to significant regulatory processes and approvals, and we will not be able to obtain a bank charter, either de novo or through a transaction, without meeting expectations of the relevant regulators, demonstrating our ability to comply with all applicable laws and regulations, and obtaining both regulatory and non-governmental approvals and consents.

Depending upon the chartering path we elect to pursue, we will be required to obtain the approval of federal and/or state bank regulatory agencies. Such application and approval processes are time consuming, require the submission of extensive information, are subject to considerations of safety and soundness, management capabilities and public convenience and needs, among other factors, and may be subject to regulatory delays. We may not receive such required approvals and consents or we may not receive them in a timely manner, including as a result of factors or matters beyond our control.

Obtaining a bank charter, either de novo or through a transaction, would subject our business to significant new regulatory requirements that may significantly limit our operations and control the manner in which we conduct our business, which could have a material adverse effect on our business, financial condition and operating results.

U.S. banks and their holding companies are subject to extensive supervision and regulation by a number of governmental agencies, including one or more of the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, or the FDIC, and/or state banking supervisors. The statutes establishing these agencies and related regulations, which are generally intended to protect bank depositors and customers rather than stockholders, govern a comprehensive range of matters including:

- ownership and control of stockholders;
- acquisition of other companies and businesses;
- permissible investments and activities;
- maintenance of adequate capital levels;
- sales practices;
- anti-money laundering requirements;
- an insolvency regime for insured depository institutions and the powers of the FDIC as receiver of insolvent insured depository institutions;
- restrictions on repurchases of stock, dividends or other distributions by banking organizations;
- restrictions on engaging in proprietary trading and investing in or sponsoring certain investment funds;
- deposit insurance provided by the FDIC;
- supervision and examination;
- limitations on transactions between banks and their affiliates;
- requirements of depository institutions to meet the credit needs of their local communities; and
- enforcement actions and civil and criminal penalties for violations of banking statutes and regulations.

These and other regulations may significantly limit our operations and control the manner in which we conduct our business, including our lending practices, capital structure, investment practices, ability to effect stock repurchases (or pay dividends) and the scope of our activities, which could have a material adverse effect on our business, financial condition, operating results. In addition, banks and bank holding companies generally are subject to rigorous capital requirements and are examined on a regular basis for their general safety and soundness and compliance with various federal and state legal regimes, including, but not limited to, the Dodd-Frank Act, the Community Reinvestment Act, the Truth in Lending Act, the Gramm-Leach-Bliley Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act and the Bank Secrecy Act, as amended by the USA PATRIOT Act of 2001. Any compliance failures (including actions by a banking organization prior to our acquisition of it if we were to complete a transaction), or any failure by us or our subsidiaries to maintain satisfactory examination ratings or capital levels for any reason,

could result in substantial penalties, requirements, and/or restrictions on our ability to conduct business. In addition, future legislation and government policy could adversely affect our operating results. We also would likely incur additional costs associated with such legal and regulatory compliance, which could adversely affect our operating results.

Our entry into the equipment financing market may be unsuccessful or may not provide the expected contributions to our growth strategy. Our failure to successfully offer equipment finance loans or realize the benefits of these loans could adversely impact our business and financial results.

As part of our growth strategy, in 2019, we began making equipment finance loans to customers ranging from $5,000 to $150,000, with terms ranging from 24 to 60 months. These loans are secured by new and used equipment. We have limited experience offering equipment finance loans which could involve significant challenges and risks including:

- our inability to scale our equipment finance offering;
- our inability to effectively underwrite and price equipment finance transactions, and evaluate the initial and residual value of the loan collateral;
- our failure to develop or acquire the technology needed to support the offering of equipment finance loans;
- inadequately training sales and customer service personnel to handle the offering of equipment finance loans;
- customer acceptance;
- intense competition from other equipment finance providers, many of whom have much more experience and greater financial resources than we do, and risks of innovation by our competitors;
- actual losses exceeding expected losses for the offering of equipment finance loans;
- worsening economic conditions that may result in decreased demand and increase our customers' default rates;
- the effectiveness of our risk management efforts; and
- repossessing equipment collateral and liquidating it, including possible reputational and publicity risks associated with our collection efforts.

Any failure on our part to successfully offer equipment finance loans or realize the expected benefits could adversely impact our business and financial results.

The lending industry is highly regulated. Failure to comply with regulatory requirements could have a significant impact on OnDeck and adversely affect our business.

OnDeck operates in a highly regulated industry subject to complex and potentially evolving legal and regulatory requirements. Changes in laws or regulations or changes to the application or interpretation of the laws and regulations applicable to OnDeck could adversely affect OnDeck's ability to operate in the manner in which OnDeck currently conducts business or make it more difficult or costly for OnDeck to originate or otherwise acquire additional loans, or for OnDeck to collect payments on the loans. Such changes could subject OnDeck to additional licensing, registration and other legal or regulatory requirements in the future or otherwise that could, individually or in the aggregate, adversely affect OnDeck's ability to conduct its business. For example, if the loans were determined for any reason not to be commercial loans or new interest rate limitations were imposed on commercial loans, OnDeck's choice of law provision in our loan agreements is found to be unenforceable, the validity of OnDeck's relationship with our issuing bank partner were successfully challenged under a "true lender" or similar theory, or the ability of a purchaser or other assignee of a bank-originated loan to service and collect the loan according to its terms were hindered by arguments similar to those made in *Madden v. Midland Funding, LLC*, OnDeck would be required to change the way it does business (whether nationally or in particular states) and to incur substantial additional expense to comply with such changes in law or regulation, including by getting licensed as a lender in the various states, altering the terms of its loans, curtailing its loan originations, or requiring it to place more loans through our issuing bank partner, and its fees, interest rates, or other loan terms and business practices could be challenged by regulators, attorneys general or borrowers. A material failure to comply with any such laws or regulations could result in time-consuming and costly regulatory actions, lawsuits, penalties and damage to OnDeck's reputation, which could have a material adverse effect on OnDeck's business and financial condition and our ability to originate and service loans and perform our obligations to investors and other constituents.

In addition, although our merchants under the loan agreements agree that the proceeds of the loans will be used for certain enumerated business purposes and will not be used for personal, family or household purposes, were the loans deemed not to constitute commercial or business loans, OnDeck would become subject to additional federal and state laws and regulations, as well as additional regulation by federal and state regulatory bodies. Such additional regulatory bodies and laws and regulations impose specific statutory liabilities upon creditors who fail to comply with the provisions of applicable laws and regulations.

Notwithstanding that OnDeck has considered compliance requirements when developing its program and platform, OnDeck may be determined to be noncompliant with applicable law in manners that may require OnDeck to change the way it does business and/or expose OnDeck to material compliance liability.

The regulatory framework for online lending platforms is evolving and uncertain as federal and state governments consider new laws and regulations applicable to online lending platforms. New laws and regulations, as well as continued uncertainty regarding potential new laws or regulations, may negatively affect OnDeck's business

The regulatory framework for online lending platforms such as OnDeck is evolving and uncertain. It is possible that new laws and regulations will be adopted in the United States and internationally, or existing laws and regulations may be interpreted or applied in new ways, that would affect the operation of OnDeck and the way in which it interacts with borrowers and investors.

Over the last few years, federal and state regulatory and other policymaking entities have taken an increased interest in online small business lending. Regulators and policymakers have been engaging in information gathering projects to assist federal and state officials in better understanding, among other things, the methods, role and impact of online lending on credit markets and our merchants. These initiatives either have resulted, or are expected to result, in policy recommendations that could impact our business practices and operations if the recommendations result in new laws or regulations.

We cannot predict the outcome of these or other comparable future activities, when or whether they will lead to new laws, regulations or other actions or what they might be. However, the impact and cost of any possible future changes to laws or regulations could be substantial and could also require us to change our business practices and operations in a manner that adversely impacts our business, including by increasing compliance costs or requiring us to limit or modify our lending activities to comply.

Our loan agreements contain an arbitration provision, which precludes any form of a representative or class proceeding. Our arbitration provision may be exercised at any party's election and, upon exercise, is mandatory and is intended to avert or deter representative and class proceedings against OnDeck while complying with applicable case law. It is possible that OnDeck's arbitration provision may be determined to be unenforceable, whether across all loans or with respect to particular loans. Any rule or decision prohibiting reliance on our loan agreements' arbitration provision may not affect OnDeck's current collection procedures but might create additional exposure for OnDeck at some point in the future if it restricts the use of class action waivers.

A proceeding relating to one or more allegations or findings of our violation of such laws could result in modifications in our methods of doing business that could impair our ability to collect payments on our loans or to acquire additional loans or could result in the requirement that we pay damages and/or cancel the balance or other amounts owing under such loans. We cannot assure that such claims will not be asserted against us in the future. To the extent it is determined that the loans we make to our customers were not originated in accordance with all applicable laws, we could be obligated to repurchase from the entity holding the applicable loan any such loan that fails to comply with legal requirements or engage in costly litigation. We may not have adequate resources to make such repurchases or engage in such litigation.

In addition, we do business with third parties who are not part of our funding advisor program, including third parties who may refer potential customers to us or to whom we may refer potential customers for their business. We may refer applicants who do not satisfy our credit requirements to a network of strategic partners who may offer commercial financing opportunities to those applicants. In general, if we refer an applicant that takes a loan from one of our strategic partners, that strategic partner pays us a commission based on the amount of the originated loan. Some strategic partners lend directly to such referred applicants, while other strategic partners may help the referred applicant access multiple commercial funding options on a comparison platform. The partners determine whether to extend credit to referred applicants using their own credit models and criteria.

Certain states require a license to broker commercial loans or apply other restrictions to loan brokering activities, including applying interest rate limits to certain brokered loans. We believe that our strategic referral program would not be considered loan brokering under those state laws and, as such, would not require us to obtain a license. There is a risk that states could adopt new laws or amend or interpret existing laws to require us to obtain a broker license, impose penalties for noncompliance, or otherwise prevent us from making further referrals and collecting commissions from our referral partners. Challenges to our program could also result in costly and time-consuming litigation, damage to our reputation and harm our operating results.

Non-compliance with laws and regulations may impair OnDeck's ability to originate or service loans

Failure to comply with the laws and regulatory requirements applicable to OnDeck's business may, among other things, limit OnDeck's ability to collect all or part of the principal amount of or interest on the loans. In addition, OnDeck's non-compliance could subject it to damages, class action lawsuits, administrative enforcement actions, and civil and criminal liability, which may harm OnDeck's business and ability to originate loans. Where applicable, OnDeck seeks to comply with state lending, loan broker, servicing and similar statutes. OnDeck currently originates or purchases loans in all 50 states in the United States and the District

of Columbia. OnDeck believes that it is in compliance with all licensing or other requirements applicable to its business. Nevertheless, if OnDeck were found not to comply with applicable laws, OnDeck could face sanctions or be required to obtain a license in such jurisdiction, which may have an adverse effect on its ability to continue to originate loans or perform its servicing obligations.

Additionally, Congress, the states and regulatory agencies could further regulate the small business credit industry in ways that make it more difficult or costly for OnDeck to originate or purchase from an issuing bank partner additional loans, or for OnDeck to collect payments on the loans. Further, changes in the regulatory application or judicial interpretation of the laws and regulations applicable to financial institutions also could impact the manner in which OnDeck conducts its business.

If the choice of law provisions in our loan agreements are found to be unenforceable, we may be found to be in violation of state interest rate limit laws.

Although the federal government does not currently regulate the maximum interest rates that may be charged on commercial loan transactions, many states have enacted laws specifying the maximum legal interest rate at which loans can be made in their state. The loan agreements relating to loans that we originate are by their terms governed by Virginia law, and the loans are underwritten, processed and entered into by our personnel in our Virginia office.

Virginia law does not limit interest rates on commercial loans of $5,000 or more. Assuming a court were to recognize and respect this choice of law provision for loans that we originate, Virginia law would be applied to a dispute between the customer and us regardless of where the customer is located. We intend for Virginia law to control over any state interest rate limit laws that would otherwise be applicable to these loans. We are not aware of any broad-based legal challenges to date to the applicability of Virginia law to the loans we originate. However, court or regulator could conclude that our lending activity is nevertheless subject to the laws, including any interest rate restrictions, of the state where the obligor is located. We cannot predict whether a court may seek to apply a different state's law to our loans or to otherwise invalidate the applicability of Virginia law to the loans we originate.

If the applicability of Virginia law to these loans were challenged, and these loans were found to be governed by the laws of another state, and such other state has a law that prohibits the effective interest rate of such loans, the obligations of our customers to pay all or a portion of the interest and principal on these loans could be found unenforceable. A judgment that the choice of law provisions in our loan agreements is unenforceable also could result in costly and time-consuming litigation, penalties, damage to our reputation, trigger repurchase obligations, negatively impact the terms of our future loans and harm our operating results. Likewise, a judgment that the choice of law provision in other commercial loan agreements is unenforceable could result in challenges to our choice of law provision and that could result in costly and time-consuming litigation.

In February 2017, in the Madden v. Midland case described in more detail immediately below, the U.S. District Court for the Southern District of New York held that applying the Delaware choice of law specified in the consumer loan contract at issue in the case, which would have resulted in the application of Delaware law that has no limit on allowable interest rates, would violate a fundamental public policy of New York's criminal usury statute. The court then concluded that the New York usury law, and not Delaware law, applied to the loan. That decision, or possible future decisions that similarly invalidate choice of law provisions in loan agreements, could cause us to change the way we do business in particular states and to incur substantial additional expense to litigate the issue or to comply with the laws of various states, including either licensing as a lender in the various states, altering the terms of our loans, curtailing loan originations, or requiring us to place more loans through our issuing bank partner.

In some circumstances, federal preemption and application of an out-of-state choice of law provision will not, or may not, be available for the benefit of certain non-bank purchasers of loans to defend against a state law claim of usury.

Over the past few years there have been several litigation and enforcement actions aimed at issuing banks and their non-bank lending partners. These actions have primarily challenged the validity of the issuing bank partner model that is used by many non-bank lenders, including by OnDeck.

In May 2015, the U.S. Court of Appeals for the Second Circuit held in Madden v. Midland Funding, LLC that federal law did not preempt a state’s interest rate limitations when applied to a non-bank debt buyer of a consumer credit card loan seeking to collect interest at the rate originally contracted for by a national bank. The Second Circuit did not decide, and remanded to the U.S. District Court for the Southern District of New York, the question of whether New York law (the law of the state where the debtor lived) or Delaware law (the governing law stated in the loan agreement) governed the terms of the loan agreement. Although the Second Circuit case was appealed, in June 2016 the United States Supreme Court declined to review the case, which had the effect of leaving the decision of the Second Circuit intact.

In February 2017, the U.S. District Court for the Southern District of New York on remand held that applying the Delaware choice of law specified in the loan contract, which would have resulted in the application of Delaware law that has no applicable limit on allowable interest rates, would violate a fundamental public policy of New York's criminal usury statute. The court then concluded that the New York usury law, and not Delaware law, applied to the consumer loan at issue in the case.

The Second Circuit's holding in the Madden case is binding on federal courts in the states included in the Second Circuit - New York, Connecticut and Vermont. If the Second Circuit's decision were extended and upheld by courts outside of the Second Circuit, it could pose a challenge to the federal preemption of state interest rate limitations for loans made by issuing bank partners in those states. Additionally, if the decision by the U.S. District Court for the Southern District of New York applying the law of the state of the borrower (rather than the governing law stated in the loan agreement) were applied by a state or federal court outside of the Southern District of New York, then loans originated by us (or a portion of the principal and/or interest on such loans) might be unenforceable, and penalties could apply depending if the terms of such loans were deemed contrary to the law of the state of the borrower. There could be other related liabilities and reputational harm if OnDeck or a subsequent transferee of a bank-issued loan were to seek to collect on those amounts deemed to be in violation of applicable state law. In addition, the U.S. District Court in the Madden case certified a class action to pursue other remedies against the defendants in that case. It is possible that other out-of-state lenders making loans to borrowers in New York, including us, may be subject to similar claims.

While the Madden decision suggests that non-bank purchasers may not be entitled to utilize federal preemption of state interest rate limitations for loans made by issuing bank partners in those states, there have also been numerous litigation and enforcement actions that challenge the status of the issuing bank partner as the "true lender" of the loan in question. These actions primarily rely on the reasoning set forth in CashCall, Inc. v. Morrisey. In that case, the court held that the non-bank consumer lending platform, CashCall, and not its bank partner, was the "true lender" for certain loans made to West Virginia residents. The court relied on a "predominate economic interest" test that sought to determine which party (as between the issuing bank and the non-bank lending platform) retained the most economic risk in the loan transaction and should, therefore, be deemed the "true lender" of the loan. The CashCall decision and other similar actions challenge whether the loans should be subject to the interest rate limitations in the state where the consumer is located rather than in the bank's home state because the non-bank lending platform, and not the bank, is the "true lender." The state law remedies with respect to the "true lender" actions vary depending on the jurisdiction in which the action is filed. If we were deemed by a court to be the "true lender" of any loans originated by our issuing bank partner, it could impact the enforceability of our loans; it could subject us to regulatory investigations, penalties and fines; we might have to alter the terms of the loans we make; it could create challenges for our capital markets and securitization models; we would have to change the way we do business in such jurisdictions; and we may suffer an adverse impact on our business.

The U.S. District Court's decision in the Madden case and the various "true lender" actions referenced above, if extended to our loans or our business model, could limit the interest rates we can charge on certain of our loans in states that have criminal usury limits. In those circumstances, we may need to alter the terms of certain loans we make in those states or otherwise change the way we do business in those states, we may be subject to litigation and we may suffer an adverse impact on our business.

In August 2019, the California Supreme Court held in De La Torre v. CashCall, Inc. that an interest rate on a consumer loan of $2,500 or more in California could be deemed unconscionable even though such loans are not subject to California's usury laws. Although the California Finance Code sets interest rate caps only on consumer loans less than $2,500, the California Supreme Court did not accept CashCall's position that the statute setting those rates implies that a court may never declare the interest rate on such loans greater than $2,500 to be unconscionable. While the California Supreme Court did not specifically find that CashCall's loans were unconscionable, the case was remanded back to the lower courts to make that determination.

While the De La Torre decision applies only to consumer loans in the State of California, we cannot predict whether other courts might reach a similar decision regarding commercial loans. Many other states have adopted the Uniform Commercial Code (UCC) and have directly incorporated the UCC's unconscionability prohibition into their lending statutes. As in California, this broad unconscionability prohibition would permit a merchant in those states to argue that a high interest rate loan is invalid on the basis of unconscionability, even if those states do not otherwise impose interest rate caps on such loans. Such a decision could cause us to change the way we do business in particular states and to incur substantial additional expense to alter the terms of our loans, curtail loan originations, or require us to place more loans through our issuing bank partner.

If our relationship with our issuing bank partner was to end or the legal structure supporting such relationship was to be successfully challenged, then we may have to comply with additional laws, regulations, and restrictions, and certain states may require us to obtain a lending or similar license.

In states that do not require a license to make commercial loans, we make loans directly to customers pursuant to Virginia law, which is the governing law we require in the underlying loan agreements with our customers. However, some states and jurisdictions require a license to make or solicit certain commercial loans in that state or jurisdiction and/or may not honor a Virginia choice of law. These states assert either that their own licensing laws and requirements should generally apply to commercial

loans made by nonbanks to residents of their state or apply to commercial loans made by nonbanks to residents of their state of certain principal amounts or with certain interest rates or other terms. In such states and jurisdictions and in some other circumstances, loans are originated by our issuing bank partner, which is not subject to state licensing, and sold to OnDeck. Our issuing bank partner currently originates all loans in California, Nevada, North Dakota, South Dakota and Vermont as well as some loans to merchants in other states and jurisdictions. These loans are not governed by Virginia law, but rather the laws of the issuing bank partner's home state, which is Utah law in the case of our issuing bank partner, Celtic Bank. The remainder of our loans provide that they are to be governed by Virginia law. For the years ended December 31, 2019, 2018 and 2017, loans made by our issuing bank partner constituted 16.6%, 18.9%, and 22.6%, respectively, of the loans made during such periods. Loans originated by our issuing bank partner are generally priced the same as loans originated by us under Virginia law. While the other U.S. states where we originate loans currently honor our Virginia choice of law, future legal changes could result in any one or more of those states no longer honoring our Virginia choice of law or introducing a new licensure regime applicable to our business. In that case, we could potentially address the legal change by altering the terms of our loans, curtailing our originations, or placing more loans through our issuing bank partner.

If we were otherwise not able to work with an issuing bank partner or if we were to seek to make loans directly in those states referenced above, we would have to attempt to comply with the laws of these states in other ways, including through obtaining the appropriate licenses. Compliance with the laws of such states could be costly, and if we are unable to obtain such licenses, our lending activity could substantially decrease or cease entirely in that state jurisdiction and our revenues, growth and profitability would be harmed.

Celtic Bank is currently our issuing bank partner. If our relationship with Celtic Bank or any other issuing bank partner were to end or if Celtic Bank or any other issuing bank partner were to cease operations, OnDeck would either need to find a replacement financial institution with which to enter into a similar arrangement or OnDeck would need to obtain individual federal, state or local lending licenses or otherwise comply with the laws of those jurisdictions in order to continue to make certain loans in those jurisdictions. Even if OnDeck were able to obtain the necessary licenses in those jurisdictions, compliance with the laws, rules and regulations of those jurisdictions could be costly and, depending on the terms of the loans, the interest rates or other loan terms and practices applicable to loans in those jurisdictions might be subject to limits, prohibitions or restrictions. If OnDeck were unable to maintain the necessary relationships, unable to obtain the necessary licenses or unable to otherwise comply with applicable law, OnDeck would be required to discontinue or curtail lending, or limit the rates of interest charged on certain loans, in those jurisdictions and would face increased costs and compliance burdens.

In addition, if it were found that OnDeck's activities under its current arrangements with our issuing bank partner constituted impermissible lending within any such jurisdiction, OnDeck could face penalties and fines within such jurisdictions, and all or a portion of the interest charged on the loans and/or all or a portion of the principal of the loans could be found to be unenforceable or recoverable by the borrower and, to the extent it is determined that the loans were not originated in accordance with all applicable laws, OnDeck could be obligated to purchase certain loans that failed to comply with such legal requirements. There can be no assurance, however, that OnDeck would have adequate resources to make such purchases. Further, any finding that we engaged in lending in states where we are not properly licensed to do so could lead to litigation, harm to our reputation and negatively impact our ability to originate loans.

Security breaches of customers' confidential information that we store may harm our reputation and expose us to liability.

We store our customers' bank information, credit information and other sensitive data. Any accidental or willful security breaches or other unauthorized access could cause the theft and criminal use of this data. Security breaches or unauthorized access to confidential information could also expose us to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity. If security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in our software are exposed and exploited, and, as a result, a third party obtains unauthorized access to any of our customers' data, our relationships with our customers will be severely damaged, and we could incur significant liability.

Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until they are launched against a target, we and our third-party hosting facilities may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, many states have enacted laws requiring companies to notify individuals of data security breaches involving their personal data. These mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity, which may cause our customers to lose confidence in the effectiveness of our data security measures. Any security breach, whether actual or perceived, would harm our reputation and we could lose customers.

The collection, processing, use, storage, sharing and transmission of personal data could give rise to liabilities as a result of federal, state and international laws and regulations, as well as our failure to adhere to the privacy and data security practices that we articulate to our customers.

We collect, process, store, use, share and/or transmit a large volume of personally identifiable information and other sensitive data from current, past and prospective customers. There are federal, state, and foreign laws regarding privacy, data security and the collection, use, storage, protection, sharing and/or transmission of personally identifiable information and sensitive data. Additionally, many states continue to enact legislation on matters of privacy, information security, cybersecurity, data breach and data breach notification requirements. For example, as of January 1, 2020, the California Consumer Privacy Act, or CCPA, (CCPA), grants additional consumer rights with respect to data privacy in California. The CCPA, among other things, entitles California residents to know how their personal information is being collected and shared, to access or request the deletion of their personal information and to opt out of the sharing of their personal information. The CCPA is subject to further amendments pending certain proposed regulations that are being reviewed and revised by the California Attorney General. We cannot predict the impact of the CCPA on our business, operations or financial condition, but it could require us to modify certain processes or procedures, which could result in additional costs and liability.

Any violations of these laws and regulations may require us to change our business practices or operational structure, including limiting our activities in certain states and/or jurisdictions, address legal claims, and sustain monetary penalties, reputational damage and/or other harms to our business.

Furthermore, our online privacy policy and website make certain statements regarding our privacy, information security, and data security practices with regard to information collected from our customers. Failure to adhere to such practices may result in regulatory scrutiny and investigation, complaints by affected customers, reputational damage and other harm to our business. If either we, or the third-party service providers with which we share customer data, are unable to address privacy concerns, even if unfounded, or to comply with applicable laws and regulations, it could result in additional costs and liability, damage our reputation, and harm our business

We depend on third-party service providers for our core banking technology, and interruptions in or terminations of their services could materially impair the quality of our services.

We rely substantially upon third-party service providers for our various aspects of our business processes and to protect us from service disruptions and cybersecurity intrusions. This reliance may mean that we will not be able to resolve operational problems internally or on a timely basis, which could lead to customer dissatisfaction or long-term disruption of our operations. Our operations also depend upon our third-party service providers to communicate appropriately and respond swiftly to their own service disruptions through industry standard best practices in business continuity and/or disaster recovery. As a last resort, we may rely on our ability to replace a third-party service provider if it experiences difficulties that interrupt operations for a prolonged period of time or if an essential third-party service terminates. If these service arrangements are terminated for any reason without an immediately available substitute arrangement, our operations may be severely interrupted or delayed. If such interruption or delay were to continue for a substantial period of time, our business, prospects, financial condition and results of operations could be adversely affected.

Our ability to collect payment on loans and maintain accurate accounts may be adversely affected by computer malware, social engineering, phishing, physical or electronic break-ins, technical errors and similar disruptions.

The automated nature of our platform may make it an attractive target for hacking and potentially vulnerable to computer viruses, physical or electronic break-ins and similar disruptions. It is possible that we may not be able to anticipate or to implement effective preventive measures against all security breaches of these types, in which case there would be an increased risk of fraud or identity theft, and we may experience losses on, or delays in the collection of amounts owed on, a fraudulently induced loan. Security breaches could occur from outside our company, and also from the actions of persons inside our company who may have authorized or unauthorized access to our technology systems. In addition, the software that we have developed to use in our daily operations is highly complex and may contain undetected technical errors that could cause our computer systems to fail. Because each loan that we make involves our proprietary automated underwriting process, any failure of our computer systems involving our automated underwriting process and any technical or other errors contained in the software pertaining to our automated underwriting process could compromise our ability to accurately evaluate potential customers, which would negatively impact our results of operations. Furthermore, any failure of our computer systems could cause an interruption in operations and result in disruptions in, or reductions in the amount of, collections from the loans we make to our customers.

Additionally, if hackers were able to access our secure files, they might be able to gain access to the personal information of our customers. If we are unable to prevent such activity, we may be subject to significant liability, negative publicity and a material loss of customers, all of which may negatively affect our business.

Our business is subject to the risks of hurricanes, earthquakes, fires, floods and other natural disasters, public health crises, power outages, telecommunications failures and similar events, and to interruption by man-made problems such as terrorism, cyberattack, and other actions. Comparable risks may also impact the demand for our loans or our customers' ability to repay their loans.

Events beyond our control may damage our ability to accept our customers' applications, underwrite loans, maintain our platform or perform our servicing obligations. Such events include, but are not limited to, hurricanes, earthquakes, fires, floods and other natural disasters, public health crises, such as outbreaks of the coronavirus or other infectious diseases, power outages, telecommunications failures and similar events. Despite any precautions we may take, system interruptions and delays could occur if there is a natural disaster, if a third-party provider closes a facility we use without adequate notice for financial or other reasons, or if there are other unanticipated problems at our leased facilities. Because we rely heavily on our servers, computer and communications systems and the internet to conduct our business and provide high-quality customer service, disruptions could harm our ability to run our business and cause lengthy delays which could harm our business, results of operations and financial condition. We currently are not able to switch instantly to our backup center in the event of failure of the main server site. This means that an outage at one facility could result in our system being unavailable for a significant period of time. Man-made problems such as terrorism, cyberattack, and other criminal, tortious or unintentional actions could also give rise to significant disruptions to our operations. Our business interruption insurance may not be sufficient to compensate us for losses that may result from interruptions in our service as a result of system failures or other disruptions. Comparable natural and man-made risks may reduce demand for our loans or cause our customers to suffer significant losses and/or incur significant disruption in their respective operations, which may affect their ability to repay their loans. All of the foregoing could materially and adversely affect our business, results of operations and financial condition.

We rely on data centers to deliver our services. Any disruption of service at these data centers could interrupt or delay our ability to deliver our service to our customers.

We currently serve our customers from two third-party data center hosting facilities in New Jersey and Colorado, as well as "cloud" data centers which delivers service over the internet. The continuous availability of our service depends on the operations of these facilities and cloud services, on a variety of network service providers, on third-party vendors and on data center operations staff. In addition, we depend on the ability of our third-party facility and cloud service providers to protect the facilities against damage or interruption from natural disasters, power or telecommunications failures, criminal acts and similar events. If there are any lapses of service or damage to these facilities and cloud services, we could experience lengthy interruptions in our service as well as delays and additional expenses in arranging new facilities and services. Even with current and planned disaster recovery arrangements, our business could be harmed.

We designed our system infrastructure and procure and own or lease the computer hardware used for our services. Design and mechanical errors, failure to follow operations protocols and procedures could cause our systems to fail, resulting in interruptions in our platform. Any such interruptions or delays, whether as a result of third-party error, our own error, natural disasters or security breaches, whether accidental or willful, could harm our relationships with customers and cause our revenue to decrease and/or our expenses to increase. Also, in the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we may incur. These factors in turn could further reduce our revenue and subject us to liability, which could materially adversely affect our business.

We are obligated to maintain internal control over financial reporting and our management is required to report annually on the effectiveness of these internal controls. Beginning with this annual report, our independent registered public accounting firm is required to formally attest to the effectiveness of our internal control over financial reporting. Any determination that these internal controls are not effective may adversely affect investor confidence in our company and, as a result, the value of our common stock.

We are required to furnish an annual report by management on, among other things, the effectiveness of our internal control over financial reporting the end of each fiscal year. After December 31, 2019, we ceased to be an "emerging growth company" under the JOBS Act. As a result, our independent registered public accounting firm is now required to formally attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act. The audit of our financial statements as of and for the year ending December 31, 2019 is the first time that our independent registered public accounting firm is required to formally attest to the effectiveness of our internal control over financial reporting.

Management's assessment of internal control over financial reporting and the attestation of our independent registered public accounting firm for the year ending 2019 needs to include disclosure of any material weaknesses identified in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial

reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

We cannot assure you that we will not in the future have material weaknesses. In preparation for the additional disclosure and regulatory requirements associated with our loss of "emerging growth company" status effective December 31, 2019, we have transitioned and continue to transition to a more developed internal control environment that incorporates increased automation, risk management procedures, and quality assurance testing. The actions we have taken and plan to take are subject to ongoing senior management review and audit committee oversight.

We also may not be able to complete our evaluation, testing and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting that we are unable to remediate before the end of the same fiscal year in which the material weakness is identified or if we are otherwise unable to maintain effective internal controls over financial reporting, we will be unable to assert that our internal controls are effective. If we are unable to assert that our internal control over financial reporting is effective, or if our auditors are unable to attest to the effectiveness of our internal controls, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our common stock to decline.

We are also required to disclose material changes made in our internal controls and procedures on a quarterly basis. To comply with the requirements of being a public company, we may need to undertake various actions, such as implementing new internal controls and procedures and hiring additional accounting or internal audit staff.

We will incur increased costs and demands upon management as a result of complying with the laws and regulations affecting public companies, which could harm our results of operations and our ability to attract and retain qualified executives and board members.

As a public company we incur significant legal, accounting, and other expenses that we did not incur as a private company. These expenses have increased in connection with our transition out of “emerging growth company” status effective December 31, 2019 and will continue to increase thereafter. In addition, the Sarbanes-Oxley Act and rules subsequently implemented by the SEC and the New York Stock Exchange, or NYSE, impose various requirements on public companies, including requiring changes in corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, we expect these rules and regulations and future regulations will continue to increase our legal, accounting and financial compliance costs and will make some activities more time consuming and costly. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or to incur substantial costs to maintain the same or similar coverage. These rules and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors or our board committees or as executive officers.

In addition, the Sarbanes-Oxley Act requires, among other things, that we assess the effectiveness of our internal control over financial reporting annually and the effectiveness of our disclosure controls and procedures quarterly. In particular, we are required to perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on, and our independent registered public accounting firm potentially to attest to, the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act, or Section 404. Effective December 31, 2019 we ceased to be an "emerging growth company" and are no longer able to avail ourselves of the exemption from the requirement that our independent registered public accounting firm attest to the effectiveness of our internal control over financial reporting under Section 404. As a result, our independent registered public accounting firm is required to undertake an assessment of our internal control over financial reporting. Our compliance with applicable provisions of Section 404 requires that we incur substantial accounting, legal and consultant expenses and expend significant management time as we implement additional corporate governance practices and comply with reporting requirements. Moreover, if we or our independent registered public accounting firm identifies deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock could decline and we could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources.

Furthermore, investor perceptions of our company may suffer if deficiencies are found, and this could cause a decline in the market price of our stock. Irrespective of compliance with Section 404, any failure of our internal control over financial reporting could have a material adverse effect on our stated operating results and harm our reputation.

Our business may be adversely affected by disruptions in the credit markets, our failure to comply with our debt agreements, or the termination or expiration of, or our inability to replace, our debt agreements, any of which could result in reduced access to credit and other financing. This could materially and adversely affect our business and our prospects

Historically, we have depended on debt facilities and other forms of debt in order to finance most of the loans we make to our customers. However, we cannot guarantee that these financing sources will continue to be available beyond the current maturity date of each debt facility, on reasonable terms or at all. As the volume of loans that we make to customers on our platform increases, we may require the expansion of our borrowing capacity of our existing debt facilities and other debt arrangements or the addition of new sources of capital. The availability of these financing sources depends on many factors, some of which are outside of our control. We may also experience the occurrence of events of default or breaches of financial performance or other covenants under our debt agreements, which could reduce or terminate our access to institutional funding.

We also rely on securitization as part of our funding strategy and have executed four securitization transactions, two of which, with an aggregate principal amount of $350 million of capacity, are currently outstanding under which cash flow can be used to purchase additional loans through the end of their respective revolving periods, which respectively end in March 2020 and October 2021. There can be no assurance that we will be able to successfully access the securitization markets again. In the event of a sudden or unexpected shortage of funds in the banking and financial system, we cannot be sure that we will be able to maintain necessary levels of funding without incurring high funding costs, a reduction in the term of funding instruments or the liquidation of certain assets.

If we are unable to renew or otherwise replace our facilities when they mature or generally arrange new or alternative methods of financing, our ability to finance additional loans utilizing these financing sources will end. The interest rates and other costs of new, renewed or amended facilities may also be higher than those currently in effect. If we are unable to renew or otherwise replace these facilities or generally arrange new or alternative methods of financing on favorable terms, we may be forced to curtail our origination of loans or reduce operations, which would have a material adverse effect on our business, financial condition, operating results and cash flow. It is possible that we may require capital in excess of amounts we currently anticipate. Depending on market conditions and other factors, we may not be able to obtain additional capital for our current operations or anticipated future growth on reasonable terms or at all.

Transition away from LIBOR as a benchmark reference for interest rates may affect the cost of capital and may require amending or restructuring existing debt instruments and related hedging arrangements, which may result in additional costs or adversely affect our liquidity, results of operations and financial condition.

A substantial portion of the indebtedness incurred by us bears interest at variable interest rates, primarily based on the London interbank offered rate, or LIBOR. In July 2017, the head of the United Kingdom Financial Conduct Authority (the authority that regulates LIBOR) announced the desire to phase out the use of LIBOR by the end of 2021. It is unclear whether new methods of calculating LIBOR will be established such that it continues to exist after 2021 and the head of the United Kingdom Financial Conduct Authority has indicated that market participants should not rely on LIBOR being available after 2021. As an alternative to LIBOR, for example, the U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, has recommended replacing U.S.-dollar LIBOR with the Secured Overnight Financing Rate, or SOFR, a new index calculated by short-term repurchase agreements backed by Treasury securities. Although there have been a few issuances utilizing SOFR and other alternative transaction-based reference rates, it is unknown whether any of these alternative reference rates will attain market acceptance as replacements for LIBOR. There is currently no definitive successor reference rate to LIBOR and various industry organizations are still working to develop workable transition mechanisms. As such, it is not possible to predict all potential effects of these changes on U.S. and global credit markets. If LIBOR ceases to exist, we may need to amend or restructure our existing LIBOR-based debt instruments and any related hedging arrangements that extend beyond 2021, which may be difficult, costly and time consuming. Uncertainty as to the nature of alternative reference rates and as to potential changes or other reforms to LIBOR, or any changes announced with respect to such reforms, may result in a sudden or prolonged increase or decrease in the reported LIBOR rates and the value of LIBOR-based loans and securities, and may impact the availability and cost of hedging instruments and borrowings, including potentially, an increase to our interest expense and cost of capital. Any increased costs or reduced profits as a result of the foregoing may have a material adverse effect on our business, financial condition and results of operations.

Increases in customer default rates could make us and our loans less attractive to lenders under debt facilities and investors in securitizations which may adversely affect our access to financing and our business.

We principally rely on debt facilities and securitizations to fund our loans. Increases in customer default rates could make us and our loans less attractive to our existing (or prospective) funding sources. If our existing funding sources do not achieve their desired financial returns or if they suffer losses, they (or prospective funding sources) may increase the cost of providing future financing or refuse to provide future financing on terms acceptable to us or at all.

Our debt facilities at our subsidiaries and our securitization are non-recourse to On Deck Capital, Inc. and are collateralized by our loans. In addition, while our corporate facility is full-recourse to OnDeck, it is also partially collateralized by our loans. If

the loans securing such debt facilities and securitization fail to perform as expected, the lenders under our credit facilities and investors in our securitization, or future lenders or investors in similar arrangements, may increase the cost of providing financing or refuse to provide financing on terms acceptable to us or at all.

If we were to be unable to arrange new or alternative methods of financing on favorable terms, we may have to curtail or cease our origination of loans, which could have a material adverse effect on our business, financial condition, operating results and cash flow.

We are exposed to financial risks that may be partially mitigated but cannot be eliminated by our hedging activities, which carry their own risks.

We have used, and may in the future use, financial instruments for hedging and risk management purposes in order to protect against possible fluctuations in interest rates, foreign currencies or for other reasons that the we deem appropriate. For example, in December 2018 we entered into an interest rate cap to manage the risk on a portion of our variable-rate debt. The interest rate cap matures in January 2021 and would entitle us to receive payments from the counterparty if interest rates rise above a predetermined rate. However, our interest rate cap, and any future hedges we enter into, will not completely eliminate the risk associated with rising interest rates and our hedging activities may prove to be ineffective. Any such failure to eliminate the risks associated with rising interest rates may cause the amounts due under our debt facilities and other debt arrangements to increase due to changes in interest rates. Similar risks would be associated with attempts to hedge foreign currency exposure, and we would always be exposed to counterparty risk.

The success of our hedging strategy will be subject to our ability to correctly assess counterparty risk and the degree of correlation between the performance of the instruments used in the hedging strategy and any changes in interest rates or foreign currency exchange rates, along with our ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. Therefore, though we may enter into transactions to seek to reduce risks, unanticipated changes may create a more negative consequence than if we had not engaged in any such hedging transactions. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the debt facilities, other debt arrangements or foreign currencies being hedged. Any such imperfect correlation may prevent us from achieving the effect of the intended hedge and expose us to risk of loss. Any failure to manage our hedging positions properly or inability to enter into hedging instruments upon acceptable terms could affect our financial condition and results of operations.

We require substantial capital and, in the future, may require additional capital to pursue our business objectives and profitability strategy and, in particular, our ability to fund loan originations. If adequate capital is not available to us, our business, operating results and financial condition may be harmed.

Since our founding, we have raised substantial equity and debt financing to support the growth of our business. Because we intend to continue to make investments to support the growth of our business, we may require additional capital to pursue our business objectives and growth strategy and respond to business opportunities, challenges or unforeseen circumstances, including lending to our customers, increasing our marketing expenditures to attract new customers and improving our brand awareness, developing and offering loans with new characteristics, introducing new loans or services, further expanding internationally in existing or new countries or further improving existing offerings and services, enhancing our operating infrastructure and potentially acquiring complementary businesses and technologies. Accordingly, on a regular basis we need, or we may need, to engage in equity or debt financings to secure additional funds. However, additional funds may not be available when we need them, in amounts we need, or permitted to be applied to specific use cases, on terms that are acceptable to us or at all. In particular, we may require additional access to capital support our lending operations. Volatility in the credit markets in general or in the market for small business or internet loans in particular may also have an adverse effect on our ability to obtain debt financing. Furthermore, the cost of our borrowing may increase due to market volatility, changes in the risk premiums required by lenders or if traditional sources of debt capital are unavailable. Volatility or depressed valuations or trading prices in the equity markets may similarly adversely affect our ability to obtain equity financing. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock.

We expect that we will continue to use our available cash to fund a portion of our loan book, fund the portion of loans that exceeds the maximum percentage of collateral that may be financed through existing debt facilities, and to support our growth initiatives and general operations. To supplement our cash resources, we may seek to expand or modify our existing debt facilities to provide additional capacity, increase the maximum percentage of collateral that may be financed, as well as expand loan eligibility; add new debt facilities or replace or renew debt facilities scheduled to expire; enter into additional securitizations or increase the size of existing securitizations; increase the size of, or replace, our corporate debt facility; and other potential options. If we are unable to adequately maintain our cash resources, we may delay non-essential capital expenditures; implement cost cutting procedures; delay or reduce future hiring; or reduce our rate of future originations compared to current level. There can be no

assurance that we can obtain sufficient sources of external capital to support the growth of our business. Delays in doing so or failure to do so may require us to reduce loan originations or reduce our operations, which would harm our ability to pursue our business objectives as well as harm our business, operating results and financial condition.

We may not have adequate funding capacity in the event that an unforeseen number of customers to whom we have extended a line of credit decide to draw their lines at the same time.

Our current capacity to fund our customers' lines of credit through existing debt facilities is limited. Accordingly, we maintain cash available to fund our customers' lines of credit based on the amount that we foresee these customers drawing down. For example, if we make available a line of credit for $15,000 to a small business, we may only reserve a portion of this amount at any given time for immediate draw down. We base the amount that we reserve on our analysis of aggregate portfolio demand and the historical activity of customers using these lines of credit. However, if we inaccurately predict the number of customers that draw down on their lines of credit at a certain time, or if these customers draw down in greater amounts than we forecast, we may not have enough funds available to lend to them. Failure to provide funds drawn down by our customers on their lines of credit may lead to negative customer experience, damage our reputation and inhibit our growth.

Our agreements with our lenders contain a number of early payment triggers and covenants. A breach of such triggers or covenants or other terms of such agreements could result in an early amortization, default, and/or acceleration of the related funding facilities which could materially impact our operations.

Primary funding sources available to support the maintenance and growth of our business include, among others, securitizations, asset-based revolving debt facilities and corporate debt. Our liquidity would be materially adversely affected by our inability to comply with various covenants and other specified requirements set forth in our agreements with our lenders which could result in the early amortization, default and/or acceleration of our existing facilities. Such covenants and requirements include financial covenants, portfolio performance covenants and other events. For a description of these covenants, requirements and events, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.

During an early amortization period or occurrence of an event of default, principal collections from the loans in our asset-based facilities would be applied to repay principal under such facilities rather than being available on a revolving basis to fund purchases of newly originated loans. During the occurrence of an event of default under any of our facilities, the applicable lenders could accelerate the related debt and such lenders' commitments to extend further credit under the related facility would terminate. Our securitization trust would not be able to issue future series or additional notes out of an existing series if an early amortization event occurred. If we were unable to repay the amounts due and payable under such facilities and securitizations, the applicable lenders and noteholders could seek remedies, including against the collateral pledged under such facilities and by the securitization trust. An acceleration of the debt under certain facilities could also lead to a default under other facilities due to cross-acceleration provisions.

An early amortization event or event of default would negatively impact our liquidity, including our ability to originate new loans, and require us to rely on alternative funding sources, which might increase our funding costs or which might not be available when needed. If we were unable to arrange new or alternative methods of financing on favorable terms, we might have to curtail the origination of loans, which could have a material adverse effect on our business, financial condition, operating results and cash flow, which in turn could have a material adverse effect on our ability to meet our obligations under our facilities.

We act as servicer with respect to our facilities. If we default in our servicing obligations, an early amortization event or default could occur with respect to the applicable facility or securitization and we could be replaced as servicer.

In connection with the sale of our loans to our subsidiaries, we make representations and warranties concerning the loans we sell. If those representations and warranties are not correct, we could be required to repurchase the loans. In addition, we may, from time to time, voluntarily purchase loans previously sold to third parties. Any significant required repurchases and/or voluntary purchases could have an adverse effect on our ability to operate and fund our business.

In our securitization and our other asset-based revolving debt facilities, we transfer loans to our subsidiaries and make numerous representations and warranties concerning the loans we transfer, including representations and warranties that the loans meet the eligibility respective requirements of such transaction. If the representations and warranties that the loans meet the eligibility requirements are incorrect, we may be required to repurchase the loans not satisfying the eligibility requirements. Failure to repurchase any loans when required would constitute an event of default under the securitization and other asset-based facilities. At the request of a loan purchaser, we may voluntarily decide to purchase loans sold to third parties. There is no assurance, however, that we would have adequate resources to make such purchases or, if we did make the purchases, that such event might not have a material adverse effect on our business. From 2017 through 2019, we voluntarily purchased $51.4 million of loans for strategic

business reasons and we may, from time to time, do so again in the future. The purchase of loans in large quantities, both on a mandatory or voluntary basis, may have an adverse impact on our liquidity and our ability to originate loans, especially if we are unable to refinance such loans and elect to rely on available cash to purchase them.

Financial regulatory reform and uncertainty regarding its continuation could have a significant impact on our ability to access the asset-backed market.

The Dodd-Frank Act was signed into law on July 21, 2010. Although the Dodd-Frank Act generally took effect on July 22, 2010, many provisions are taking effect as implementing regulations are issued and finalized. The Dodd-Frank Act is extensive and provides for significant legislation that, among other things, strengthened the regulatory oversight of securities and capital markets activities by the SEC and created the Consumer Financial Protection Bureau, or the CFPB, an agency responsible for administering and enforcing the laws and regulations for consumer financial products and services.

The Dodd-Frank Act also increased the regulation of the securitization markets. For example, it gives broader powers to the SEC to regulate credit rating agencies and adopt regulations governing these organizations and their activities. Compliance with implementing regulations under the Dodd-Frank Act or the oversight of the SEC or other governmental entities, as applicable, may impose costs on, create operational constraints for, or place limits on pricing with respect to companies such as OnDeck. Although the obligors under our term loans, lines of credit and equipment finance loans agree that the proceeds of such loans will be used for certain enumerated business purposes and will not be used for personal, family or household purposes, were such loans deemed not to constitute business loans, OnDeck would become subject to additional federal and state laws and regulations, as well as additional regulation by the CFPB and other additional federal and state regulatory bodies. Such additional regulatory bodies and laws and regulations impose specific statutory liabilities upon creditors who fail to comply with the provisions of applicable laws and regulations.

Many of the regulations required by the Dodd-Frank Act have still not been finalized. Until all of the implementing regulations are issued, no assurance can be given that these new requirements imposed, or to be imposed after implementing regulations are issued, by the Dodd-Frank Act will not have a significant impact on the marketability of asset-backed securities issued by our securitization trust, our warehouse debt facilities, the servicing of our term loans, lines of credit and equipment finance loans, and the operating results, regulation and supervision of OnDeck.

To date, the Dodd-Frank Act has had a broad impact on the rules and regulations governing the capital and securitization markets. President Trump has indicated in public statements that he intends to repeal or at least lessen materially the regulatory burdens believed to be imposed by the Dodd-Frank Act, and Congress is considering various bills that could further reform the regulation of financial activities in the U.S., including bills that could repeal or materially amend provisions of the Dodd-Frank Act. Certain provisions applicable to smaller banks were repealed in 2019. There can be no assurances that any future repeal or material lessening of regulatory burden will occur and, if it occurs, the time frame of any such occurrence is presently unknown. In addition, there is no guarantee that any repeal, reform, or other amendment of the Dodd-Frank Act or other U.S. financial laws would be beneficial to OnDeck. Prior to the time when the Dodd-Frank Act is repealed or materially revised or prior to the time when it is clear that no such repeal or material revision will occur, the U.S. bank regulatory environment and, indirectly, the capital and securitization markets environment may experience a degree of uncertainty. It is not possible to predict the extent of such uncertainty or the impact thereof on the capital or securitization markets or on OnDeck.

Our business depends on our ability to fund our loans, collect payment on and service the loans we make to our customers.

We rely on unaffiliated banks for the Automated Clearing House, or ACH, transaction process used to disburse the proceeds of newly originated loans to our customers and to automatically collect scheduled payments on the loans. As we are not a bank, we do not have the ability to directly access the ACH payment network and must therefore rely on an FDIC-insured depository institution to process our transactions, including loan payments. We also rely on the facilities of third parties for our line of credit instant funding option via small businesses debit cards. If we cannot continue to obtain such services from our current institutions or elsewhere, or if we cannot transition to another processor quickly, our ability to fund loans and process payments will suffer. If we fail to fund loans promptly as expected, we risk loss of customers and damage to our reputation which could materially harm our business. If we fail to adequately collect amounts owing in respect of the loans, as a result of the loss of direct debiting or otherwise, then payments to us may be delayed or reduced and our revenue and operating results will be harmed.

We rely on our management team and need additional key personnel to grow our business, and the loss of key employees or inability to hire key personnel could harm our business.

We believe our success has depended, and continues to depend, on the efforts and talents of our executives and employees, including Noah Breslow, our Chief Executive Officer. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. In addition, the loss of any of our senior management or key employees could materially adversely affect our ability to execute our business plan and strategy, and we may not be able to find adequate replacements on a timely basis, or at all. Our executive officers and other employees are at-will employees, which means they may terminate their employment relationship with us at any time, and their knowledge of our business and industry would be extremely difficult to replace. We cannot ensure that we will be able to retain the services of any members of our senior management or other key employees. If we do not succeed in attracting well-qualified employees or retaining and motivating existing employees, our business could be materially and adversely affected.

The competitive job market creates a challenge and potential risk as we strive to attract and retain a highly skilled workforce. Additionally, uncertainty about immigration policies by the current administration has resulted in uncertainty about the future of sponsoring current or prospective employees.

Competition for our employees, including highly skilled engineering, data analytics and risk management professionals, is extremely intense reflecting a tight labor market. This can present a risk as we compete for experienced candidates, especially if the competition is able to offer more attractive financial terms of employment. There is also a risk with our current employee population. We invest significant time and expense in engaging and developing our employees, which also increases their value to other companies that may seek to recruit them. Turnover can result in significant replacement costs and lost productivity.

The current administration has called for significant changes to immigration policy. As a result, there is significant uncertainty with respect to legislation, regulation and government policy at the federal level, as well as the state and local levels, as it relates to immigration. For example, recent U.S. immigration policy has made it more difficult for qualified foreign nationals to obtain or maintain work visas under the HB-1 classification. These HB-1 visa limitations make it more difficult and/or more expensive for us to hire the skilled professionals we need to execute our growth strategy, especially engineering, data analytics and risk management personnel, and may adversely impact our business.

We face increasing competition and, if we do not compete effectively, our operating results could be harmed.

We compete with other companies that lend to small businesses. These companies include traditional banks, merchant cash advance providers, newer, technology-enabled lenders and so-called "closed-loop" lenders that both process sales and/or payments transactions for small businesses and offer loans to those small businesses. In addition, other technology companies that primarily lend to individual consumers have been focusing, or may in the future focus, their efforts on lending to small businesses. Competition has intensified in small business lending and this trend is continuing.

In some cases, our competitors focus their marketing on our industry sectors and seek to increase their lending and other financial relationships with specific industries such as restaurants. In other cases, some competitors may offer a broader range of financial products to our clients, and some competitors may offer a specialized set of specific products or services. Many of these competitors have significantly more resources and greater brand recognition than we do and may be able to attract customers more effectively than we do. In addition, as more and more competitors market to the same small businesses, it may be more difficult and expensive for us to build our brand and achieve or maintain favorable customer response rates.

When new competitors seek to enter one of our markets, or when existing market participants seek to increase their market share, they sometimes undercut the pricing and/or credit terms prevalent in that market, which could adversely affect our market share and/or ability to exploit new market opportunities. Our pricing and credit terms could deteriorate if we act to meet these competitive challenges. Further, to the extent that the commissions we pay to our strategic partners and funding advisors are not competitive with those paid by our competitors, whether on new loans or renewals or both, these partners and advisors may choose to direct their business elsewhere. Those competitive pressures could also result in us reducing the origination fees or interest we charge to our customers. In addition, increased competition for customer response could require us to incur higher customer acquisition costs and make it more difficult for us to grow our loan originations in both unit and volume for both new as well as repeat customers. All of the foregoing could adversely affect our business, results of operations, financial condition and future growth.

Our success and future growth depend in part on our successful marketing efforts and increased brand awareness. Failure to effectively use our brand to convert sales may negatively affect our growth and our financial performance.

We believe that an important component of our growth will be continued market penetration through marketing directly to small businesses. To achieve this growth, we anticipate relying on marketing and advertising while controlling customer acquisition cost. While our goal remains to increase the strength, recognition and trust in the OnDeck brand, drive more unique visitors to submit loan applications on our website, and ultimately increase the number of loans made to our customers, our marketing efforts may not be successful which could adversely affect our growth. We incurred expenses of $50.5 million and $44.1 million on sales and marketing in the years ended December 31, 2019 and 2018, respectively.

Our business model relies on our ability to continue to scale and to decrease incremental customer acquisition costs as we grow. If we are unable to recover our marketing costs through increases in the number of loans we make, or if we maintain recent levels of brand investment or reduce or discontinue our broad marketing campaigns, it could have a material adverse effect on our growth, results of operations and financial condition.

We cannot predict the impact that a termination of one or more ODX bank client contracts may have on our business or the business of ODX, but the impact could be material.

ODX provides bank or other financial institution clients with digital lending platform technology and related services. ODX's client contracts contain various covenants and other requirements regarding ODX's performance obligations. If there were a material breach by ODX or other event of default giving rise to a termination event under a client contract, it may permit the client to terminate the contract. We cannot predict the impact any such termination may have on our business or the business of ODX. In addition to any associated loss of revenue related to the contract termination, which loss of revenue may be material to ODX, depending on how third parties react, an existing client's termination of a contract and resulting cessation of ODX as its technology provider could make it more difficult for ODX to:

- convert potential clients in its pipeline into actual clients (and even if they become actual clients, it could be more time consuming and expensive to do so);
- retain an existing client;
- attract potential clients willing to consider ODX's solutions;
- attract and/or to retain qualified employees necessary to support ODX's business and growth plans and/ or remain competitive.

Any one or more of the foregoing could materially and adversely impact ODX's opportunities and business prospects. Adverse impacts at ODX could also impact OnDeck by requiring greater investment in ODX both in amount and duration. Similarly, OnDeck could find it more difficult to attract and/or retain qualified employees necessary to support its business and growth plans, which could negatively impact our consolidated financial results.

To the extent that funding advisor program partners, other third parties or internal sales representatives mislead loan applicants or engage or previously engaged in disreputable behavior, our reputation may be harmed and we may face liability.

We rely on third-party independent advisors, including commercial loan brokers, which we call funding advisor program partners, or FAPs, for a significant portion of the customers to whom we issue loans. In 2019, 2018 and 2017, loans issued to customers whose applications were submitted to us via the FAP channel constituted 28.0%, 29.4% and 26.9% of our total loan originations, respectively. As a consequence of their status as independent contractors who provide services for multiple lenders, we have less control of third-party independent sales activities as compared to the activities of our internal sales representatives. We employ several methods to mitigate the risks associated with the FAP channel, as discussed below.

Because FAPs earn fees on a commission basis, FAPs may have an incentive to mislead loan applicants, facilitate the submission by loan applicants of false application data or engage in other disreputable behavior so as to earn additional commissions. In addition, it is possible that some FAPs may attempt to charge additional fees despite our contractual prohibitions. We also rely on our internal sales representatives for customer acquisition in our direct marketing channel, who may also be motivated to engage in disreputable behavior to increase our customer base because such internal sales representatives are paid on a commission basis. If FAPs or our internal sales representatives mislead our customers or engage in any other disreputable behavior, our customers are less likely to be satisfied with their experience and to become repeat customers, and we may be subject to costly and time-consuming disputes, including lawsuits and fines from regulators, which could harm our reputation and operating performance. Negative publicity relating to FAPs or internal sales representatives could impair our ability to continue to increase our revenue and our business could otherwise be materially and negatively impacted.

We significantly enhanced the nature and scope of the due diligence conducted on both prospective and existing FAPs. We update such due diligence on all existing FAPs on an annual basis and continue to conduct enhanced due diligence on new prospective FAPs. We also implemented certain enhanced contractual provisions and compliance-related measures related to our funding

advisor program, including FAP training, issuing a FAP code of conduct and conducting welcome calls or distributing welcome surveys to customers who worked with FAPs to survey the FAPs' practices (which, if in violation of our code or contract, could lead to termination). While these measures were intended to improve certain aspects and reduce the risks of how we work with funding advisors and how they work with our customers, we cannot assure that these measures will work or continue to work as intended, that other compliance-related concerns will not emerge in the future, that the funding advisors will comply with these measures, and that these measures will not negatively impact our business from this channel, including our financial performance, or have other unintended or negative impacts on our business beyond the FAP channel, such as with existing or potential strategic partners, customers or funding sources.

In addition, we do business with third parties who are not part of our funding advisor program, including third parties who may refer potential customers to us. Although such third parties are not supposed to sell or make representations about OnDeck products, but instead refer to our internal processes including our direct sales force, we are exposed to the risks of potential misleading or disreputable behavior from these third parties as well as from our FAPs.

As to our sales force, we provide our internal sales representatives with sales scripts that have been reviewed by our compliance team. Sales representatives receive rigorous training, including in-person training conducted by our compliance team on avoiding unfair, abusive, and deceptive practices. In addition, internal sales representative calls are recorded and monitored for purposes of compliance and quality assurance, and there is a quality assurance team dedicated to these efforts, which efforts have continued to be refined and enhanced. Despite these controls, we cannot assure that that they will work as intended or that all of our internal sales representatives will comply with our procedures. Failure of our internal sales representatives to do so would expose us to the same, or worse, consequences than those relating to the FAP channel because our direct sales channel is larger than our FAP channel and we have more direct control over our internal sales representatives than we have over our funding advisors. We also refer merchants to third party lenders. It is conceivable that we are exposed to risk if such third- party lenders engage in wrongful behavior.

We pay commissions to our strategic partners, other third parties and FAPs upfront and generally do not recover them in the event the related term loan or line of credit is eventually charged off.

We pay commissions to strategic partners and FAPs on the term loans, lines of credit and equipment finance loans we originate through these channels. We pay these commissions at the time the term loan or equipment finance loan is originated or line of credit is opened. We generally do not require that this commission be repaid to us in the event of a default on a term loan or line of credit. In certain circumstances we are entitled to recover some or all of commission paid for equipment finance originations. While we generally discontinue working with strategic partners and FAPs that refer customers to us that ultimately have unacceptably high levels of defaults, to the extent that our strategic partners and FAPs are not at risk of forfeiting their commissions in the event of defaults, they may, to an extent, be indifferent to the riskiness of the potential customers that they refer to us.

Many of our strategic partnerships are nonexclusive and subject to termination options that, if terminated, could harm the growth of our customer base and negatively affect our financial performance. Additionally, these partners are concentrated and the departure of a significant partner could have a negative impact on our operating results. Furthermore, any termination of agreements governing our services platform that facilitates online lending to small business customers through ODX could have a negative impact on our ability to grow this part of our business and negatively impact our operating results.

We rely on strategic partners for referrals of an increasing portion of our customers and our growth depends in part on the growth of these referrals. Over the last five years, loans issued to customers referred to us by our strategic partners have grown to become an increasingly significant percentage of our total loan originations, a trend which we expect to continue as we are concentrated on this part of our business.

Many of our strategic partnerships do not contain exclusivity provisions that would prevent such partners from providing leads to competing companies. In addition, the agreements governing these partnerships contain termination provisions that, if exercised, would terminate our relationship with these partners. Some segments of our partner base have agreements which do not contain a requirement that a partner refer us any minimum number of leads. There can be no assurance that these partners will not terminate our relationship with them or continue referring business to us in the future, and a termination of the relationship or reduction in leads referred to us would have a negative impact on our revenue and operating results.

In addition, a small number of strategic partners refer to us a significant portion of the loans made within this channel. In 2019, 2018 and 2017, loans issued to customers referred to us by our top four strategic partners constituted 13.0%, 11.6% and 11.1% of our total loan originations, respectively. In the event that one or more of these significant strategic partners terminated our relationship or reduced the number of leads provided to us, without some growth offset with other strategic partners, our business would be harmed.

Additionally, we have continued exploring ways to expand the availability of our services platform that facilitates online lending to small business customers through ODX to appropriate partners that could use our platform to make loan decisions. The agreements governing these services contain termination provisions that, if exercised, would terminate our agreement with these partners. A termination of any such agreements may affect our reputation as we seek to expand ODX, and/or have a negative impact on our revenue and operating results.

Any violations of our Code of Business Conduct and Ethics, or the failure to detect any such violations, may cause our business, financial condition or results of operations to be adversely affected.

Our Code of Business Conduct and Ethics prohibits us and our employees from engaging in unethical business practices. In addition, our FAPs are required to comply with a code of conduct, or the FAP Code, tailored to their brokering services. We refer to our Code of Business Conduct and Ethics and the FAP Code collectively as the "Code." However, there can be no assurance that all of our employees, agents, or contractors will refrain from acting in violation of our Code, or that we will be able to detect any such violations. The investigation into potential violations of our Code, or even allegations of such violations, could disrupt our operations, involve significant management distraction, and lead to significant costs and expenses, and such expenses may have a material adverse effect on our financial results. If we, or our employees, agents or contractors, are found to have engaged in practices that violate our Code, we could suffer severe fines, penalties or other consequences that may have a material adverse effect on our business, financial condition or results of operations. In addition, negative public opinion could result from actual or alleged conduct by us, or our employees, agents or contractors acting on our behalf, in any number of activities or circumstances in violation of our Code, including employment related offenses, such as harassment (sexual or otherwise) and discrimination, regulatory compliance and the use and protection of data and systems, or from actions taken by regulators or others in response to such conduct.

It may be difficult and costly to protect our intellectual property rights, and we may not be able to ensure their protection.

Our ability to lend to our customers depends, in part, upon our proprietary technology, including our loan decisioning process and the OnDeck *Score*. We may be unable to protect our proprietary technology effectively which would allow competitors to duplicate our business processes and know-how, and adversely affect our ability to compete with them. A third party may attempt to reverse engineer or otherwise obtain and use our proprietary technology without our consent. The pursuit of a claim against a third party for infringement of our intellectual property could be costly, and there can be no guarantee that any such efforts would be successful.

In addition, our platform may infringe upon claims of third-party intellectual property, and we may face intellectual property challenges from such other parties. We may not be successful in defending against any such challenges or in obtaining licenses to avoid or resolve any intellectual property disputes. The costs of defending any such claims or litigation could be significant and, if we are unsuccessful, could result in a requirement that we pay significant damages or licensing fees, which would negatively impact our financial performance. Furthermore, our technology may become obsolete, and there is no guarantee that we will be able to successfully develop, obtain or use new technologies to adapt our platform to compete with other lending platforms as they develop. If we cannot protect our proprietary technology from intellectual property challenges, or if the platform becomes obsolete, our ability to maintain our platform, make loans or perform our servicing obligations on the loans could be adversely affected.

Some aspects of our platform include open source software, and any failure to comply with the terms of one or more of these open source licenses could negatively affect our business.

We incorporate open source software into our proprietary platform and into other processes supporting our business. Such open source software may include software covered by licenses like the GNU General Public License and the Apache License or other open source licenses. The terms of various open source licenses have not been interpreted by U.S. courts, and there is a risk that such licenses could be construed in a manner that limits our use of the software, inhibits certain aspects of the platform and negatively affects our business operations.

Some open source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the type of open source software we use. If portions of our proprietary platform are determined to be subject to an open source license, or if the license terms for the open source software that we incorporate change, we could be required to publicly release the affected portions of our source code, re-engineer all or a portion of our platform or change our business activities. In addition to risks related to license requirements, the use of open source software can lead to greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of the software. Many of the risks associated with the use of open source software cannot be eliminated and could adversely affect our business.

Risks Related to the Securities Markets and Ownership of Our Common Stock

The price of our common stock may be volatile and the value of your investment could decline.

Stocks of emerging growth companies have experienced high levels of volatility. Although we ceased to be an emerging growth company effective December 31, 2019, the trading price of our common stock may fluctuate substantially. The market price of our common stock may be higher or lower than the price you pay, depending on many factors, some of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose all or part of your investment in our common stock. Factors that could cause fluctuations in the trading price of our common stock include, but are not limited to, the following:

- announcements of new types of loans, services or technologies, relationships with strategic partners, acquisitions or other events by us or our competitors;
- changes in economic conditions;
- changes in prevailing interest rates;
- price and volume fluctuations in the overall stock market from time to time;
- significant volatility in the market price and trading volume of technology companies in general and of companies in our industry;
- fluctuations in the trading volume of our shares or the size of our public float;
- the impact of securities analysts' reports or other publicity regarding our business or industry;
- actual or anticipated changes in our operating results or fluctuations in our operating results;
- quarterly fluctuations in demand for our loans;
- whether our operating results meet the expectations of securities analysts or investors;
- actual or anticipated changes in the expectations of investors or securities analysts;
- regulatory developments in the United States, foreign countries or both;
- major catastrophic events;
- sales of large blocks of our stock; or
- departures of key personnel.

In addition, if the market for financial or technology stocks or the stock market in general experiences loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, operating results or financial condition. The trading price of our common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. In the past we were subject to two putative securities class action litigations. While those cases were voluntarily dismissed, there can be no assurance that any future cases would have a similar result.

If our stock price continues to be volatile, we may become the target of additional securities litigation in the future. Securities litigation could result in substantial costs and divert our management's attention and resources from our business. This could have a material adverse effect on our business, operating results and financial condition.

Sales of substantial amounts of our common stock by us or our stockholders in the public markets, or the perception that they might occur, could reduce the price that our common stock might otherwise attain. In addition, issuances and sales by us of newly issued shares of our common stock can dilute your voting power and your ownership interest in us.

Sales of a substantial number of shares of our common stock in the public market by us or our stockholders, or the perception that these sales could occur, could adversely affect the market price of our common stock and may make it more difficult for you to sell your common stock at a time and price that you deem appropriate. At December 31, 2019, we had 66,363,555 shares of common stock outstanding and as of that date stockholders known to us who beneficially owned 5% or more of our common stock owned in the aggregate 28,779,454 shares or approximately 43%.

We may issue our shares of common stock or securities convertible into our common stock from time to time in connection with financings, acquisitions, investments or otherwise. We have also registered the offer and sale of all shares of common stock that we may issue under our 2014 Equity Incentive Plan and 2014 Employee Stock Purchase Plan, as amended and restated. Any

such issuance could result in substantial dilution to our existing stockholders, reduce proportionate voting power and cause the trading price of our common stock to decline.

Insiders and large stockholders have or could have substantial control over us, which could limit your ability to influence the outcome of key transactions, including a change of control.

Our directors, executive officers and each of our stockholders who own greater than 5% of our outstanding common stock and their affiliates, in the aggregate, own approximately 46% of the outstanding shares of our common stock, based on the number of shares outstanding as of December 31, 2019. As a result, these stockholders, if acting together, will be able to influence or control matters requiring approval by our stockholders, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions. They may also have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This concentration of ownership may have the effect of delaying, preventing or deterring a change of control of our company, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our common stock.

We do not intend to pay dividends for the foreseeable future.

We have never declared or paid any dividends on our common stock. We intend to retain any earnings to finance the operation and expansion of our business, and we do not anticipate paying any cash dividends in the future. As a result, you may only receive a return on your investment in our common stock if the market price of our common stock increases.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members.

As a public company, we are subject to the reporting requirements of the Exchange Act, the listing standards of the NYSE and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly, and increase demand on our systems and resources, particularly now that we are no longer an "emerging growth company" as defined in the JOBS Act. Among other things, the Exchange Act requires that we file annual, quarterly and current reports with respect to our business and operating results and maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm our business, results of operations and financial condition. Although we have already hired additional employees to comply with these requirements, we may need to hire even more employees in the future, which will increase our costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time-consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expense and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

We lost our "emerging growth company" status effective December 31, 2019 and may no longer take advantage of certain exemptions from various requirements that are applicable to public companies that are not "emerging growth companies." As a result, we are required to comply with the independent auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, increased disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and requirements to hold a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We also expect that these new rules, regulations and standards may make it more expensive for us as a public company to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified executive officers and qualified members of our board of directors, particularly to serve on our Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee, and Risk Management Committee.

If securities or industry analysts do not publish or cease publishing research or reports about our business, or publish inaccurate or unfavorable research reports about our business, our share price and trading volume could decline.

The trading market for our common stock depends, to some extent, on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us should downgrade our shares, change their opinion of our shares or provide more favorable relative recommendations about our competitors, our share price would likely decline. If one or more of these analysts should cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

Our charter documents and Delaware law could discourage takeover attempts and lead to management entrenchment.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to elect directors that are not nominated by the current members of our board of directors or take other corporate actions, including effecting changes in our management. These provisions include:

- a classified board of directors with three-year staggered terms, which could delay the ability of stockholders to change the membership of a majority of our board of directors;
- the ability of our board of directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquiror;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of our board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by the chairman of our board of directors, our president, our secretary or a majority vote of our board of directors, which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- the requirement for the affirmative vote of holders of at least 66 2/3% of the voting power of all of the then outstanding shares of the voting stock, voting together as a single class, to amend the provisions of our amended and restated certificate of incorporation relating to the issuance of preferred stock and management of our business or our amended and restated bylaws, which may inhibit the ability of an acquiror to effect such amendments to facilitate an unsolicited takeover attempt;
- the ability of our board of directors, by majority vote, to amend the bylaws, which may allow our board of directors to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquiror to amend the bylaws to facilitate an unsolicited takeover attempt; and
- advance notice procedures with which stockholders must comply to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to obtain control of us.

In addition, as a Delaware corporation, we are subject to Section 203 of the Delaware General Corporation Law. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a certain period of time.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our principal locations, their purposes and the expiration dates for the leases on facilities at those locations as of December 31, 2019 are shown in the table below.

Location	Purpose	Approximate Square Feet
New York, NY	Corporate Headquarters, technology and direct sales	80,700
Denver, CO	Direct sales and operations	44,400
Arlington, VA	Underwriting, loan origination and technology	19,100

We lease all of our facilities. We do not own any real property. We currently have excess capacity in our New York offices and have signed a sublease for a portion of our excess capacity in January 2020. We believe our facilities are suitable and adequate for our current and near-term needs. Our leases are further described in Note 13 of Notes to Consolidated Financial Statements elsewhere in this report.

Item 3. Legal Proceedings

From time to time we are subject to legal proceedings and claims in the ordinary course of our business. The results of such matters cannot be predicted with certainty. However, we believe that the final outcome of any such current matters will not result in a material adverse effect on our consolidated financial condition, consolidated results of operations or consolidated cash flows.

Item 4. Mine Safety Disclosures

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market for our Common Equity

Our common stock is traded on the New York Stock Exchange, or the NYSE, under the symbol "ONDK." Trading on the NYSE began on December 17, 2014 in connection with our initial public offering of our common stock. Prior to that date, there was no public market for our common stock.

Holders of Record

As of February 21, 2020, there were approximately 29 holders of record of our common stock. This record holder figure does not include, and we are not able to estimate, the number of holders whose shares are held of record by banks, brokers and other financial institutions.

Dividends

We have never declared or paid cash dividends on our common stock. We do not anticipate paying any dividends on our common stock in the foreseeable future. Any future determination to declare dividends will be made at the discretion of our board of directors and will depend on our financial condition, operating results, capital requirements, general business conditions, contractual restrictions and other factors that our board of directors may deem relevant.

While we have not paid dividends, in July 2019 we announced a common share repurchase program. See " - Issuer Purchases of Equity Securities" immediately below.

Issuer Purchases of Equity Securities

(c) Purchases of Equity Securities.[1]

During the quarter ended December 31, 2019, we repurchased 7,490,094 shares of our common stock for approximately $33 million. The number of shares purchased, the average price paid per share and the remaining availability under our repurchase program as of or for the quarter ended December 31, 2019 are set forth in the following table:

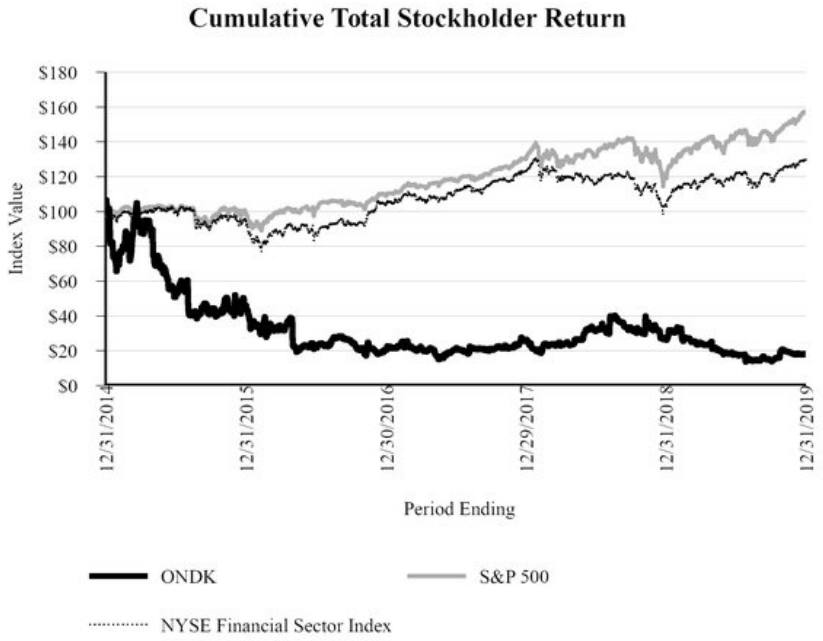
Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
October 1 - October 31, 2019	1,737,602	$4.11	1,737,602	$ 31,839,324
November 1 - November 30, 2019	4,786,158	$4.57	4,786,158	$ 9,976,745
December 1 - December 31, 2019	966,334	$4.10	966,334	$ 6,014,910
Total	7,490,094	$4.40	7,490,094	

(1) On July 29, 2019 we announced that our Board of Directors had authorized the repurchase of up to $50 million of our common stock with the repurchased shares to be retained as treasury stock and available for possible reissuance. This initial repurchase authorization expires August 31, 2020. Shares may be repurchased in open market transactions, in privately negotiated transactions or otherwise. Subsequent to December 31, 2019, our Board of Directors authorized additional repurchases under our repurchase program. See Note 16 of Notes to Consolidated Financial Statements.

Performance Graph

This performance graph shall not be deemed "soliciting material" or to be "filed" with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of On Deck Capital, Inc. under the Securities Act of 1933, as amended, or the Exchange Act.

The following graph compares the cumulative total stockholder return since December 31, 2014 with the S&P 500 Index and the NYSE Financial Sector Index through December 31, 2019. The graph assumes that the value of the investment in our common stock and each index was $100 at market close on December 31, 2014. The returns shown are historical and are not intended to suggest future performance.



Item 6. Selected Consolidated Financial Data

The following selected consolidated financial data are derived from our audited financial statements. The consolidated balance sheet data as of December 31, 2019 and 2018 and the consolidated statement of operations data for the years ended December 31, 2019, 2018 and 2017 are derived from our audited consolidated financial statements and related notes that are included elsewhere in this Form 10-K. The consolidated balance sheet data as of December 31, 2017, 2016 and 2015 and the consolidated statement of operations data for the years ended December 31, 2016 and 2015 are derived from our audited consolidated financial statements and related notes which are not included in this report. During the second quarter of 2019, we revised prior period financial statements to correct an immaterial error. Please refer to Note 15 for additional details. The information set forth below should be read in conjunction with our historical financial statements, including the notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations," included elsewhere in this report.

(in thousands, except share and per share data)

	2019	2018	2017	2016	2015
Consolidated Statements of Operations Data					
Interest and finance income	$ 428,423	$ 382,944	$ 334,040	$ 264,411	$ 194,890
Net interest income	383,753	335,869	287,841	231,549	174,340
Total operating expense	206,325	177,490	166,170	193,974	161,585
Income (loss) from operations, before provision for income taxes	20,122	24,635	(14,880)	(85,915)	(2,389)
Net income (loss) attributable to On Deck Capital, Inc. common stockholders	$ 27,955	$ 27,046	$ (12,069)	$ (83,391)	$ (1,431)
Net income (loss) per share attributable to On Deck Capital, Inc. common stockholders:					
Basic	$ 0.38	$ 0.36	$ (0.17)	$ (1.18)	$ (0.02)
Diluted	$ 0.36	$ 0.34	$ (0.17)	$ (1.18)	$ (0.02)
Weighted-average common shares outstanding:					
Basic	74,148,387	74,561,019	72,890,313	70,934,937	69,545,238
Diluted	76,963,749	78,549,940	72,890,313	70,934,937	69,545,238
Consolidated Balance Sheet Data:					
Cash and cash equivalents	$ 56,344	$ 59,859	$ 71,362	$ 79,554	$ 159,822
Loans and finance receivables	1,265,312	1,169,407	952,982	1,000,628	552,791
Total assets	1,304,583	1,161,820	996,230	1,064,275	745,074
Debt	914,995	816,231	692,254	754,605	378,585
Total liabilities	993,909	859,335	731,342	801,311	415,852
Total On Deck Capital, Inc. stockholders' equity	$ 294,000	$ 297,952	$ 260,877	$ 258,892	$ 322,615

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited condensed consolidated financial statements and the related notes, and other financial information included elsewhere in this report. Some of the information contained in this discussion and analysis, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should review the "Cautionary Note Regarding Forward-Looking Statements" below for a discussion of important factors that could cause actual results to differ materially from the results described in, or implied by, the forward-looking statements contained in the following discussion and analysis.

This section of the Form 10-K generally discusses 2019 and 2018 results and year-to-year comparisons between 2019 and 2018 results. Notwithstanding the foregoing, for ease of reference certain tabular and other information below includes 2017 and prior period information. In accordance with SEC rules, discussions of 2017 results and year-to-year comparisons between 2018 and 2017 results are not included in this Form 10-K and can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 which is available on the SEC's website at www.sec.gov.

Overview

We are a leading online small business lender. We make it efficient and convenient for small businesses to access financing. Enabled by our proprietary technology and analytics, we aggregate and analyze thousands of data points from dynamic, disparate data sources to assess the creditworthiness of small businesses rapidly and accurately. Small businesses can apply for financing on our website in minutes and, using our loan decision process, including our proprietary OnDeck Score®, we can make a funding decision immediately and, if approved, fund as fast as 24 hours. We have originated more than $13 billion of loans since we made our first loan in 2007.

We have offered term loans since we made our first loan in 2007, lines of credit since 2013 and this year have begun offering equipment finance loans and, in Canada, a variable pay product through Evolocity Financial Group with whom we combined operations on April 1, 2019. Our term loans range from $5,000 to $500,000, have maturities of 3 to 36 months and feature fixed dollar repayments. Our lines of credit range from $6,000 to $100,000 and are generally repayable within 12 months of the date of the most recent draw. We are generally targeting equipment finance loans from $5,000 to $150,000, with maturities of 2 to 5 years as we develop this offering, although we may offer larger loans in cases we deem appropriate. Qualified customers may have multiple financings with us concurrently, which we believe provides opportunities for repeat business, as well as increased value to our customers.

We originate loans throughout the United States, Canada and Australia, although, to date, the majority of our revenue has been generated in the United States. These loans are originated through our direct marketing channel, including direct mail, our outbound sales team, our social media and other online marketing channels; referrals from our strategic partner channel, including small business-focused service providers, payment processors, and other financial institutions; and through independent funding advisor program partners, or FAPs, who advise small businesses on available funding options.

We generate the majority of our revenue through interest income and fees earned on the products we offer to our customers. We earn interest on the balance outstanding and lines of credit are subject to a monthly fee unless the customer makes a qualifying minimum draw, in which case the fee is waived for the first six months. The balance of our other revenue primarily comes from fees generated by ODX, monthly fees earned from lines of credit and marketing fees from our issuing bank partner.

We rely on a diversified set of funding sources for the loans we make to our customers. Our primary source of this financing has historically been debt facilities with various financial institutions and securitizations. We have also used proceeds from operating cash flow to fund loans in the past and continue to finance a portion of our outstanding loans with these funds. As of December 31, 2019, we had $922.7 million of debt principal outstanding and $1.3 billion of total borrowing capacity.

Key Financial and Operating Metrics

We regularly monitor a number of metrics in order to measure our current performance and project our future performance. These metrics aid us in developing and refining our growth strategies and making strategic decisions.

	As of or for the Year Ended December 31,		
	2019	2018	2017
	(dollars in thousands)		
Gross Revenue	$ 444,486	$ 397,741	$ 350,415
Originations	$ 2,474,237	$ 2,483,596	$ 2,114,663
Portfolio Yield [(a)]	35.1%	36.2%	33.7 %
Cost of Funds Rate	5.2%	6.3%	6.2 %
Net Interest Margin [(a)]	29.2%	28.9%	26.1 %
Provision Rate	7.0%	6.0%	7.5 %
Reserve Ratio	12.2%	12.2%	11.6 %
15+ Day Delinquency Ratio	9.0%	7.5%	6.7 %
Net Charge-off Rate	13.6%	11.3%	15.8 %
Efficiency Ratio [(a)]	46.4%	44.6%	47.4 %
Adjusted Efficiency Ratio* [(a)]	44.0%	40.2%	42.9 %
Return on Assets [(a)]	2.3%	2.5%	(1.2)%
Adjusted Return On Assets* [(a)]	2.1%	4.2%	0.3 %
Return on Equity [(a)]	9.1%	9.9%	(4.8)%
Adjusted Return On Equity* [(a)]	8.5%	16.3%	1.4 %

[(a)] The prior period metrics have been updated to reflect the impact of a revision. We believe the impact of the revision to each affected KPI is not meaningful. See Note 15 of Notes to Consolidated Financial Statements for further discussion.

*Non-GAAP measure. Refer to "Non-GAAP Financial Measures" below for an explanation and reconciliation to GAAP.

Gross Revenue

Gross Revenue represents the sum of interest and finance income, gain on sales of loans and other revenue.

Originations

Originations represent the total principal amount of Loans made during the period plus the total amount advanced on other finance receivables. Many of our repeat term loan customers renew their term loans before their existing term loan is fully repaid. In accordance with industry practice, originations of such repeat term loans are presented as the full renewal loan principal, rather than the net funded amount, which would be the renewal term loan's principal net of the Unpaid Principal Balance on the existing term loan. Loans referred to, and funded by, our issuing bank partner and later purchased by us are included as part of our originations.

Unpaid Principal Balance represents the total amount of principal outstanding on Loans, plus outstanding advances relating to other finance receivables and the amortized cost of loans purchased from other than our issuing bank partner at the end of the period. It excludes net deferred origination costs, allowance for credit losses and any loans sold or held for sale at the end of the period.

Portfolio Yield

Portfolio Yield is the rate of return we achieve on Loans and finance receivables outstanding during a period. It is calculated as annualized Interest and finance income on Loans and finance receivables including amortization of net deferred origination costs divided by average loans and finance receivables. Annualization is based on 365 days per year and is calendar day-adjusted. Loans and finance receivables represents the sum of term loans, lines of credit, equipment finance loans and finance receivables. Portfolio Yield replaces our previous metric, Loan Yield, in order to include other finance receivables.

Net deferred origination costs in Loans and finance receivables consist of deferred origination fees and costs. Deferred origination fees include fees paid up front to us by customers when Loans and finance receivables are originated and decrease the carrying value of Loans and finance receivables, thereby increasing Portfolio Yield. Deferred origination costs are limited to costs directly attributable to originating loans and finance receivables such as commissions, vendor costs and personnel costs directly

related to the time spent by the personnel performing activities related to originations and increase the carrying value of loans and finance receivables, thereby decreasing Portfolio Yield.

Recent pricing trends are discussed under the subheading "Key Factors Affecting Our Performance - Pricing."

Cost of Funds Rate

Cost of Funds Rate is calculated as interest expense divided by average debt outstanding for the period. For periods of less than one year, the metric is annualized based on four quarters per year and is not business day or calendar day-adjusted.

Net Interest Margin

Net Interest Margin is calculated as annualized net interest and finance income divided by average Interest Earning Assets. Net interest and finance income represents Interest and finance receivable income less Interest expense during the period. Annualization is based on 365 days per year and is calendar day-adjusted. Interest and finance receivable income is net of fees on loans held for investment and loans held for sale. Interest expense is the interest expense, fees, and amortization of deferred debt issuance costs we incur in connection with our debt facilities. Interest Earning Assets represents the sum of Loans and finance receivables plus Cash and cash equivalents plus Restricted cash.

Reserve Ratio

Reserve Ratio is our allowance for credit losses at the end of the period divided by the Unpaid Principal Balance at the end of the period.

Provision Rate

Provision Rate equals the provision for credit losses for the period divided by originations for the period. Because we reserve for probable credit losses inherent in the portfolio upon origination, this rate is significantly impacted by the expectation of credit losses for the period's originations volume. This rate is also impacted by changes in loss expectations for loans and finance receivables originated prior to the commencement of the period. All other things equal, an increased volume of loan rollovers and line of credit repayments and re-borrowings in a period will reduce the Provision Rate.

15+ Day Delinquency Ratio

15+ Day Delinquency Ratio equals the aggregate Unpaid Principal Balance for our Loans that are 15 or more calendar days contractually past due and for our finance receivables that are 15 or more payments behind schedule, as a percentage of the Unpaid Principal Balance at the end of the period. The Unpaid Principal Balance for our loans and finance receivables that are 15 or more calendar days or payments past due includes Loans and finance receivables that are paying and non-paying. Because term and line of credit loans require daily and weekly repayments, excluding weekends and holidays, they may be deemed delinquent more quickly than loans from traditional lenders that require only monthly payments. 15+ Day Delinquency Ratio is not annualized, but reflects balances at the end of the period.

Net Charge-off Rate

Net Charge-off Rate is calculated as our annualized net charge-offs for the period divided by the average Unpaid Principal Balance outstanding during the period. Net charge-offs are charged-off loans and finance receivables in the period, net of recoveries of prior charged-off loans and finance receivables in the period. For periods of less than one year, the metric is annualized based on four quarters per year and is not business day or calendar day-adjusted.

Efficiency Ratio

Efficiency Ratio is a measure of operating efficiency and is calculated as Total operating expense for the period divided by Gross revenue for the period.

Adjusted Efficiency Ratio

Adjusted Efficiency Ratio is non-GAAP measure calculated as total operating expense divided by gross revenue for the period, adjusted to exclude (a) stock-based compensation expense and (b) items management deems to be non-representative of operating results or trends, all as shown in the non-GAAP reconciliation presentation of this metric. We believe Adjusted Efficiency Ratio is useful because it provides investors and others with a supplemental operating efficiency metric to present our operating efficiency across multiple periods without the effects of stock-based compensation, which is a non-cash expense based on equity grants made to participants in our equity plans at specified prices and times but which does not necessarily reflect how our business is performing, and items which may only affect our operating results periodically. Our use of Adjusted Efficiency Ratio has limitations as an analytical tool and you should not consider it in isolation, as a substitute for or superior to our Efficiency Ratio, which is the most comparable GAAP metric.

Return on Assets

Return on Assets is calculated as annualized net income (loss) attributable to On Deck Capital, Inc. common stockholders for the period divided by average total assets for the period. For periods of less than one year, the metric is annualized based on four quarters per year and is not business day or calendar day-adjusted.

Adjusted Return on Assets

Adjusted Return on Assets is a non-GAAP measure calculated as Adjusted Net Income (Loss) for the period divided by average total assets for the period. For periods of less than one year, the metric is annualized based on four quarters per year and is not business day or calendar day-adjusted. We believe Adjusted Return on Assets is useful because it provides investors and others with a supplemental metric to assess our performance across multiple periods without the effects of stock-based compensation, which is a non-cash expense based on equity grants made to participants in our equity plans at specified prices and times but which does not necessarily reflect how our business is performing, and items which may only affect our operating results periodically, all as shown in the non-GAAP reconciliation presentation of this metric. Our use of Adjusted Return on Assets has limitations as an analytical tool and you should not consider it in isolation, as a substitute for or superior to Return on Assets, which is the most comparable GAAP metric.

Return on Equity

Return on Equity is calculated as annualized net income (loss) attributable to On Deck Capital, Inc. common stockholders for the period divided by average total On Deck Capital, Inc. stockholders' equity for the period. For periods of less than one year, the metric is annualized based on four quarters per year and is not business day or calendar day-adjusted.

Adjusted Return on Equity

Adjusted Return on Equity is a non-GAAP measure calculated as Adjusted Net Income (Loss) attributable to On Deck Capital, Inc. common stockholders for the period divided by average total On Deck Capital, Inc. stockholders' equity for the period. For periods of less than one year, the metric is annualized based on four quarters per year and is not business day or calendar day-adjusted. We believe Adjusted Return on Equity is useful because it provides investors with a supplemental metric to assess our performance across multiple periods without the effects of stock-based compensation, which is a non-cash expense based on equity grants made to participants in our equity plans at specified prices and times but which does not necessarily reflect how our business is performing, and items which may only affect our operating results periodically, all as shown in the non-GAAP reconciliation presentation of this metric. Our use of Adjusted Return on Equity has limitations as an analytical tool and you should not consider it in isolation, as a substitute or superior to Return on Equity, which is the most comparable GAAP metric.

On Deck Capital, Inc. and Subsidiaries

Consolidated Average Balance Sheets

(in thousands)

	Year Ended December 31,	
	2019	**2018**
Assets		
Cash and cash equivalents	$ 48,961	$ 48,833
Restricted cash	47,415	54,944
Loans and finance receivables	1,217,451	1,058,034
Less: Allowance for credit losses	(147,465)	(126,260)
Loans and finance receivables, net	1,069,986	931,774
Property, equipment and software, net	17,978	17,949
Other assets	57,880	15,651
Total assets	$ 1,242,220	$ 1,069,151
Liabilities, mezzanine equity and stockholders' equity		
Liabilities:		
Accounts payable	$ 4,793	$ 3,717
Interest payable	2,667	2,392
Debt	852,322	751,040
Accrued expenses and other liabilities	62,246	32,984
Total liabilities	922,028	790,133
Mezzanine equity:		
Redeemable noncontrolling interest [1]	10,329	—
Stockholders' equity:		
Total On Deck Capital, Inc. stockholders' equity	306,437	274,099
Noncontrolling interest	3,426	4,919
Total stockholders' equity	309,863	279,018
Total liabilities, mezzanine equity and stockholders' equity	$ 1,242,220	$ 1,069,151
Memo:		
Unpaid Principal Balance	$ 1,192,756	$ 1,037,563
Interest Earning Assets	$ 1,313,827	$ 1,161,811
Loans and Finance Receivables	$ 1,217,451	$ 1,058,034

[1] The December 31, 2019 balance only includes a balance for nine months related to the Evolocity business combination which occurred on April 1, 2019.

Average Balance Sheet line items for the period represent the average of the balance at the beginning of the first month of the period and the end of each month in the period.

Non-GAAP Financial Measures

We believe that the non-GAAP metrics can provide useful supplemental measures for period-to-period comparisons of our core business and useful supplemental information to investors and others in understanding and evaluating our operating results. However, non-GAAP metrics are not calculated in accordance with GAAP and should not be considered an alternative to any measures of financial performance calculated and presented in accordance with GAAP. Other companies may calculate these non-GAAP metrics differently than we do. The reconciliations below reconcile each of our non-GAAP metrics to their most comparable respective GAAP metric.

Adjusted Net Income (Loss) and Adjusted Net Income (Loss) per Share

Adjusted Net Income (Loss) represents net income (loss) attributable to OnDeck adjusted to exclude the items shown in the table below. Stock-based compensation includes employee compensation as well as compensation to third-party service providers. Adjusted Net Income (Loss) per Share is calculated by dividing Adjusted Net Income (Loss) by the weighted average common shares outstanding during the period.

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

- Adjusted Net Income (Loss) does not reflect the potentially dilutive impact of stock-based compensation; and
- Adjusted Net Income (Loss) excludes charges we are required to incur in connection with real estate dispositions, severance obligations, debt extinguishment costs and sales tax refunds.

The following tables present reconciliations of net income (loss) to Adjusted Net Income (Loss) and net income (loss) per share to Adjusted Net Income (Loss) per Share for each of the periods indicated:

	Year Ended December 31,		
	2019	2018	2017
	(in thousands, except shares and per share data)		
Reconciliation of Net Income (Loss) Attributable to OnDeck to Adjusted Net Income (Loss)			
Net income (loss) attributable to On Deck Capital, Inc. common stockholders	$ 27,955	$ 27,046	$ (12,069)
Adjustments (after tax):			
Stock-based compensation expense	8,389	11,819	12,515
Real estate disposition charges	—	4,187	—
Severance and executive transition expenses	—	911	3,183
Debt extinguishment costs	—	1,934	—
Sales tax refund	—	(1,097)	—
Discrete tax benefit	(10,300)	—	—
Adjusted Net Income (Loss)	$ 26,044	$ 44,800	$ 3,629
Adjusted Net Income (Loss) per share:			
Basic	$ 0.35	$ 0.60	$ 0.05
Diluted	$ 0.34	$ 0.57	$ 0.05
Weighted-average common shares outstanding:			
Basic	74,148,387	74,561,019	72,890,313
Diluted	76,963,749	78,549,940	72,890,313

Below are reconciliations of the Adjusted Net Income (Loss) per Basic and Diluted Share to the most directly comparable measures calculated in accordance with GAAP.

	Year Ended December 31,		
	2019	2018	2017
	(per share)		
Reconciliation of Net Income (Loss) per Basic Share to Adjusted Net Income (Loss) per Basic Share			
Net income (loss) per basic share attributable to On Deck Capital, Inc. common stockholders	$ 0.38	$ 0.36	$ (0.17)
Add / (Subtract):			
Stock-based compensation expense	0.11	0.15	0.17
Real estate disposition charges	—	0.06	—
Severance and executive transition expenses	—	0.01	0.05
Debt extinguishment costs	—	0.03	—
Sales tax refund	—	(0.01)	—
Discrete tax benefit	(0.14)	—	—
Adjusted Net Income (Loss) per Basic Share	$ 0.35	$ 0.60	$ 0.05

	Year Ended December 31,		
	2019	2018	2017
	(per share)		
Reconciliation of Net Income (Loss) per Diluted Share to Adjusted Net Income (Loss) per Diluted Share			
Net income (loss) per diluted share attributable to On Deck Capital, Inc. common stockholders	$ 0.36	$ 0.34	$ (0.17)
Add / (Subtract):			
Stock-based compensation expense	0.11	0.15	0.17
Real estate disposition charges	—	0.05	—
Severance and executive transition expenses	—	0.01	0.05
Debt extinguishment costs	—	0.03	—
Sales tax refund	—	(0.01)	—
Discrete tax benefit	(0.13)	—	—
Adjusted Net Income (Loss) per Diluted Share	$ 0.34	$ 0.57	$ 0.05

Adjusted Efficiency Ratio

Adjusted Efficiency Ratio is non-GAAP measure calculated as total operating expense divided by gross revenue for the period, adjusted to exclude (a) stock-based compensation expense and (b) items management deems to be non-representative of operating results or trends.

	Year Ended December 31,		
	2019	2018	2017
	(in thousands)		
Reconciliation of Efficiency Ratio to Adjusted Efficiency Ratio			
Total operating expense	$ 206,325	$ 177,490	$ 166,170
Gross revenue	$ 444,486	$ 397,741	$ 350,415
Efficiency Ratio	46.4%	44.6%	47.4%
Adjustments (pre-tax):			
Stock-based compensation expense	$ 10,966	$ 11,819	$ 12,515
Real estate disposition charges	—	4,187	—
Severance and executive transition expenses	—	911	3,183
Debt extinguishment costs	—	1,934	—
Sales tax refund	—	(1,097)	—
Operating expenses less noteworthy items	$ 195,359	$ 159,736	$ 150,472
Gross revenue	$ 444,486	$ 397,741	$ 350,415
Adjusted Efficiency Ratio	44.0%	40.2%	42.9%

Adjusted Return on Assets

Adjusted Return on Assets represents net income (loss) attributable to OnDeck adjusted to exclude the items shown in the table below divided by average total assets.

	Year Ended December 31,		
	2019	2018	2017
	(in thousands)		
Reconciliation of Return on Assets to Adjusted Return on Assets			
Net income (loss) attributable to On Deck Capital, Inc. common stockholders	$ 27,955	$ 27,046	$ (12,069)
Average total assets	$ 1,242,220	$ 1,069,151	$ 1,039,164
Return on Assets	2.3%	2.5%	(1.2)%
Adjustments (after tax):			
Stock-based compensation expense	$ 8,389	$ 11,819	$ 12,515
Real estate disposition charges	—	4,187	—
Severance and executive transition expenses	—	911	3,183
Debt extinguishment costs	—	1,934	—
Sales tax refund	—	(1,097)	—
Discrete tax benefit	(10,300)	—	—
Adjusted Net Income (Loss)	$ 26,044	$ 44,800	$ 3,629
Average total assets	$ 1,242,220	$ 1,069,151	$ 1,039,164
Adjusted Return on Assets	2.1%	4.2%	0.3 %

Adjusted Return on Equity

Adjusted Return on Equity represents net income (loss) attributable to OnDeck adjusted to exclude the items shown in the table below divided by average total On Deck Capital, Inc. stockholders' equity.

	Year Ended December 31,		
	2019	2018	2017
		(in thousands)	
Reconciliation of Return on Equity to Adjusted Return on Equity			
Net income (loss) attributable to On Deck Capital, Inc. common stockholders	$ 27,955	$ 27,046	$ (12,069)
Average OnDeck stockholders' equity	$ 306,437	$ 274,099	$ 253,777
Return on Equity	9.1%	9.9%	(4.8)%
Adjustments (after tax):			
Stock-based compensation expense	$ 8,389	$ 11,819	$ 12,515
Real estate disposition charges	—	4,187	—
Severance and executive transition expenses	—	911	3,183
Debt extinguishment costs	—	1,934	—
Sales tax refund	—	(1,097)	—
Discrete tax benefit	(10,300)	—	—
Adjusted Net Income (Loss)	$ 26,044	$ 44,800	$ 3,629
Average total On Deck Capital, Inc. stockholders' equity	$ 306,437	$ 274,099	$ 253,777
Adjusted Return on Equity	8.5%	16.3%	1.4 %

Key Factors Affecting Our Performance

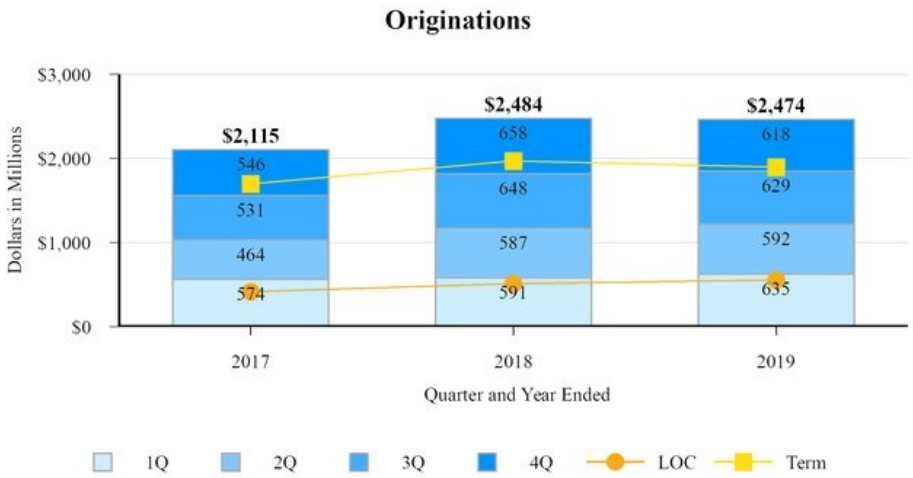
2019 Strategic Priorities

Our primary focus for 2019 was to prudently grow our business while increasing profitability. The core elements of our growth strategy included:

- Expanding the scale and efficiency of our U.S. lending franchise;
- Investing in growth adjacencies, including ODX, equipment finance and international;
- Innovating on our core strengths in risk, technology and funding;
- Increasing our capital efficiency, including a common stock repurchase program of up to $50 million; and
- Actively pursuing a bank charter, either de novo or through a transaction.

We invested significant resources to accomplish these goals, which contributed to our total operating expenses increasing in absolute dollars in 2019 relative to 2018. These investments are intended to contribute to our long-term growth, but they may affect our near-term financial results.

Originations



During the years ended December 31, 2019, 2018 and 2017 we originated $2.5 billion, $2.5 billion and $2.1 billion of loans, respectively. The decrease in originations in the year ended December 31, 2019 relative to the same period in 2018 was primarily driven by tightening of underwriting and market dynamics in the US, offset by the increase of customers from our business combination in Canada. For the year ended December 31, 2019 we funded $557 million through lines of credit which was an increase from $512 million for the year ended December 31, 2018. The average term loan size originated for the year ended December 31, 2019 and December 31, 2018 was approximately $55 thousand and $55 thousand, respectively.

We anticipate that our future growth will continue to depend in part on attracting new customers. As we continue to aggregate data on existing customers and prospective customers, we seek to use that data to optimize our marketing spending and business development efforts to retain existing customers as well as to identify and attract prospective customers. We have historically relied on all three of our channels for customer acquisition. We plan to continue to utilize direct marketing, while increasing our brand awareness and growing our strategic partnerships.

The following table summarizes the percentage of loans and finance receivables made to all customers originated by our three distribution channels for the periods indicated. From time to time management may proactively adjust our originations channel mix based on market conditions. Our direct channel remains our largest channel as a percentage of origination dollars.

Our strategic partner channel increased as a percentage of originations from 2018 compared to 2019, while our direct and FAP channel percentage of originations decreased.

	Year Ended December 31,		
Percentage of Originations (Dollars)	2019	2018	2017
Direct	40.2%	44.1%	52.1%
Strategic Partner	31.8%	26.5%	21.0%
Funding Advisor	28.0%	29.4%	26.9%

We originate term loans and lines of credit to customers who are new to OnDeck as well as to existing customers. New originations are defined as new term loan originations plus all line of credit draws in the period, including subsequent draws on existing lines of credit. Renewal originations include term loans only. We believe our ability to increase adoption of our loans and lines of credit within our existing customer base will be important to our future growth. A component of our future growth will include increasing the length of our customer life cycle by expanding our loan offerings and features. In 2019, 2018 and 2017 originations from our repeat customers were 52.8%, 51.5% and 52.4% respectively, of total originations to all customers. We believe our significant number of repeat customers is primarily due to our high levels of customer service and continued improvement in our loan features and services. Repeat customers generally show improvements in several key metrics. In the year ended December 31, 2019, 30% of our origination volume from repeat customers was due to unpaid principal balance rolled from existing loans directly into such repeat originations. In order for a current customer to qualify for a renewal term loan while a term loan payment obligation remains outstanding, the customer must pass the following standards:

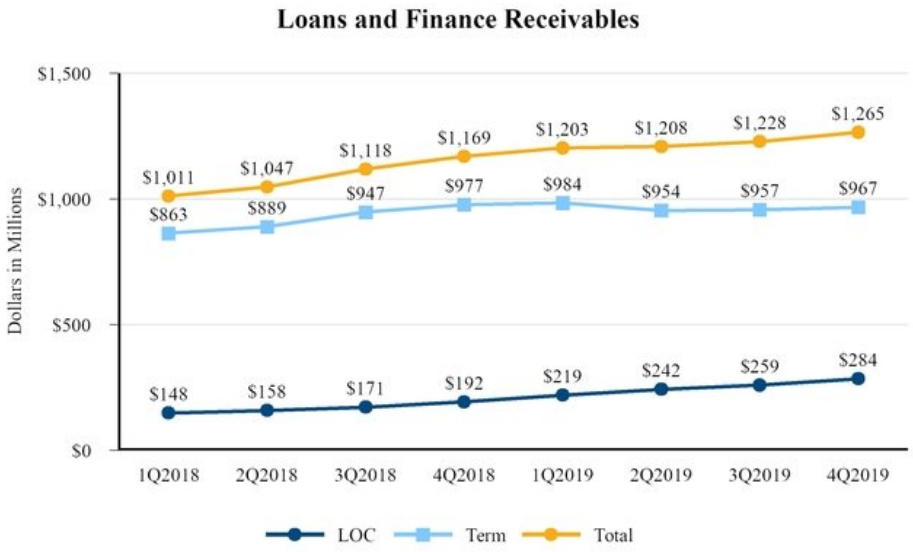
- the business must be approximately 50% paid down on its existing loan;
- the business must be current on its outstanding OnDeck loan with no material delinquency history; and
- the business must be fully re-underwritten and determined to be of adequate credit quality.

The extent to which we generate repeat business from our customers will be an important factor in our continued revenue growth and our visibility into future revenue. In conjunction with repeat borrowing activity, many of our customers also tend to increase their subsequent loan size compared to their initial loan size.

The following table summarizes the percentage of loans originated by new and repeat customers. Loans from cross-selling efforts are classified in the table as repeat loans.

	Year Ended December 31,		
Percentage of Originations (Dollars)	2019	2018	2017
New	47.2%	48.5%	47.6%
Repeat	52.8%	51.5%	52.4%

Loans



Loans and finance receivables consist of term loans, lines of credit, our variable pay product and secured equipment finance loans that require daily, weekly or monthly repayments. We have both the ability and intent to hold these loans to maturity. Loans and finance receivables are carried at amortized cost which is the unpaid principal balance plus net deferred origination costs. Net deferred origination costs are comprised of certain direct origination costs, net of all loan origination fees received. Loan and finance receivable origination fees include fees charged to the borrower related to origination that increase the loan yield. Loan origination costs are limited to direct costs attributable to originating a loan, including commissions and personnel costs directly related to the time spent by those individuals performing activities related to origination. Direct origination costs in excess of origination fees received are included in the loan and finance receivable balance and for term loans and finance receivables are amortized over the life of the term loan using the effective interest method, while for lines of credit principal amounts drawn are amortized using the straight line method over an average of 12 months. Loans and finance receivables increased from $1.2 billion at December 31, 2018 to $1.3 billion at December 31, 2019, reflecting the increase in the weighted average term length of our term loans over the period, as well as the addition of the portfolio acquired as a result of combining our Canadian operations with Evolocity in April 2019.

Pricing

Customer pricing is determined primarily based on credit risk assessment generated by our proprietary data and analytics engine. Our decision structure also considers the OnDeck Score, FICO® Score, loan type (term loan or line of credit), term loan duration, customer type (new or repeat) and origination channel. OnDeck assesses credit risk across several dimensions, including assessing the stability and credit worthiness of both the business and the personal guarantor and of the borrower's industry. Some of the most important factors assessed relate to the borrower's ability to pay, overall levels of indebtedness, cash flow and business outlook, and their personal and commercial credit history. These factors are assessed against certain minimum requirements in our underwriting standards, as well as through multivariate regressions and statistical models. In addition, general market conditions may broadly influence pricing industry-wide. Loans originated through the direct and strategic partner channels are generally priced lower than loans originated through the funding advisor channel due to the commission structure of the FAP program as well as the relative higher risk profile of the borrowers in the FAP channel.

As of December 31, 2019, our customers pay between 0.004 and 0.087 cents per month in interest for every dollar they borrow under one of our term loans. Historically, our term loans have been primarily quoted in Cents on Dollar, or COD, which reflects the monthly interest paid by a customer to us per dollar borrowed for a loan. Lines of credit have been historically quoted

in APR. As of December 31, 2019, the APRs of our term loans outstanding ranged from 9.0% to 99.4% and the APRs of our lines of credit outstanding ranged from 11.0% to 61.9%.

We believe that our product pricing has historically fallen between traditional bank loans to small businesses and certain non-bank small business financing alternatives such as merchant cash advances.

	For the Year				For the Quarter			
	2016	2017	2018	2019	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Weighted Average Term Loan "Cents on Dollar" Borrowed, per Month	1.82¢	1.95¢	2.14¢	2.12¢	2.19¢	2.12¢	2.08¢	2.08¢
Weighted Average APR - Term Loans	42.1%	45.2%	49.2%	48.3%	50.2%	48.4%	47.4%	47.2%
Weighted Average APR - Lines of Credit	33.1%	32.3%	32.6%	34.5%	33.7%	34.4%	34.6%	35.2%

The pricing increases in 2017 and 2018 were primarily a reflection of past and expected future increases in the underlying market interest rates that we, like many other lenders in the market, were passing on to our customers. Additionally, in 2017 and 2018 we increased our originations in the funding advisor channel, which typically have higher APRs than the direct and strategic partner channels. The decrease in COD and APR from 2018 to 2019 reflected market dynamics and our shift in strategy to offer longer term loans at lower yields to convert more customers with higher credit scores.

Portfolio Yield is the rate of return we earn on loans and finance receivables outstanding during a period. Our Portfolio Yield differs from APR in that it takes into account deferred origination fees and deferred origination costs. Deferred origination fees include fees paid up front to us by customers when loans are originated and decrease the carrying value of loans, thereby increasing the Portfolio Yield. Deferred origination costs are limited to costs directly attributable to originating loans and finance receivables such as commissions, vendor costs and personnel costs directly related to the time spent performing activities related to originations and increase the carrying value of loans and finance receivables, thereby decreasing the Portfolio Yield. Our decision to hold more delinquent loans on balance sheet for collection rather than sell those loans to third parties reduces Portfolio Yield.

Portfolio Yield

For the Year				For the Quarter			
2016	2017	2018	2019	Q1 2019	Q2 2019	Q3 2019	Q4 2019
33.1%	33.7%	36.2%	35.1%	35.6%	35.0%	35.1%	34.8%

In addition to individual loan pricing, and the number of days in a period, there are many other factors that can affect Portfolio Yield, including:

- **Channel Mix** - In general, loans originated from the strategic partner channel have lower Portfolio Yields than loans from the direct and funding advisor channel. This is primarily due to the strategic partner channel's higher commissions as compared to the direct channel, and lower pricing as compared to the funding advisor channel.
- **Term Mix** - In general, term loans with longer durations have lower annualized interest rates. Despite lower yields, total revenues from customers with longer loan durations are typically higher than the revenue of customers with shorter-term, higher Loan Yield loans because total payback is typically higher compared to a shorter length term for the same principal loan amount. For the year ended December 31, 2019, the average length of new term loan originations had increased to 12.8 months from 11.3 months for the year ended December 31, 2018. The increase in average term length reflects the increased booking rate of longer-term loans with larger balances of higher credit quality loans as our credit policy has recently been further optimized for loans with those specific characteristics.
- **Customer Type Mix** - In general, loans originated from repeat customers historically have had lower Portfolio Yields than loans from new customers. This is primarily because repeat customers typically have a higher OnDeck *Score* and are therefore deemed to be lower risk. In addition, repeat customers are more likely to be approved for longer terms than new customers given their established payment history and lower risk profiles. Finally, origination fees can be reduced or waived for repeat customers, contributing to lower Portfolio Yields.
- **Loan Mix** - In general, lines of credit have lower Portfolio Yields than term loans. For the year ended December 31, 2019, the weighted average line of credit APR was 34.5%, compared to 48.3% for term loans. Draws by line of credit customers increased to 22.5% of total originations for the year end December 31, 2019 from 20.6% in the year ended December 31, 2018.

Interest Expense

We obtain financing principally through debt facilities and securitizations with a diverse group of banks, insurance companies and other institutional lenders and investors. Interest expense consists of the interest expense we incur on our debt, certain fees and the amortization of deferred debt issuance costs incurred in connection with obtaining this debt, such as banker fees, origination fees and legal fees and, in applicable periods, certain costs associated with our interest rate hedging activity. Cost of Funds Rate is calculated as interest expense divided by average debt outstanding for the period. Our Cost of Funds Rate decreased to 5.2% for the year ended December 31, 2019 as compared to 6.3% for the year ended December 31, 2018. The decrease in our Cost of Funds Rate was driven by decreases in interest rate spread (the applicable percentage rate above the benchmark interest rate charged by the lender), which more than offset the increase in the market rate for floating rate debt. In November 2019 we entered into an additional securitization for $125 million at a weighted average interest rate of 3.0% which will further decrease our Cost of Funds Rate.

Credit Performance

Credit performance refers to how credit losses on a portfolio of loans and finance receivables perform relative to expectations. Generally speaking, perfect credit performance is a loan that is repaid in full and in accordance with the terms of the agreement, meaning that all amounts due were repaid in full and on time. However, no portfolio is without risk and a certain amount of losses are expected. In this respect, credit performance must be assessed relative to pricing and expectations. Because a certain degree of losses are expected, pricing will be determined with the goal of allowing for estimated losses while still generating the desired rate of return after taking into account those estimated losses. When a portfolio has higher than estimated losses, the desired rate of return may not be achieved, and that portfolio would be considered to have underperformed. Conversely, if the portfolio incurred lower than estimated losses, resulting in a higher than expected rate of return, the portfolio would be considered to have overperformed.

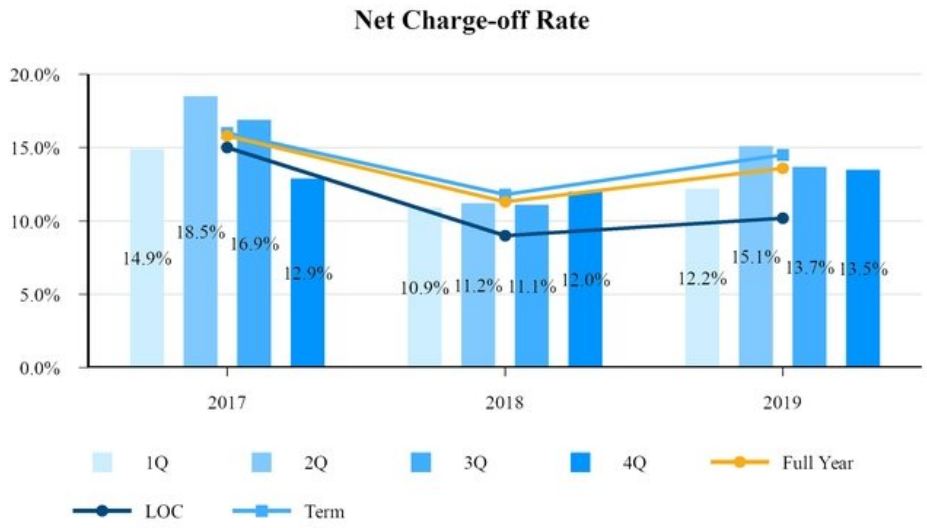
We originate and price our loans and finance receivables expecting that we will incur a degree of losses. When we originate our loans and finance receivables, we record a provision for estimated credit losses. As we gather more data as the portfolio performs, we may increase or decrease that reserve as deemed necessary to reflect our latest loss estimate. Some portions of our portfolio may be performing better than expected while other portions may perform below expectations. The net result of the underperforming and overperforming portfolio segments determines if we require an overall increase or decrease to our reserve related to the existing portfolio. A net decrease to the reserve related to the existing portfolio reduces provision expense, while a net increase to the loan reserve increases provision expense.

In accordance with our strategy to expand the range of our loan offerings, over time, we have expanded the offerings of our term loans by making available longer terms and larger amounts. When we begin to offer a new type of loan, we typically extrapolate our existing data to create an initial version of a credit model to permit us to underwrite and price the new type of loan. Thereafter, we begin to collect actual performance data on these new loans which allows us to refine our credit model based on actual data as opposed to extrapolated data. It often takes several quarters after we begin offering a new type of loan for that loan to be originated in sufficient volume to generate a critical mass of performance data. In addition, for loans with longer terms, it takes longer to acquire significant amounts of data because the loans take longer to season.

Each loan cohort is unique. A loan cohort refers to loans originated in the same specified time period. For a variety of reasons, one cohort may exhibit different performance characteristics over time compared to other cohorts at similar months of seasoning.

We evaluate and track portfolio credit performance primarily through four key financial metrics: 15+ Day Delinquency Ratio; Net Charge-off Rate; Reserve Ratio; and Provision Rate.

Net Charge-off Rate

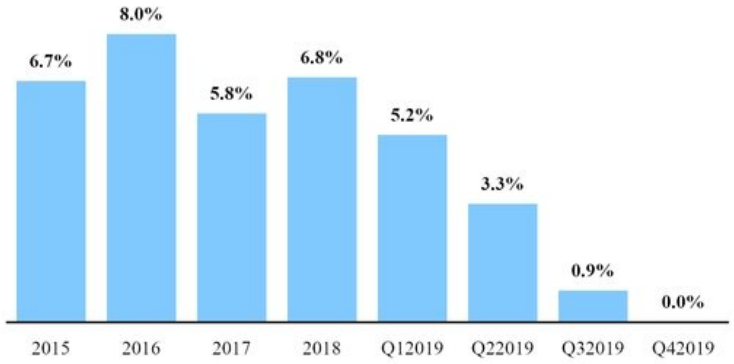


Our Net Charge-off Rate, which is calculated as our annualized net charge-offs for the period divided by the average Unpaid Principal Balance outstanding, increased from 11.3% in year ended December 31, 2018 to 13.6% in the year ended December 31, 2019, driven by credit expansion, channel mix changes and changes in small business sentiment and behavior. Since 2018, we have held delinquent loans longer as we expanded our in-house pre-charge-off collection efforts to maximize returns. While collections on those more severely delinquent loans have proven to be successful and have increased our recoveries and profitability, some portion of those loans ultimately remain uncollectible. Allowing several quarters to continue collection efforts delayed charge-off of some loans, which have now accumulated. The Net Charge-off Rate in the year ended December 31, 2018 was unusually low by historical standards reflecting our decision to tighten our credit policies in the first half of 2017. The Net Charge-off Rate for the year ended December 31, 2017 was 15.8%, a historical high due to higher delinquencies in our 2016 cohort. Our term loans had a Net Charge-off Rate of 14.5% for the year ended December 31, 2019 compared to 10.2% for our lines of credit.

Historical Charge-Offs

We illustrate below our historical loan losses by providing information regarding our net lifetime charge-off ratios by cohort. Net lifetime charge-offs are the unpaid principal balance charged off less recoveries of loans previously charged off. A given cohort's net lifetime charge-off ratio is the cohort's net lifetime charge-offs through December 31, 2019 divided by the cohort's total original loan volume. Repeat loans in the denominator include the full renewal loan principal, rather than the net funded amount, which is the renewal loan's principal net of the unpaid principal balance on the existing loan. Loans are typically charged off after 90 days of nonpayment and 30 days of inactivity. The chart immediately below includes all term loan originations, including, if applicable, loans sold through OnDeck *Marketplace* or held for sale on our balance sheet.

Net Charge-off Ratios by Cohort Through December 31, 2019



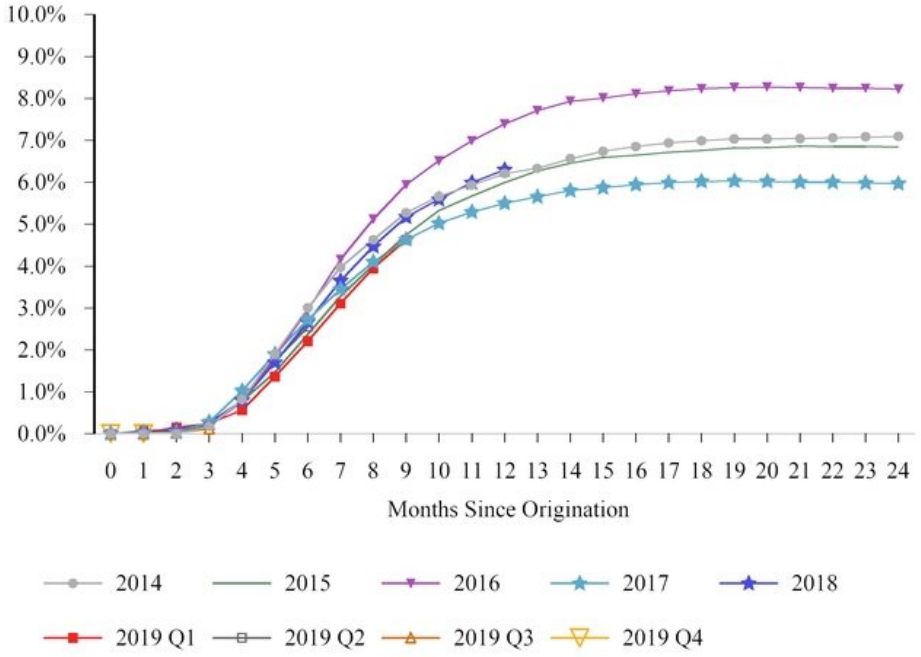
	For the Year				For the Quarter			
	2015	**2016**	**2017**	**2018**	**Q1 2019**	**Q2 2019**	**Q3 2019**	**Q4 2019**
Principal Outstanding as of December 31, 2019 by Period of Origination	—%	—%	0.1%	1.4%	9.0%	29.3%	64.0%	91.6%

The following chart displays the historical lifetime cumulative net charge-off ratio by cohort for the origination periods shown. The chart reflects all term loan originations, including, if applicable, loans sold through OnDeck *Marketplace* or held for sale on our balance sheet. The data is shown as a static pool for each cohort, illustrating how the cohort has performed given equivalent months of seasoning.

Given that the originations in the third and fourth quarter of 2019 cohorts are relatively unseasoned as of December 31, 2019, these cohorts reflect low lifetime charge-off ratios in the total loans chart below. Further, given our loans are typically charged off after 90 days of nonpayment and 30 days of inactivity, all cohorts reflect minimal charge offs for the first three months in the chart below.

Net Cumulative Lifetime Charge-off Ratios by Vintage

All Loans



	For the Year				For the Quarter			
Originations	**2015**	**2016**	**2017**	**2018**	**Q1 2019**	**Q2 2019**	**Q3 2019**	**Q4 2019**
All term loans (in millions)	$ 1,704	$ 2,052	$ 1,697	$ 1,972	$ 486	$ 452	$ 492	$ 467
Weighted average term (months) at origination	12.4	13.2	12.1	11.8	11.7	12.2	13.5	13.2

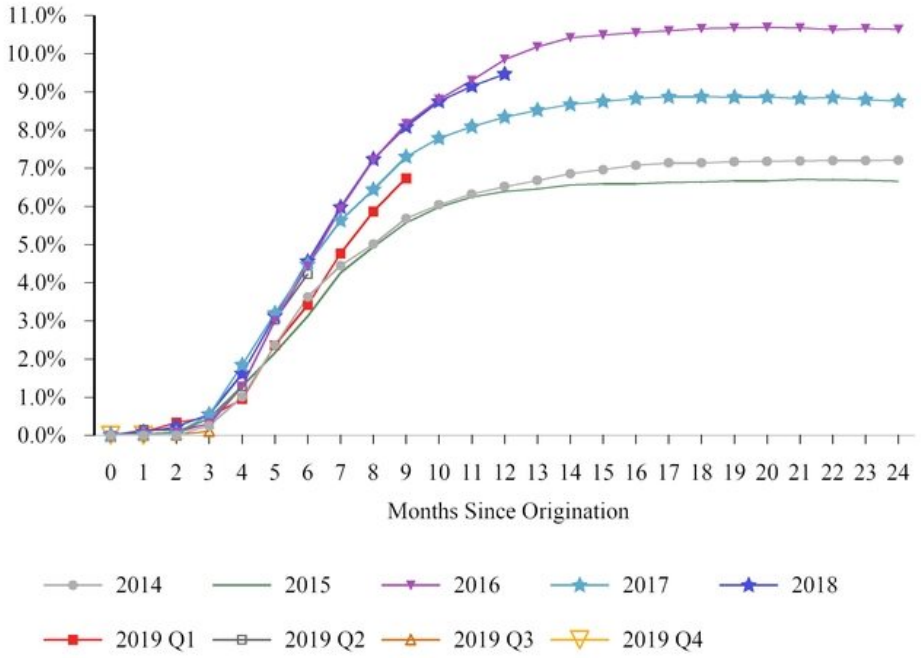
Loans we originated in 2016 demonstrated higher than historical net cumulative lifetime charge-off ratios, which were primarily related to lower credit quality loans of longer terms and larger sizes. In response and as part of our focus on achieving profitability, during the first and second quarters of 2017 we broadly tightened our credit policies to eliminate originations of loans with expected negative unit economics and to reduce those with expected marginal unit economics.

By design, the broad credit tightening resulted in a significant decline in originations for the second quarter of 2017 and a significant decline in the net cumulative lifetime charge-off ratios for loans originated in that quarter. Subsequent cohorts have incorporated measured and targeted credit optimization designed to bring our net cumulative charge-off ratios in line with business model objectives. Loans originated after the fourth quarter of 2019 are not yet seasoned enough for meaningful comparison.

Generally, historical net cumulative lifetime charge-off ratios are higher in new loans than in repeat loans as repeat customers generally demonstrate better credit qualities.

Net Cumulative Lifetime Charge-off Ratios by Vintage

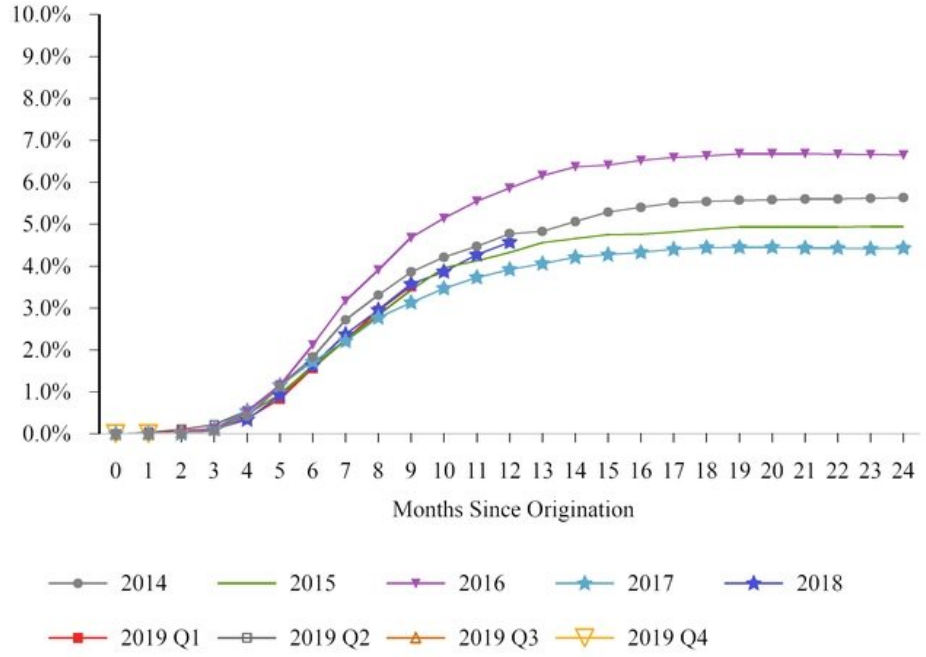
New Loans



	For the Year				For the Quarter			
Originations	**2015**	**2016**	**2017**	**2018**	**Q1 2019**	**Q2 2019**	**Q3 2019**	**Q4 2019**
New term loans (in thousands)	$ 627,494	$ 777,129	$ 589,487	$ 692,188	$ 166,206	$ 136,007	$ 148,024	$ 140,635
Weighted average term (months)	11.8	13.3	11.9	11.3	11.4	12.3	13.9	13.7

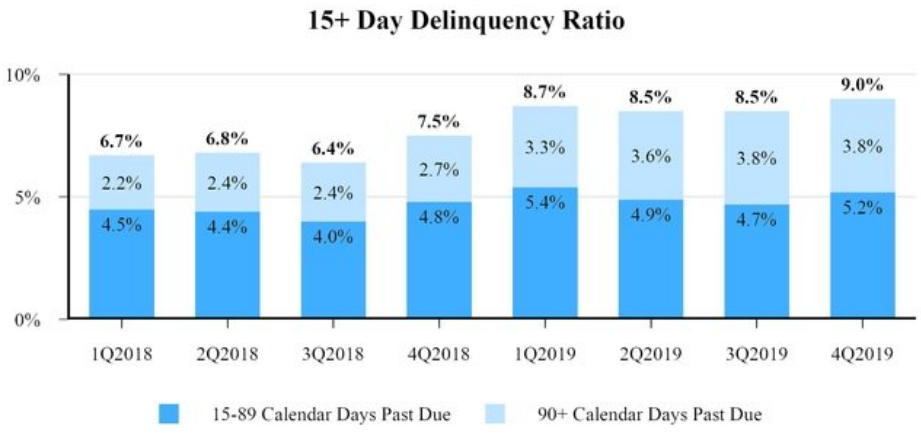
Net Cumulative Lifetime Charge-off Ratios by Vintage

Repeat Loans



	For the Year				For the Quarter			
Originations	**2015**	**2016**	**2017**	**2018**	**Q1 2019**	**Q2 2019**	**Q3 2019**	**Q4 2019**
Repeat term loans (in thousands)	$ 1,076,122	$ 1,274,721	$ 1,107,027	$ 1,279,444	$ 320,131	$ 315,895	$ 343,687	$ 326,505
Weighted average term (months)	12.7	13.1	12.2	12.1	11.9	12.1	13.3	13.0

15+ Day Delinquency Ratio



The 15+ Day Delinquency Ratio is the aggregate Unpaid Principal Balance for our portfolio that is 15 or more calendar days past due as of the end of the period as a percentage of the Unpaid Principal Balance.

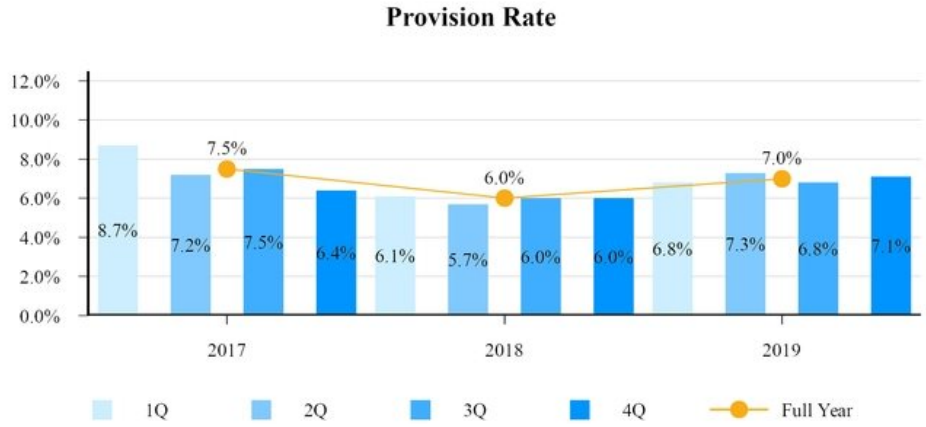
The 15+ Day Delinquency ratio increased from 7.5% at December 31, 2018 to 9.0% at December 31, 2019 driven by our decision in 2018 to hold and collect on delinquent loans longer, credit tests we performed in 2018, and a normalizing credit environment in 2019. The increase in loans 15-89 days past due from December 31, 2018 to December 31, 2019 was primarily driven by the credit testing we performed in 2018, while the increase in loans 90+ days past due primarily reflects the change in our collection strategy.

Our 15+ Day Delinquency ratio has historically been higher for our term loans than our lines of credit. For the year ended December 31, 2019 the 15+ Day Delinquency ratio for term loans and line of credit was 9.8% and 6.1%, respectively, which increased as compared to 7.9% and 5.5%, respectively, at December 31, 2018.

Reserve Ratio

The Reserve Ratio, which is the allowance for credit losses divided by the Unpaid Principal Balance as of a specific date, is a comprehensive measurement of our allowance for credit losses because it presents, as a percentage, the portion of the total Unpaid Principal Balance for which an allowance has been recorded. Our Reserve Ratio at December 31, 2018, and at December 31, 2019 remained unchanged at 12.2%.

Provision Rate



The Provision Rate is the provision for credit losses divided by the new originations volume of loans and finance receivables. Originations include the full renewal loan principal of repeat loans, not the net funded amount.

Our Provision Rate increased for the full year of 2019 to 7.0% from 6.0% in 2018. This increase in Provision Rate was primarily driven by the deterioration of loans originated in the second half of 2018, and a normalizing credit environment. In addition, the provision rate in 2018 was at a historical low due to tightened credit policies applied in 2017.

Customer Acquisition Costs

Our customer acquisition costs, or CACs, differ depending upon the acquisition channel. CACs in our direct channel include the commissions paid to our internal sales force and expenses associated with items such as direct mail, and online marketing activities. CACs in our strategic partner channel and FAP channel include commissions paid. CACs in all channels include new originations. For our United States portfolio, the FAP channel had the highest CAC per unit and our strategic partner channel had the lowest CAC per unit for both the year ended December 31, 2019 and December 31, 2018.

The total amount of U.S. CACs decreased both in aggregate and for each of the three individual acquisition channels for the year ended December 31, 2019 as compared to the year ended December 31, 2018. Our U.S. CACs evaluated as a percentage of originations increased for all three channels period over period. The decrease in absolute dollars was primarily attributable to a decrease in U.S. CACs in our FAP channel driven by a decrease in external commissions and origination volume.

Increased competition for customer response could require us to incur higher customer acquisition costs and make it more difficult for us to grow our originations in both unit and volume for both new as well as repeat customers.

Customer Lifetime Value

The ongoing lifetime value of our customers will be an important component of our future performance. We analyze customer lifetime value not only by tracking the "contribution" of customers over their lifetime with us, but also by comparing this contribution to the acquisition costs incurred in connection with originating such customers' initial loans, whether term loan, lines of credit or both.

Components of Our Results of Operations

Interest and Finance Income. We generate revenue primarily through interest and origination fees earned on the term loans and lines of credit we originate. Interest income also includes interest earned on invested cash. We also generate revenue through finance income on our variable pay product in Canada.

Our interest and origination fee revenue is amortized over the term of the loan or finance receivable using the effective interest method. Origination fees collected but not yet recognized as revenue are netted with direct origination costs and recorded as a component of loans and finance receivables held for investment or loans held for sale, as appropriate, on our consolidated balance sheets and recognized over the term of the loan or finance receivable. Direct origination costs include costs directly attributable to originating a loan or finance receivable, including commissions, vendor costs and personnel costs directly related to the time spent by those individuals performing activities related to loan origination.

Interest Expense. Interest expense consists of the interest expense we incur on our debt, certain fees and the amortization of deferred debt issuance costs incurred in connection with obtaining this debt, such as banker fees, origination fees and legal fees and, in applicable periods, certain costs associated with our interest rate hedging activity. Our interest expense and Cost of Funds Rate will vary based on a variety of external factors, such as credit market conditions, general interest rate levels and spreads, as well as OnDeck-specific factors, such as origination volume and credit quality. We expect interest expense will increase in absolute dollars as we increase borrowings to fund portfolio growth.

Provision for Credit Losses. Provision for credit losses consists of amounts charged to income during the period to maintain an allowance for credit losses, or ALLL, estimated to be adequate to provide for probable credit losses inherent in our loan and finance receivable portfolio. Our ALLL represents our estimate of the credit losses inherent in our portfolio of loans and finance receivables and is based on a variety of factors, including the composition and quality of the portfolio, loan specific information gathered through our collection efforts, delinquency levels, our historical charge-off and loss experience and general economic conditions. In general, we expect our aggregate provision for credit losses to increase in absolute dollars as the amount of loans and finance receivables we originate and hold for investment increases.

Gain on Sales of Loans. Prior to 2018, we chose to sell a portion of our term loans to third-party institutional investors through OnDeck *Marketplace*. We recognize a gain or loss on the sale of such loans as the difference between the proceeds received, adjusted for initial recognition of servicing assets or liabilities obtained at the date of sale, and the outstanding principal and net deferred origination costs.

Other Revenue. Other revenue includes fees generated by ODX, marketing fees earned from our issuing bank partner, monthly fees charged to customers for our line of credit, and referral fees from other lenders.

Operating Expense

Operating expense consists of sales and marketing, technology and analytics, processing and servicing, and general and administrative expenses. Salaries and personnel-related costs, including benefits, bonuses, stock-based compensation expense and occupancy, comprise a significant component of each of these expense categories. All operating expense categories also include an allocation of overhead, such as rent and other overhead, which is based on employee headcount. We believe that continuing to invest in our business is essential to growing the business and maintaining our competitive position, and therefore, we expect the absolute dollars of operating expenses to increase.

At December 31, 2019, we had 742 employees compared to 587 at December 31, 2018 and 475 at December 31, 2017. During 2019, we increased our headcount and personnel-related costs across our business in order to support our growth strategy. Part of the increase in headcount was the result of our business combination with Evolocity, adding an additional 81 employees. We expect headcount to continue to increase in 2020. Given our focus on growth and profitability, we evaluate trends in our efficiency ratio as a key measure of our progress. Our efficiency ratio for the years ended December 31, 2019, 2018 and 2017 was 46.4%, 44.6%, and 47.4%, respectively. For the year ended December 31, 2019, 2018 and 2017 our Adjusted Efficiency Ratio was 44.0%, 40.2%, and 42.9%, respectively. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Non-GAAP Financial Measures for a discussion and reconciliation of Adjusted Efficiency Ratio.

Sales and Marketing. Sales and marketing expense consists of salaries and personnel-related costs of our sales and marketing and business development employees, as well as direct marketing and advertising costs, online and offline CACs (such as direct mail, paid search and search engine optimization costs), public relations, promotional event programs and sponsorships, corporate communications and allocated overhead.

Technology and Analytics. Technology and analytics expense consists primarily of the salaries and personnel-related costs of our engineering and product employees as well as our credit and analytics employees who develop our proprietary credit-scoring models. Additional expenses include third-party data acquisition expenses, professional services, consulting costs, expenses related to the development of new types of loans and technologies and maintenance of existing technology assets, amortization of capitalized internal-use software costs related to our technology platform and allocated overhead.

Processing and Servicing. Processing and servicing expense consists primarily of salaries and personnel related costs of our credit analysis, underwriting, funding, fraud detection, customer service and collections employees. Additional expenses include vendor costs associated with third-party credit checks, lien filing fees and other costs to evaluate, close and fund loans and overhead costs.

General and Administrative. General and administrative expense consists primarily of salary and personnel-related costs for our executive, finance and accounting, legal and people operations employees. Additional expenses include a provision for the unfunded portion of our lines of credit, consulting and professional fees, insurance, legal, travel, gain or loss on foreign exchange and other corporate expenses. These expenses also include costs associated with compliance with the Sarbanes-Oxley Act and other regulations governing public companies, directors' and officers' liability insurance and increased accounting costs.

Provision for Income Taxes

Our provision for income taxes includes tax expense for our consolidated operations, including the tax expense incurred by our non-U.S. entities. Our annual effective tax rate is an estimated, blended rate of all tax jurisdictions including federal, state and foreign. In 2019, we released $7.5 million of our valuation allowance against our net deferred tax asset, which resulted in a net tax benefit of $3.5 million for the year ended December 31, 2019. We may release additional portions of our valuation allowance in the future if our actual or forecasted profitability levels are deemed sufficient to support the realizability of our net deferred tax assets.

Through December 31, 2018, we had not been required to pay any material U.S. federal or state income taxes nor any foreign income taxes because of accumulated net operating losses. As of December 31, 2019, we had no material federal and state net operating loss carryforwards available to reduce future taxable income, unless limited due to historical or future ownership changes.

Results of Operations

The following table sets forth our consolidated statements of operations data for each of the periods indicated.

Comparison of Years Ended December 31, 2019 and 2018

	Year Ended December 31,		Year-over-Year Change
	2019	2018	2019 vs 2018
	(dollars in thousands)		
Interest and finance income	$ 428,423	$ 382,944	11.9 %
Interest expense	44,670	47,075	(5.1)%
Net interest income	383,753	335,869	14.3 %
Provision for credit losses	173,369	148,541	16.7 %
Net interest revenue, after credit provision	210,384	187,328	12.3 %
Other revenue	16,063	14,797	8.6 %
Total non-interest income	16,063	14,797	8.6 %
Operating expense:			
Sales and marketing	50,518	44,082	14.6 %
Technology and analytics	67,380	50,866	32.5 %
Processing and servicing	24,664	21,209	16.3 %
General and administrative	63,763	61,333	4.0 %
Total operating expense	206,325	177,490	16.2 %
Income (loss) from operations, before provision for income taxes	20,122	24,635	(18.3)%
Provision for (Benefit from) income taxes	(3,513)	—	100.0 %
Net income (loss)	$ 23,635	$ 24,635	(4.1)%

Net income (loss)

For the year ended December 31, 2019, net income decreased to $23.6 million from $24.6 million for the year ended December 31, 2018 while adjusted net income, a non-GAAP measure, decreased to $26.0 million from $44.8 million over the same period. The decrease in net income was attributable to the increases in provision expense as well as the increase in sales and marketing and technology and analytics expense more than offsetting the increase in net interest income. Basic earnings per share increased to $0.38 per share from $0.36 per share. Our Return on Assets decreased to 2.3% from 2.5% and our Return on Equity decreased to 9.1% from 9.9%. Our Adjusted Return on Assets, a non-GAAP measure, decreased to 2.1% from 4.2% and our Adjusted Return on Equity, a non-GAAP measure, decreased to 8.5% from 16.3%.

Net Interest Income

	Year Ended December 31,		Year-over-Year Change
	2019	2018	2019 vs 2018
	(dollars in thousands)		
Interest and finance income	$ 428,423	$ 382,944	11.9 %
Interest expense	44,670	47,075	(5.1)%
Net interest income	$ 383,753	$ 335,869	14.3 %

Net interest income increased by $47.9 million, or 14.3%, to $383.8 million from $335.9 million. This growth was in part attributable to a $45.5 million, or 11.9%, increase in interest and finance income, which was primarily driven by a higher portfolio balance as evidenced by a 15.1% increase in Average Loans and Finance Receivables. The increase was partially offset by a decrease in Portfolio Yield in 2019 compared to 2018.

Interest expense decreased by $2.4 million, or 5.1%, to $44.7 million from $47.1 million. The decrease in interest expense was primarily attributable to decreases in interest rate spread (the applicable percentage rate above the benchmark interest rate charged by the lender) and was partially offset by increases in Average Debt outstanding. The Average Debt Outstanding for the year ended December 31, 2019 was $852.3 million, up 13.5%, from $751.0 million during the year ended December 31, 2018, while our Cost of Funds Rate decreased to 5.2% from 6.3%.

Provision for Credit Losses

	Year Ended December 31,		Year-over-Year Change
	2019	2018	2019 vs 2018
	(dollars in thousands)		
Provision for credit losses	$ 173,369	$ 148,541	16.7%

Provision for credit losses increased by $24.8 million, or 16.7%, to $173.4 million from $148.5 million. In accordance with GAAP, we recognize revenue on loans and finance receivables over their term but provide for probable credit losses on the loans and finance receivables at the time they are originated. We then periodically adjust our estimate of those probable credit losses based on actual performance and changes in loss estimates. Our provision for credit losses as a percentage of originations, or the Provision Rate, increased to 7.0% from 6.0%. The increase in Provision Rate was primarily driven by the deterioration of loans originated in the second half of 2018, and a normalizing credit environment.

Non-interest Income

	Year Ended December 31,		Year-over-Year Change
	2019	2018	2019 vs 2018
	(dollars in thousands)		
Other revenue	$ 16,063	$ 14,797	8.6%

Other revenue increased by $1.3 million, or 8.6%, primarily attributable to other income generated from the operations of our newly combined entity in Canada and line of credit fees revenue.

Operating Expense

Total operating expense increased by $28.8 million, or 16.2%, to $206.3 million from $177.5 million. At December 31, 2019, we had 742 employees compared to 587 at December 31, 2018. Approximately half of the headcount increase reflects the addition of Evolocity employees, with the majority of the other half attributable to Technology and Analytics employees. We increased our headcount and personnel-related costs across our business in order to support our growth strategy.

Given our focus on profitability, we evaluate trends in our efficiency ratio as a key measure of our progress. Our efficiency ratio for the year ended December 31, 2019 was 46.4% which increased from 44.6% for the year ended December 31, 2018. Our Adjusted Efficiency Ratio, a non-GAAP measure, increased to 44.0% for the year ended December 31, 2019 from 40.2% for the year ended December 31, 2018. Both trends reflect investments in our core US lending and strategic adjacencies.

Sales and Marketing

	Year Ended December 31,		Year-over-Year Change
	2019	2018	2019 vs 2018
	(dollars in thousands)		
Sales and marketing	$ 50,518	$ 44,082	14.6%

Sales and marketing expense increased by $6.4 million, or 14.6%, to $50.5 million from $44.1 million. The increase was driven by a $3.8 million increase in personnel-related costs primarily related to the additional personnel from our business combination with Evolocity, as well as an expansion of headcount within our US operations. Our non-capitalizable commission expense increased by $1.1 million during year ended December 31, 2019. Additionally, our occupancy costs increased by $0.8 million during the year ended December 31, 2019, as we benefited by a reduction in costs related to lease terminations during the prior period. Finally, there was a $0.5 million increase in our Canadian general marketing, in part due to our expansion in Canada.

Technology and Analytics

	Year Ended December 31,		Year-over-Year Change
	2019	2018	2019 vs 2018
	(dollars in thousands)		
Technology and analytics	$ 67,380	$ 50,866	32.5%

Technology and analytics expense increased by $16.5 million, or 32.5%, to $67.4 million from $50.9 million. The increase was primarily attributable to $10.3 million of additional personnel-related costs as we continue to invest in our strategic initiatives and build our internal capabilities for the future in addition to our business combination with Evolocity. In 2019 we wrote-down $3.2 million worth of our internally built software. Additionally, there was an increase of $2.3 million in software license-related costs for the current year, as we continued to expand our operations, mainly related to development in ODX and our operations in Canada.

Processing and Servicing

	Year Ended December 31,		Year-over-Year Change
	2019	2018	2019 vs 2018
	(dollars in thousands)		
Processing and servicing	$ 24,664	$ 21,209	16.3%

Processing and servicing expense increased by $3.5 million, or 16.3%, to $24.7 million from $21.2 million. We expanded our processing and servicing vendor spend by $1.6 million both due to collection strategies, as well as our business combination with Evolocity. Further, the increase was driven by increased personnel-related expenses of $1.1 million. Finally, our occupancy costs increased by $0.4 million during the year ended December 31, 2019, as we benefited by a reduction in costs related to lease terminations during the prior period which did not occur in the current period.

General and Administrative

	Year Ended December 31,		Year-over-Year Change
	2019	2018	2019 vs 2018
	(dollars in thousands)		
General and administrative	$ 63,763	$ 61,333	4.0%

General and administrative expense increased by $2.4 million, or 4.0%, to $63.8 million from $61.3 million. The increase was primarily attributable to legal costs and costs related to our pursuit of a bank charter, which resulted in an increase of $5.7 million for the year ended December 31, 2019 compared to the prior year period. Personnel-related costs increased by $3.5 million due to an increase in headcount as well as the additional personnel related to our business combination with Evolocity. For the year ended December 31, 2018 we recognized $5.6 million of charges related to partial lease terminations in our Denver and New York offices, as well as $1.7 million debt extinguishment charges.

Provision for Income Taxes

	Year Ended December 31,		Year-over-Year Change
	2019	2018	2019 vs 2018
	(dollars in thousands)		
Provision for (Benefit from) income taxes	$ (3,513)	$ —	100.0%

During the year ended December 31, 2019 we recorded an income tax benefit of $3.5 million due to a $7.5 million release of the valuation allowance against our net deferred tax asset and a $2.8 million discrete research and development tax credit. The full year 2019 effective tax rate excluding the discrete tax benefits was approximately 34%. Through December 31, 2018, we had not been required to pay any material U.S. federal or state income taxes nor any foreign income taxes because of accumulated net operating losses.

Liquidity and Capital Resources

Capital

Our Total stockholders' equity decreased by $6.2 million to $296 million at December 31, 2019 from $302 million at December 31, 2018. The decrease of stockholders' equity was driven primarily by the $44 million repurchase of our common stock, offset by our net income for the year. Our book value per diluted share increased to $4.26 at December 31, 2019 from $3.72 at December 31, 2018, which was primarily driven by the repurchase of common shares in 2019.

On July 29, 2019, our Board of Directors authorized the repurchase of up to $50 million of common stock with the repurchased shares to be retained as treasury stock and available for possible reissuance. Any share repurchases under the program will be made from time to time in the open market, in privately negotiated transactions or otherwise. The timing and amount of any share repurchases will be subject to market conditions and other factors as we may determine. The repurchase authorization expires August 31, 2020; however, we may suspend, modify or discontinue the program at any time in our discretion without prior notice. During the twelve months ended December 31, 2019 we purchased 10,694,556 shares of common stock for $44.0 million. On February 11, 2020, we announced that our Board of Directors had authorized up to $50 million of additional repurchases of common stock. This authorization does not have a scheduled expiration date. See Part II - Item 5 - Issuer Purchases of Equity Securities and Note 16 of Notes to Consolidated Financial Statements.

Cash

At December 31, 2019, we had approximately $56 million of available cash to fund our future operations compared to approximately $60 million at December 31, 2018.

Our cash and cash equivalents at December 31, 2019 were held primarily for working capital purposes and were used to fund a portion of our lending activities. We may, from time to time, use excess cash and cash equivalents to fund our lending activities. We do not enter into investments for trading or speculative purposes. Our policy is to invest cash in excess of our immediate working capital requirements in short-term investments, deposit accounts or other arrangements designed to preserve the principal balance and maintain adequate liquidity. Our excess cash may be invested primarily in overnight sweep accounts, money market instruments or similar arrangements that provide competitive returns consistent with our polices and market conditions.

Our restricted cash represents funds held in accounts as reserves on certain debt facilities and as collateral for issuing bank partner transactions. We have no ability to draw on such funds as long as they remain restricted under the applicable arrangements but have the ability to use these funds to finance loan originations, subject to meeting borrowing base requirements. Our policy is to invest restricted cash held in debt facility related accounts in investments designed to preserve the principal balance and provide liquidity. Accordingly, such cash is invested primarily in money market instruments that offer daily purchase and redemption and provide competitive returns consistent with our policies and market conditions.

Current Debt Facilities

The following table summarizes our debt facilities as of December 31, 2019.

	Maturity Date		Weighted Average Interest Rate	Borrowing Capacity		Principal Outstanding
				(in millions)		
Debt:						
OnDeck Asset Securitization Trust II LLC 2019-1	November 2024	(1)	3.0%	$ 125.0		$ 125.0
OnDeck Asset Securitization Trust II LLC 2018-1	April 2022	(2)	3.8%	225.0		225.0
OnDeck Account Receivables Trust 2013-1 LLC	March 2022	(3)	3.4%	180.0		129.5
Receivable Assets of OnDeck, LLC	September 2021	(4)	3.3%	100.0		94.1
OnDeck Asset Funding II LLC	August 2022	(5)	4.7%	175.0		123.8
Prime OnDeck Receivable Trust II, LLC	March 2022	(6)	3.8%	75.0		—
Loan Assets of OnDeck, LLC	October 2022	(7)	3.4%	150.0		120.7
Corporate line of credit	January 2021		4.7%	105.0	(8)	40.0
International and other agreements	Various	(9)	4.9%	143.5		64.6
Total Debt			3.8%	$ 1,278.5		$ 922.7

(1) The period during which new loans may be purchased under this securitization transaction expires in October 2021.
(2) The period during which new loans may be purchased under this securitization transaction expires in March 2020.
(3) The period during which new borrowings may be made under this facility expires in March 2021.
(4) The period during which new borrowings of Class A revolving loans may be made under this debt facility expires in December 2020.
(5) The period during which new borrowings may be made under this facility expires in August 2021.
(6) The period during which new borrowings may be made under this facility expires in March 2021.
(7) The period during which new borrowings may be made under this debt facility expires in April 2022.
(8) On July 19, 2019, the Company entered into an agreement which increased the commitment under its corporate revolving debt facility by $20 million. See Note 8 of Notes to Consolidated Financial Statements.
(9) Other Agreements include our local currency debt facilities in Australia and Canada. The periods during which new borrowings may be made under the various agreements expire between January 2020 and June 2021. Maturity dates range from January 2020 through December 2022.

Our ability to fully utilize the available capacity of our debt facilities may also be impacted by provisions that limit concentration risk and eligibility.

Cash Flows

The following table summarizes our cash flows activities from our Consolidated Statements of Cash Flows:

	As of and for the Year Ended December 31,	
	2019	2018
	(in thousands)	
Cash provided by (used in):		
Operating activities	$ 282,396	$ 265,835
Investing activities	$ (303,614)	$ (401,695)
Financing activities	$ 20,913	$ 121,724

Cash Flows

Operating Activities

For the year ended December 31, 2019, net cash provided by our operating activities was $282.4 million, which was primarily the result of interest payments from our customers of $508.1 million, less $180.4 million utilized to pay our operating expenses, $40.0 million used to pay the interest on our debt, less 10.2 million due to the change in deferred taxes. During that same period, accounts payable and accrued expenses and other liabilities increased by approximately $7.5 million.

For the year ended December 31, 2018, net cash provided by our operating activities was $265.8 million, which was primarily the result of interest payments from our customers of $448.4 million, less $145.4 million utilized to pay our operating expenses and $42.2 million we used to pay the interest on our debt. During that same period, accounts payable and accrued expenses and other liabilities decreased by approximately $7.1 million.

Investing Activities

Our investing activities have consisted primarily of funding our loans and finance receivable originations, including payment of associated direct costs and receipt of associated fees, offset by customer repayments of term loans, lines of credit and finance receivables, purchases of property, equipment and software, and capitalized internal-use software development costs. Purchases of property, equipment and software and capitalized internal-use software development costs may vary from period to period due to the timing of the expansion of our operations, the addition of employee headcount and the development cycles of our internal-use technology.

For the year ended December 31, 2019, net cash used to fund our investing activities was $303.6 million, and consisted primarily of $218.7 million of loan originations in excess of loan repayments received, $69.4 million of origination costs paid in excess of fees collected and $12.5 million for the purchase of property, equipment and software and capitalized internal-use software development costs.

For the year ended December 31, 2018, net cash used to fund our investing activities was $401.7 million, and consisted primarily of $327.8 million of loan originations in excess of loan repayments received, $66.7 million of origination costs paid in excess of fees collected and $6.4 million for the purchase of property, equipment and software and capitalized internal-use software development costs.

Financing Activities

Our financing activities have consisted primarily of net borrowings from our securitization facility and our revolving debt facilities.

For the year ended December 31, 2019, net cash provided by in our financing activities was $20.9 million and consisted of $69.9 million in net proceeds from the issuance of debt, and $2.2 million of cash received from the issuance of common stock under the employee stock purchase plan. The cash provided was partially offset by the use of $44.0 million for the repurchase of common stock and $5.3 million of payments for debt issuance costs.

For the year ended December 31, 2018, net cash provided by our financing activities was $121.7 million and consisted primarily of $126.4 million in net additional debt drawn down from our debt facilities, $6.0 million of payments of debt issuance costs and $1.7 million for the purchase of an interest rate cap. These uses of cash were partially offset by $1.5 million of net cash received from noncontrolling interest, and $1.4 million of cash received from the issuance of common stock under the employee stock purchase plan.

Operating and Capital Expenditure Requirements

We require substantial liquidity to fund our current operating and capital expenditure requirements. We expect these requirements to increase as we pursue our growth strategy.

Our strategy is to continue to grow in a disciplined manner while remaining highly focused on credit quality and operating leverage. Because we will remain focused on credit quality, we are also prepared to forgo lending opportunities that do not meet our credit, underwriting and pricing standards. In addition, despite the increasing competition for customer response, we intend to allocate resources to continue to optimize marketing and customer acquisition costs based on targeted returns on investment rather than spending inefficiently in these areas to achieve incremental growth.

We expect to use cash flow generated from operations for various corporate purposes including to fund a portion of our lending activities including funding residual growth. In addition, we may also finance residual growth through our available liquidly sources such as our corporate line of credit or by introducing additional subordinated debt in our debt facilities.

Approximately $19 million of our $1.3 billion debt capacity is scheduled to expire before December 31, 2020. Historically we have been successful in accessing the asset-backed loan market on terms acceptable to us, and we anticipate that we will be able to do so into the foreseeable future. However, if we deem the cost of accessing the asset-backed loan market to be in excess of an appropriate rate, we may elect to use available cash, or other financing options available to us. Furthermore, depending on the circumstances, we could decide to slow down the rate of originations.

We believe that our cash from operations, available capacity under our revolving lines of credit (and expected extensions or replacements of those lines), and existing cash balances, together with additional financing we expect to be able to obtain on market terms, are sufficient to meet both our existing operating and capital expenditure requirements and our currently planned growth for at least the next 12 months.

Contractual Obligations

Our principal commitments consist of obligations under our outstanding debt facilities and securitization facilities and non-cancelable leases for our office space. The following table summarizes these contractual obligations at December 31, 2019. Future events could cause actual payments to differ from these estimates.

	Payment Due by Period				
	Total	2020	2021-2022	2023-2024	Thereafter
	(in thousands)				
Contractual Obligations:					
Long-term debt:					
Debt Principal	$ 922,701	$ 12,630	$ 785,071	$ 125,000	$ —
Interest payments[1]	85,944	34,140	44,782	7,022	—
Operating leases	48,393	7,183	13,168	13,284	14,758
Purchase obligations [2]	16,875	6,908	7,117	2,850	—
Total contractual obligations	$ 1,073,913	$ 60,861	$ 850,138	$ 148,156	$ 14,758

(1) Interest payments on our debt facilities with variable interest rates are calculated using the interest rate as of December 31, 2019.

(2) Primarily consists of commitments to purchase credit data and software subscriptions.

The obligations of our subsidiaries for the debt described above and related interest payment obligations are structured to be non-recourse to On Deck Capital, Inc.

Off-Balance Sheet Arrangements

As of December 31, 2019, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K, such as the use of unconsolidated subsidiaries, structured finance, special purpose entities or variable interest entities.

2020 Outlook

2020 Strategic Priorities

Our primary focus remains to prudently grow our business while increasing profitability. The core elements of our growth strategy include:

- Further increase revenue and profitability of US lending platform,
- Advance our equipment finance and ODX adjacencies,
- Increase our capital efficiency,

- Build bank charter readiness by bolstering governance, compliance and risk management functions, and
- Advance our strategy to pursue a bank charter.

Our goal for 2020 is to grow prudently and profitably while remaining highly focused on credit quality and operating efficiency. To achieve this goal, we plan to continue to grow our US lending platform through our diversified distribution channels and improving our customer experience and technology platforms. We also plan to drive our international operations to profitability, while continuing to grow ODX and equipment finance loans. We expect to submit a bank charter application in 2020 and build enhanced capabilities in our governance, compliance and risk management functions to demonstrate adequate controls, safety and soundness.

As we pursue our 2020 strategic priorities, we expect the following financial performance trends relative to our full-year 2019 financial results, although we can provide no assurance as to the actual outcome:

- Low-teens portfolio growth rate,
- Slight compression in Net Interest Margin reflecting a lower Portfolio Yield and increased leverage partially offset by a lower cost of funds,
- Higher Provision for credit losses driven by portfolio growth,
- Improved operating leverage, and
- An Effective Tax Rate of approximately 30%, excluding an estimated $10 million valuation allowance release in the fourth quarter of 2020.

Additionally, in the first two months of 2020, we repurchased approximately $32.9 million of our common stock under our previously announced share repurchase program. As a result, at February 28, 2020, we had approximately $23 million of remaining capacity under the program (including the impact of the $50 million of additional authorization we announced February 11, 2020).

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reported period. In accordance with GAAP, we base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are more fully described in Note 2 of Notes to Consolidated Financial Statements appearing elsewhere in this report, we believe the following accounting policies require the most significant judgment and estimates in the preparation of our consolidated financial statements.

Allowance for Credit Losses

The allowance for credit losses, or ALLL, is established through periodic charges to the provision for credit losses. Credit losses are charged against the ALLL when we believe that the future collection of principal is unlikely. Subsequent recoveries, if any, are credited to the ALLL.

We evaluate the creditworthiness of our portfolio on a pooled basis, due to its composition of small, homogeneous products with similar general credit risk characteristics and diversified among variables including industry and geography. We use a proprietary forecast loss rate at origination for new loans that have not had the opportunity to make payments when they are first originated. The allowance is subjective as it requires material estimates, including such factors as historical trends, known and inherent risks in the loan portfolio, adverse situations that may affect borrowers' ability to repay and current economic conditions. Other qualitative factors considered may include items such as uncertainties in forecasting and modeling techniques, changes in portfolio composition, seasonality, business conditions, and emerging trends. Recovery of the carrying value of our products is dependent to a great extent on conditions that may be beyond our control. Any combination of the aforementioned factors may adversely affect our portfolio resulting in increased delinquencies and credit losses and could require additional provisions for credit losses, which could impact future periods. In our opinion, we have provided adequate allowances to absorb probable credit losses inherent in our portfolio based on available and relevant information affecting the portfolio at each balance sheet date.

Nonaccrual Loans and Charged-Off Loans

We consider a loan to be delinquent when the daily or weekly payments are one day past due, adjusted for grace days. Grace days may be granted when we believe a specific circumstance warrants a brief period where a customer should be permitted to skip a payment (or several) without being deemed delinquent, for example, a natural disaster such as Hurricanes Harvey or Irma. Grace days granted per customer typically do not exceed five days. We do not recognize interest income on loans that are delinquent and non-paying. Loans are returned to accrual status if they are brought to non-delinquent status or have performed in accordance with the contractual terms for a reasonable period of time and, in our judgment, will continue to make periodic principal and interest payments as scheduled. When we determine it is probable that we will be unable to collect additional principal amounts on the loan the remaining Unpaid Principal Balance is charged off. Generally, charge-offs occur after the 90th day of delinquency with 30 days of no activity.

Liability for Unfunded Loan Commitments

Customers may draw on their lines of credit up to defined maximum amounts. As of December 31, 2019 and 2018, our off-balance sheet credit exposure related to the undrawn line of credit balances was $306.2 million and $264.2 million, respectively. Similar to our ALLL, we are required to accrue for potential losses related to these unfunded loan commitments at the time the line of credit is originated despite the fact that the customer has not yet drawn these funds. Significant judgment is required to estimate both the amount that may ultimately be drawn on the lines of credit as well as the amount which would ultimately require a reserve. If additional amounts drawn or the rate of default differ from our estimates, actual expenses could differ significantly from our original estimates. The liability for unfunded loan commitments was $7.2 million and $5.9 million as of December 31, 2019 and 2018, respectively, and is included in accrued expenses and other liabilities, with changes in the accrual included in general and administrative expense. Upon adoption of the new Current Expected Credit Loss (CECL) standard on January 1, 2020, the liability for unfunded loan commitments will be eliminated and reversed into retained earnings as a transition adjustment.

Internal-Use Software Development Costs

We capitalize certain costs related to software developed for internal-use, primarily associated with the ongoing development and enhancement of our technology platform and other internal uses. We begin to capitalize our costs to develop software when preliminary development efforts are successfully completed, management has authorized and committed project funding, and it is probable that the project will be completed and the software will be used to perform the function as intended. These costs are amortized on a straight-line basis over the estimated useful life of the related asset, generally three years. Costs incurred prior to meeting these criteria together with costs incurred for training and maintenance are expensed as incurred and recorded in technology and analytics expense on our consolidated statements of operations.

Stock-Based Compensation

We recognize stock-based compensation expense net of an estimated forfeiture rate and therefore only recognize compensation expense for those options expected to vest over the service period of the award. Calculating stock-based compensation expense requires the input of subjective assumptions, including the expected term of the options, stock price volatility, and the pre-vesting forfeiture rate. We estimate the expected life of options granted based on historical exercise patterns, which we utilize as the means of estimating future behavior. Because our stock only became publicly traded in December 2014, we do not have enough data upon which to estimate volatility based on historical performance. We estimate the volatility of our common stock on the date of grant using historical data of our own and public companies we judge to be reasonably comparable, e.g., companies in similar industries that recently completed initial public offerings of comparable size. In the near future, upon achieving a reasonable base of historical performance data, we will utilize historical and/or implied volatility as part of our assumptions.

The assumptions used in calculating the fair value of stock-based awards represent our best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and we use different assumptions, our stock-based compensation expense could be materially different in the future. In addition, we are required to estimate the expected pre-vesting award forfeiture rate and recognize expense only for those options expected to vest. We estimate this forfeiture rate based on historical experience of our stock-based awards that are granted and canceled before vesting. If our actual forfeiture rate is materially different from our original estimates, the stock-based compensation expense could be significantly different from what we have recorded in the current period. Changes in the estimated forfeiture rate can have a significant effect on reported stock-based compensation expense, as the effect of adjusting the forfeiture rate for all current and previously recognized expense for unvested awards is recognized in the period the forfeiture estimate is changed. If the actual forfeiture rate is higher than the estimated forfeiture rate, then an adjustment will be made to increase the estimated forfeiture rate, which will result in a decrease to the expense recognized in our consolidated financial statements. If the actual forfeiture rate is lower than the estimated

forfeiture rate, then an adjustment will be made to lower the estimated forfeiture rate, which will result in an increase to the expense recognized in our consolidated financial statements.

Goodwill

Goodwill represents the excess purchase price over the fair value of identifiable net assets of the acquired company. We test goodwill for impairment at least annually and more frequently as events or changes occur that indicate an impairment. We test goodwill impairment by comparing the fair value of the reporting unit with the unit's carrying amount, including goodwill. If this test indicates that the fair value is less than the carrying value, then an impairment loss would be recognized.

Income Taxes

We recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as well as for operating loss and tax credit carryforwards. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which we expect to recover or settle those temporary differences. We recognize the effect of a change in tax rates on deferred tax assets and liabilities in the results of operations in the period that includes the enactment date. We reduce the measurement of a deferred tax asset, if necessary, by a valuation allowance if it is more likely than not that we will not realize some or all of the deferred tax asset.

Uncertain tax positions are recognized only when we believe it is more likely than not that the tax position will be upheld upon examination by the taxing authorities based on the merits of the position. We recognize interest and penalties, if any, related to unrecognized income tax uncertainties in income tax expense. We did not have any accrued interest or penalties associated with uncertain tax positions in any of the reporting periods included in this report.

Recently Issued Accounting Pronouncements and JOBS Act Election

Recent Accounting Pronouncements Not Yet Adopted

Refer to Note 2, Summary of Significant Accounting Policies, in Notes to Consolidated Financial Statements in Part II Item 8 of this report for a description of recent accounting pronouncements and our expectation of their impact, if any, on our results of operations and financial conditions

JOBS Act

We became a public company in December 2014, and since that time we have met the definition of an “emerging growth company” under the JOBS Act. We have irrevocably elected to opt out of the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act. Our emerging growth company status expired after December 31, 2019.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss to future earnings, values or future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, exchange rates, commodity prices, equity prices and other market changes. We are exposed to market risk related to changes in interest rates and foreign currency exchange rates.

Interest Rate Sensitivity

We lend to our customers at a fixed rate of interest while a majority of our borrowings are at a variable rate of interest. To the extent that underlying market interest rates rise, the spread between our Loan Yield and our Cost of Funds Rate may narrow. The short duration of our loans provides us with the ability to quickly respond to a rise in underlying market interest rates by increasing the interest rates we charge our customers on new originations. Our pricing increases in 2017 and 2018 were primarily a reflection of past and expected future increases in the underlying market interest rates that we, like many other lenders in the market, are passing on to our customers. However, our ability to correspondingly increase the interest rates we charge may be limited by competitive and other factors.

In the fourth quarter of 2018, we entered into an interest rate cap, which is a derivative instrument, to manage our exposure to variable interest rate movements. We do not use derivatives for speculative purposes. The interest rate cap is designated as a

cash flow hedge. In exchange for our up-front premium, we are entitled to receive variable amounts from a counterparty if interest rates rise above the strike rate on the contract. The interest rate cap agreement is for a notional amount of $300 million and has a maturity date of January 2021. As of December 31, 2019, we had $572.7 million of outstanding borrowings under debt agreements with variable interest rates. Taking into account our interest rate cap, an increase of one percentage point in interest rates would result in an approximately $5.0 million net increase in our annual interest expense on our outstanding borrowings at December 31, 2019. Any debt we incur in the future may also bear interest at variable rates. Any increase in interest rates in the future will likely affect our borrowing costs under all of our sources of capital for our lending activities.

Foreign Currency Exchange Risk

Substantially all of our revenue and operating expenses are denominated in U.S. dollars. As a result of our Canadian operations and our growing Australia operations, we are subject to foreign currency exchange rate risk. Foreign currency exchange rate risk is the possibility that our financial position or results of operations could be positively or negatively impacted by fluctuations in exchange rates. Historically, we have not utilized derivative instruments such as forwards, options and/or swaps to hedge our foreign currency exchange rate risk. We have expanded our use of natural hedges which match our foreign currency assets with foreign currency liabilities as a means to mitigate the impact of movements in exchange rates. We believe our exposure to foreign currency exchange rate risk will increase in the future as our foreign operations continue to grow. We will continue to explore the costs, benefits and risks of expanding our hedging program as our exposure to foreign currency exchange rate risk increases. We intend to enter into these transactions only to hedge underlying risk reasonably related to our business and not for speculative purposes.

Item 8. Consolidated Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of On Deck Capital, Inc. and subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of On Deck Capital, Inc. and subsidiaries (the Company) as of December 31, 2019 and 2018, the related consolidated statements of operations and comprehensive income, changes in stockholders' equity and redeemable noncontrolling interest and cash flows for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 28, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2012.

New York, New York

February 28, 2020

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of On Deck Capital, Inc. and subsidiaries

Opinion on Internal Control Over Financial Reporting

We have audited On Deck Capital, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the "COSO criteria"). In our opinion, On Deck Capital, Inc. and subsidiaries (the "Company") maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

As indicated in the accompanying Management's Annual Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Evolocity Financial Group, Inc., which is included in the 2019 consolidated financial statements of the Company and constituted 2.5% and 6.2% of total and net assets, respectively, as of December 31, 2019 and 2.0% of net interest income for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Evolocity Financial Group, Inc.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of On Deck Capital, Inc. and subsidiaries as of December 31, 2019 and 2018, and the related consolidated statements of operations and comprehensive income, changes in stockholders' equity and redeemable noncontrolling interest and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and our report dated February 28, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

New York, New York
February 28, 2020

ON DECK CAPITAL, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(in thousands, except share and per share data)

	December 31, 2019	December 31, 2018
Assets		
Cash and cash equivalents	$ 56,344	$ 59,859
Restricted cash	40,524	37,779
Loans and finance receivables	1,265,312	1,169,407
Less: Allowance for credit losses	(151,133)	(140,040)
Loans and finance receivables, net	1,114,179	1,029,367
Property, equipment and software, net	20,332	16,700
Other assets	73,204	18,115
Total assets	$ 1,304,583	$ 1,161,820
Liabilities, mezzanine equity and stockholders' equity		
Liabilities:		
Accounts payable	$ 6,470	$ 4,011
Interest payable	2,334	2,385
Debt	914,995	816,231
Accrued expenses and other liabilities	70,110	36,708
Total liabilities	993,909	859,335
Commitments and contingencies (Note 13)		
Mezzanine equity:		
Redeemable noncontrolling interest	14,428	—
Stockholders' equity:		
Common stock—$0.005 par value, 1,000,000,000 shares authorized and 80,095,061 and 78,412,291 shares issued and 66,363,555 and 75,375,341 outstanding at December 31, 2019 and December 31, 2018, respectively.	405	396
Treasury stock—at cost	(49,641)	(5,656)
Additional paid-in capital	513,571	502,003
Accumulated deficit	(169,002)	(196,959)
Accumulated other comprehensive loss	(1,333)	(1,832)
Total On Deck Capital, Inc. stockholders' equity	294,000	297,952
Noncontrolling interest	2,246	4,533
Total stockholders' equity	296,246	302,485
Total liabilities, mezzanine equity and stockholders' equity	$ 1,304,583	$ 1,161,820

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

ON DECK CAPITAL, INC. AND SUBSIDIARIES

Consolidated Statements of Operations and Comprehensive Income

(in thousands, except share and per share data)

	Year Ended December 31,		
	2019	**2018**	**2017**
Interest and finance income	$ 428,423	$ 382,944	$ 334,040
Interest expense	44,670	47,075	46,199
Net interest income	383,753	335,869	287,841
Provision for credit losses	173,369	148,541	152,926
Net interest income, after credit provision	210,384	187,328	134,915
Gain on sales of loans	—	—	2,485
Other revenue	16,063	14,797	13,890
Total non-interest income	16,063	14,797	16,375
Operating expense:			
Sales and marketing	50,518	44,082	52,786
Technology and analytics	67,380	50,866	53,392
Processing and servicing	24,664	21,209	18,076
General and administrative	63,763	61,333	41,916
Total operating expense	206,325	177,490	166,170
Income (loss) from operations, before provision for income taxes	20,122	24,635	(14,880)
Provision for (Benefit from) income taxes	(3,513)	—	—
Net income (loss)	23,635	24,635	(14,880)
Less: Net income (loss) attributable to noncontrolling interest	(4,320)	(2,411)	(2,811)
Net income (loss) attributable to On Deck Capital, Inc. common stockholders	$ 27,955	$ 27,046	$ (12,069)
Net income (loss) per share attributable to On Deck Capital, Inc. common stockholders:			
Basic	$ 0.38	$ 0.36	$ (0.17)
Diluted	$ 0.36	$ 0.34	$ (0.17)
Weighted-average common shares outstanding:			
Basic	74,148,387	74,561,019	72,890,313
Diluted	76,963,749	78,549,940	72,890,313
Comprehensive income (loss):			
Net income (loss)	$ 23,635	$ 24,635	$ (14,880)
Other comprehensive income (loss):			
Unrealized gain (loss) on derivative instrument	(391)	(456)	—
Foreign currency translation adjustment	907	(1,791)	594
Comprehensive income (loss)	24,151	22,388	(14,286)
Less: Comprehensive income (loss) attributable to noncontrolling interests	18	(467)	267
Less: Net income (loss) attributable to noncontrolling interest	(4,320)	(2,411)	(2,811)
Comprehensive income (loss) attributable to On Deck Capital, Inc. common stockholders	$ 28,453	$ 25,266	$ (11,742)

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

ON DECK CAPITAL, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity and Redeemable Noncontrolling Interest

(in thousands, except share data)

	On Deck Capital, Inc.'s stockholders' equity									
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total On Deck Capital, Inc. Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity	Redeemable Noncontrolling Interest
	Shares	Amount								
Balance—December 31, 2016	71,605,708	$ 374	$ 476,485	$ (211,932)	$ (5,656)	$ (379)	$ 258,892	$ 4,072	$ 262,964	$ —
Stock-based compensation	—	—	12,690	—	—	—	12,690	—	12,690	—
Investments by noncontrolling interests	—	—	—	—	—	—	—	3,440	3,440	—
Return of equity to noncontrolling interest	—	—	—	—	—	—	—	(957)	(957)	—
Issuance of common stock through vesting of restricted stock units and option exercises	1,748,349	10	454	—	—	—	464	—	464	—
Employee stock purchase plan	467,944	2	1,839	—	—	—	1,841	—	1,841	—
Tax withholding related to vesting of restricted stock units	—	—	(1,268)	—	—	—	(1,268)	—	(1,268)	—
Currency translation adjustment	—	—	—	—	—	327	327	267	594	—
Net income (loss)	—	—	—	(12,069)	—	—	(12,069)	(2,811)	(14,880)	—
Balance—December 31, 2017	73,822,001	$ 386	$ 490,200	$ (224,001)	$ (5,656)	$ (52)	$ 260,877	$ 4,011	$ 264,888	$ —
Stock-based compensation	—	—	11,301	—	—	—	11,301	—	11,301	—
Investments by noncontrolling interests	—	—	—	—	—	—	—	3,400	3,400	—
Issuance of common stock through vesting of restricted stock units and option exercises	1,184,642	8	72	—	—	—	80	—	80	—
Employee stock purchase plan	368,698	2	2,287	—	—	—	2,289	—	2,289	—
Tax withholding related to vesting of restricted stock units	—	—	(1,857)	—	—	—	(1,857)	—	(1,857)	—
Currency translation adjustment	—	—	—	—	—	(1,324)	(1,324)	(467)	(1,791)	—
Cash Flow Hedge and other	—	—	—	(4)	—	(456)	(460)	—	(460)	—
Net income (loss)	—	—	—	27,046	—	—	27,046	(2,411)	24,635	—
Balance—December 31, 2018	75,375,341	$ 396	$ 502,003	$ (196,959)	$ (5,656)	$ (1,832)	$ 297,952	$ 4,533	$ 302,485	$ —

	On Deck Capital, Inc.'s stockholders' equity									
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total On Deck Capital, Inc. Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity	Redeemable Noncontrolling Interest
	Shares	Amount								
Balance—December 31, 2018	75,375,341	$ 396	$ 502,003	$ (196,959)	$ (5,656)	$ (1,832)	$ 297,952	$ 4,533	$ 302,485	$ —
Stock-based compensation	—	—	10,001	—	—	—	10,001	—	10,001	—
Issuance of common stock through vesting of restricted stock units and option exercises	1,111,800	6	98	—	—	—	104	—	104	—
Employee stock purchase plan	570,970	3	3,440	—	—	—	3,443	—	3,443	—
Repurchases of common stock	(10,694,556)	—	—	—	(43,985)	—	(43,985)	—	(43,985)	—
Tax withholding related to vesting of restricted stock units	—	—	(1,959)	—	—	—	(1,959)	—	(1,959)	—
Fair value of redeemable noncontrolling interest resulting from business combination	—	—	—	—	—	—	—	—	—	16,444
Currency translation adjustment	—	—	—	—	—	889	889	(56)	833	74
Cash flow hedge and other	—	—	(12)	2	—	(390)	(400)	—	(400)	(1)
Net Income (loss)	—	—	—	27,955	—	—	27,955	(2,231)	25,724	(2,089)
Balance—December 31, 2019	66,363,555	$ 405	$ 513,571	$ (169,002)	$ (49,641)	$ (1,333)	$ 294,000	$ 2,246	$ 296,246	$ 14,428

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

ON DECK CAPITAL, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2019	**2018**	**2017**
Cash flows from operating activities			
Net income (loss)	$ 23,635	$ 24,635	$ (14,880)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Provision for credit losses	173,369	148,541	152,926
Depreciation and amortization	6,433	7,802	9,951
Amortization of debt issuance costs	3,605	6,656	3,806
Stock-based compensation	10,964	11,819	12,515
Amortization of net deferred origination costs	66,955	58,121	48,755
Changes in servicing rights, at fair value	69	290	2,097
Gain on sales of loans	—	—	(2,485)
Unfunded loan commitment reserve	1,308	1,438	535
Gain on extinguishment of debt	—	—	(312)
Gain on lease termination	—	(1,481)	—
Loss on disposal of fixed assets	3,199	5,737	—
Amortization of intangibles	501	—	—
Changes in operating assets and liabilities:			
Other assets	(15,059)	(4,972)	4,768
Accounts payable	2,476	1,535	(2,597)
Interest payable	(51)	119	208
Accrued expenses and other liabilities	4,992	5,595	(4,852)
Originations of loans held for sale	—	—	(49,813)
Capitalized net deferred origination costs of loans held for sale	—	—	(1,667)
Proceeds from sale of loans held for sale	—	—	51,463
Principal repayments of loans held for sale	—	—	1,135
Net cash provided by operating activities	282,396	265,835	211,553
Cash flows from investing activities			
Purchases of property, equipment and software	(3,189)	(1,058)	(1,340)
Capitalized internal-use software	(9,265)	(5,385)	(2,919)
Originations of loans and finance receivables, excluding rollovers into new originations	(2,079,442)	(2,115,800)	(1,758,600)
Proceeds from sale of loans held for investment	—	—	24,826
Payments of net deferred origination costs	(69,426)	(66,682)	(46,133)
Principal repayments of loans and finance receivables	1,860,723	1,788,031	1,639,117
Purchase of loans	—	(801)	(13,840)
Acquisition of shares in business combination	(3,015)	—	—
Net cash used in investing activities	(303,614)	(401,695)	(158,889)
Cash flows from financing activities			
Investments by noncontrolling interests	—	3,400	3,443
Tax withholding related to vesting of restricted stock units	(1,959)	(1,857)	(1,268)
Repurchases of common stock	(43,985)	—	—
Proceeds from exercise of stock options	98	78	454

	Year Ended December 31,		
	2019	2018	2017
Purchase of interest rate cap	—	(1,725)	—
Issuance of common stock under employee stock purchase plan	2,228	1,435	1,838
Proceeds from the issuance of debt	761,424	759,171	211,781
Payments of debt issuance costs	(5,338)	(6,034)	(4,108)
Repayments of debt principal	(691,555)	(632,744)	(273,679)
Distribution to noncontrolling interest	—	—	(957)
Net cash (used in) provided by financing activities	20,913	121,724	(62,496)
Effect of exchange rate changes on cash and cash equivalents	(465)	(3,050)	670
Net increase (decrease) in cash, cash equivalents and restricted cash	(770)	(17,186)	(9,162)
Cash and cash equivalents at beginning of period	97,638	114,824	123,986
Cash, cash equivalents, and restricted cash at end of period	$ 96,868	$ 97,638	$ 114,824
Reconciliation to amounts on consolidated balance sheets			
Cash and cash equivalents	$ 56,344	$ 59,859	$ 71,362
Restricted cash	40,524	37,779	43,462
Total cash, cash equivalents and restricted cash	$ 96,868	$ 97,638	$ 114,824
Supplemental disclosure of other cash flow information			
Cash paid for interest	$ 40,004	$ 42,208	$ 41,918
Cash paid for taxes	$ 9,315	$ —	$ —
Supplemental disclosures of non-cash investing and financing activities			
Stock-based compensation included in capitalized internal-use software	$ 270	$ 243	$ 175
Unpaid principal balance of term loans rolled into new originations	$ 395,192	$ 368,385	$ 306,250
Establishment of lease liabilities from the adoption of ASU 2016-02	$ 37,630	$ —	$ —
Additional lease liabilities incurred during the respective year	$ 4,576	$ —	$ —
Establishment of right-of-use assets from the adoption of ASU 2016-02	$ 27,553	$ —	$ —
Additional right-of-use assets incurred during the respective year	$ 4,136	$ —	$ —

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

ON DECK CAPITAL, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

1. Organization

On Deck Capital, Inc.'s principal activity is providing financing to small businesses located throughout the United States as well as Canada and Australia, through term loans, lines of credit, equipment finance loans and additionally in Canada through a variable pay product. We use technology and analytics to aggregate data about a business and then quickly and efficiently analyze the creditworthiness of the business using our proprietary credit-scoring model. We originate most of the loans in our portfolio and also purchase loans from an issuing bank partner. We subsequently transfer most of our loan volume into one of our wholly-owned subsidiaries for financing purposes.

In October 2018, we announced the launch of ODX, a wholly-owned subsidiary that helps banks digitize their small business lending process. ODX offers a combination of software, analytic insights, and professional services that allow banks to bring their small business lending process online.

In April 2019, we combined our Canadian operations with Evolocity Financial Group, or Evolocity, to create a new holding company in which we own a 58.5% majority interest. We have accounted for this transaction as a business combination and have consolidated the financial position and results of operations of the holding company. The noncontrolling interest has been classified as mezzanine equity because it was deemed to be a redeemable noncontrolling interest. See Note 3.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

We prepare our consolidated financial statements and footnotes in accordance with accounting principles generally accepted in the United States of America, or GAAP, as contained in the Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC. All intercompany transactions and accounts have been eliminated in consolidation. When used in these notes to consolidated financial statements, the terms "we," "us," "our" or similar terms refers to On Deck Capital, Inc. and its consolidated subsidiaries.

We own a 55% controlling interest in On Deck Capital Australia PTY LTD, or OnDeck Australia, and a 58.5% controlling interest in On Deck Canada Holdings, or OnDeck Canada. The remaining interests of those entities are owned by unrelated third parties. We consolidate the financial position and results of operations of these entities. The noncontrolling interest, which is presented as a separate component of our consolidated equity, represents the minority owners' proportionate share of the equity of the jointly owned entities. The noncontrolling interest is adjusted for the minority owners' share of the earnings, losses, investments and distributions.

During the year ended December 31, 2019, we changed the presentation of the revenue portion of our Consolidated Statements of Operations and Comprehensive Income to present new line items for "Net interest income" and "Net interest revenue, after credit provision" and "Total non-interest income." We no longer present the line items, "Gross revenue," "Total cost of revenue" and "Net revenue." "Gains on sales of loans" and "Other revenue" for the years ended December 31, 2018 and 2017, which were previously reported as components of "Gross revenue", have been recast to be presented as components of "Total non-interest income". "Interest expense" and "Provision for credit losses" for the years ended December 31, 2018 and 2017, which were previously reported as components of "Total cost of revenue", have been recast to be presented as components of "Net interest income" and "Net interest revenue, after credit provision", respectively. The change in presentation had no effect on our "Income (loss) from operations, before provision for income taxes" or "Net income (loss)". The new presentation solely repositions our existing financial statement line items and does not create any new financial statement line items except for new subtotals. The change was made to better align with industry standards and to reflect key metrics which we use to measure our business.

Revision of Prior Period Financial Statements

During the second quarter of 2019, we identified an immaterial error in our historical financial statements relating to the accrual of commissions on a portion of our renewal loans. The aggregate amount of the under-accrual was $2.4 million, approximately 90% of which relates to 2015 and subsequent periods and represents less than 1% of our total stockholders' equity at March 31, 2019. The amount of the error in each of the impacted annual and interim periods was less than 1% of total commissions paid for such period.

In accordance with the SEC's SAB No. 99, "Materiality," and SAB No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements," we evaluated the error and concluded that the impact was not material to our financial statements for any prior annual or interim period. Accordingly, we have revised our

previously reported financial information to correct the immaterial error contained in our Annual Report on Form 10-K for the twelve months ended December 31, 2018 and 2017. We will also revise previously reported financial information for this immaterial error in our future filings, as applicable.

A summary of revisions to certain previously reported financial information is presented in Note 15.

Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker ("CODM") for purposes of allocating resources and evaluating financial performance. Based upon the way our CODM reviews financial information and makes operating decisions and considering that our CODM reviews financial information on a consolidated basis for purposes of allocating resources and evaluating financial performance, our operations constitute a single operating segment and one reportable segment. Substantially all revenue was generated, and all assets were held in the United States during the years ended December 31, 2019, 2018 and 2017.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Significant estimates include allowance for credit losses, stock-based compensation expense, capitalized software development costs, the useful lives of long-lived assets, goodwill and valuation allowance for deferred tax assets. We base our estimates on historical experience, current events and other factors we believe to be reasonable under the circumstances. These estimates and assumptions are inherently subjective in nature; actual results may differ from these estimates and assumptions.

Cash and Cash Equivalents

Cash and cash equivalents include checking, savings and other short-term interest-bearing products. We consider all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents.

Restricted Cash

Restricted cash represents funds held in accounts as reserves on certain debt facilities and as collateral for issuing bank partner transactions. We have no ability to draw on such funds as long as they remain restricted under the applicable arrangements.

Loans and Finance Receivables

Loans and finance receivables consist of term loans, lines of credit, and a variable pay product that require daily or weekly payments, and equipment finance loans which require monthly payments. We have both the ability and intent to hold these loans and finance receivables to maturity. When we originate a term loan, the borrower grants us a security interest in its assets which we may perfect by publicly filing a financing statement. Loans and finance receivables are carried at amortized cost, reduced by a valuation allowance for credit losses estimated as of the balance sheet date. In accordance with ASC Subtopic 310-20, *Nonrefundable Fees and Other Costs*, the amortized cost of a loan is equal to the unpaid principal balance, plus net deferred origination costs. Net deferred origination costs are comprised of certain direct origination costs, net of all loan origination fees received. Loan origination fees include fees charged to the borrower related to origination that increase the return on the loan yield. Loan and finance receivable origination costs are limited to direct costs attributable to originating a loan or finance receivable, including commissions and personnel costs directly related to the time spent by those individuals performing activities related to origination. Direct origination costs in excess of origination fees received are included in the portfolio balance and for term loans are amortized over the life of the term loan using the effective interest method, while for lines of credit they are amortized using the straight-line method over 12 months.

When a term loan is originated in conjunction with the extinguishment of a previously issued term loan, also known as a renewal, we determine whether such subsequent term loan is a new loan or a modification to an existing loan in accordance with ASC 310-20. If accounted for as a new loan, any remaining unamortized net deferred costs are recognized when the new loan is originated. Further, when a renewal is accounted for as a new loan, the cash flows of the origination and related net deferred origination costs of that new loan are presented as (i) operating cash outflows on the Statement of Cash Flows if the renewal is designated to be sold or (ii) as investing cash outflows if the renewal is designated to be held for investment. If a renewal is accounted for as a modification, any remaining unamortized net deferred costs are amortized over the life of the modified loan. When a renewal is accounted for as a modification, the additional cash flows associated with the origination and related net deferred origination costs of that modification are presented on the Statement of Cash Flows within the same section as the originally issued term loan prior to renewal.

Allowance for Credit Losses

The allowance for credit losses ("ALLL") is established with respect to our loans and finance receivables through periodic charges to the provision for credit losses. Credit losses are charged against the ALLL when we believe that the future collection of principal is unlikely. Subsequent recoveries, if any, are credited to the ALLL.

We evaluate the creditworthiness of our portfolio on a pooled basis due to its composition of small, homogeneous loans with similar general credit risk characteristics and diversification among variables including industry and geography. We use a proprietary forecasted loss rate at origination for new loans that have not had the opportunity to make payments when they are first funded. The forecasted loss rate is updated daily to reflect actual loan performance and the underlying ALLL model is updated monthly to reflect our assumptions. The allowance is subjective as it requires material estimates, including such factors as historical trends, known and inherent risks in the loan portfolio, adverse situations that may affect borrowers' ability to repay and current economic conditions. Other qualitative factors considered may include items such as uncertainties in forecasting and modeling techniques, changes in portfolio composition, business conditions and emerging trends. Recovery of the carrying value of loans is dependent to a great extent on conditions that may be beyond our control. Any combination of the aforementioned factors may adversely affect our loan portfolio resulting in increased delinquencies and loan losses and could require additional provisions for credit losses, which could impact future periods.

Liability for Unfunded Loan Commitments and Off-Balance Sheet Credit Exposures

For our lines of credit, we estimate probable losses on unfunded loan commitments similarly to the ALLL process and include the calculated amount in accrued expenses and other liabilities. We believe the liability for unfunded loan commitments is sufficient to absorb estimated probable losses related to these unfunded credit commitments. The determination of the adequacy of the accrual is based on evaluations of the unfunded credit commitments, including an assessment of the probability of commitment usage, credit risk factors for lines of credit outstanding to these customers and the terms and expiration dates of the unfunded credit commitments. Upon adoption of the new Current Expected Credit Loss (CECL) standard on January 1, 2020, the liability for unfunded loan commitments will be eliminated and reversed into retained earnings as a transition adjustment.

Nonaccrual Loans, Restructured Loans and Charged-Off Loans

We consider a loan to be delinquent when the daily or weekly payments are one day past due. We place loans on nonaccrual status and stop accruing interest income on loans that are delinquent and non-paying. Loans are returned to accrual status if they are brought to non-delinquent status or have performed in accordance with the contractual terms for a reasonable period of time and, in our judgment, will continue to make periodic principal and interest payments as scheduled.

Certain borrowers who have experienced or are expected to experience financial difficulty may not be able to maintain their regularly scheduled and contractually required payments. Following discussions with us, such borrowers may temporarily make reduced payments and/or make payments on a less frequent basis than contractually required. As part of our effort to maximize loan recoverability and as a temporary accommodation to the borrower, we may voluntarily forebear from pursuing our legal rights and remedies under the applicable loan agreement, which loan agreement we do not modify and which remains in full force and effect.

A loan is charged off when we determine it is probable that we will be unable to collect all of the remaining principal payments, which is generally after 90 days of delinquency and 30 days of non-activity.

Deferred Debt Issuance Costs and Debt

We borrow from various lenders to finance our lending activities and general corporate operations. Costs incurred in connection with financings, such as banker fees, origination fees and legal fees, are classified as deferred debt issuance costs. We capitalize these costs and amortize them over the expected life of the related financing agreements. The related fees are expensed immediately upon early extinguishment of the debt. In a debt modification, the initial issuance costs and any additional fees incurred as a result of the modification are deferred over the term of the modified agreement. Deferred debt issuance costs are amortized using the effective interest method for term debt and the straight-line method for revolving lines of credit. Interest expense and the amortization of deferred debt issuance costs incurred on debt used to fund loan originations are presented as interest expense in our consolidated statements of operations. Deferred debt issuance costs are presented as a reduction of debt in accordance with ASU 2015-03, *Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs.*

Property, Equipment and Software

Property, equipment and software consists of computer and office equipment, purchased software, capitalized internal-use software costs and leasehold improvements. Property, equipment and software are carried at cost less accumulated depreciation and amortization. Depreciation and amortization expense are recognized over the estimated useful lives of the assets using the

straight-line method. Leasehold improvements are amortized over the shorter of the terms of the respective leases or the estimated lives of the improvements.

In accordance with ASC Subtopic 350-40, *Internal-Use Software,* we begin to capitalize the costs to develop software for our website and other internal uses when the following criteria are met: (i) the preliminary project stage is completed (ii) we have authorized funding (iii) it is probable that the project will be completed and (iv) we conclude that the software will perform the function intended. Capitalized internal-use software costs primarily include salaries and payroll-related costs for employees directly involved in the development efforts, software licenses acquired and fees paid to outside consultants.

Software development costs incurred prior to meeting the criteria for capitalization and costs incurred for training and maintenance are expensed as incurred. Certain upgrades and enhancements to existing software that result in additional functionality are capitalized. Capitalized software development costs are amortized using the straight-line method over their expected useful lives, which is generally three years.

We review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying values of those assets may not be recoverable. An impairment loss will be recognized only if the carrying value of a long-lived asset is not recoverable and exceeds its fair market value. If there is an indication of impairment, we will estimate the future cash flows (undiscounted and without interest charges) expected from the use of the asset and its eventual disposition. If an impairment is determined to exist, the impairment loss will be measured as the amount by which the carrying value of the asset exceeds its fair value and recorded in the period the determination is made. Assets held for sale are reported at the lower of the carrying amount or fair value, less costs to sell.

Goodwill and Other Intangible Assets

Goodwill represents the excess purchase price over the fair value of identifiable net assets of the acquired company. We review goodwill for impairment on an annual basis as of the end of each fiscal year or whenever an event occurs or circumstances change that could reduce the fair value of a reporting unit below its carrying amount. When reviewing goodwill for impairment, we first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. We performed an impairment evaluation for the year ended December 31, 2019 and concluded there was no impairment of goodwill during this period. We did not have any goodwill recorded during the years ended December 31, 2018 and 2017 to evaluate for impairment.

Intangible assets with definite lives are amortized on a straight-line basis over their estimated useful lives. Definite-lived intangible assets arising from our business combination with Evolocity include customer relationships, internally developed software, and trade names.

Redeemable Noncontrolling Interest

The agreement related to our business combination with Evolocity contains an option of the noncontrolling shareholders to require us to purchase their interest at fair value on the redemption date. Since this redemption is outside of our control, this interest is presented on our Consolidated Balance Sheet as Redeemable noncontrolling interest. These interests are classified as mezzanine equity and measured at the greater of fair value at the end of each reporting period or the historical cost basis of the noncontrolling interest adjusted for cumulative earnings allocations. Fair value was calculated using both the market and discounted cash flow approaches.

Revenue Recognition

Interest and Finance Income

We generate revenue primarily through interest and origination fees earned on loans originated and held to maturity. Additionally, we generate revenue through finance income earned on our finance receivables.

For term loans and finance receivables, we recognize interest and origination fee revenue over the terms of the underlying loans using the effective interest method. For lines of credit, we recognize interest income when earned in accordance with terms of the contract. Origination fees collected but not yet recognized as revenue are netted with direct origination costs and presented as a component of loans in our consolidated balance sheets.

Other Revenue

Other revenue includes fees generated by ODX, marketing fees earned from our issuing bank partner, monthly fees charged to customers for our line of credit, and referral fees from other lenders.

Stock-Based Compensation

In accordance with ASC Topic 718, *Compensation—Stock Compensation*, all stock-based compensation provided to employees, including stock options and restricted stock units, or RSUs, is measured based on the grant-date fair value of the awards and recognized as compensation expense on a straight-line basis over the period during which the award holder is required to perform services in exchange for the award (the vesting period). The fair value of stock options is estimated using the Black-Scholes-Merton Option Pricing Model. The use of the option valuation model requires subjective assumptions, including the fair value of our common stock, the expected term of the option and the expected stock price volatility, which is based on our stock as well as our peer companies. RSUs issued to employees and directors are measured based on the fair values of the underlying stock on the dates of grant. Additionally, the recognition of stock-based compensation expense requires an estimation of the number of options and RSUs that will ultimately be forfeited. Estimated forfeitures are subsequently adjusted to reflect actual forfeiture.

Options typically vest at a rate of 25% after one year from the vesting commencement date and then monthly over an additional three-year period. The options expire ten years from the grant date or, for terminated employees, 90 days after the employee's termination date. RSUs typically vest at a rate of 25% annually, over four annual vesting periods. Compensation expense for the fair value of the options and RSUs at their grant date is recognized ratably over the vesting period.

Performance-Based Restricted Stock Units

The Compensation Committee of the Board of Directors approved performance-based compensation awards to certain members of executive management and other key personnel. The performance-based compensation awards consist of performance-based restricted stock units, or PRSUs, to be settled solely in shares of our common stock, as well as performance units, to be settled solely in cash. The value of the awards is based on achieving a target performance level established by the Compensation Committee and the award value may increase or decrease based on actual performance relative to the target level. The compensation expense related to the PRSUs and performance units will be recorded on a straight-line basis with the expense being adjusted prospectively as our estimate of the expected performance is reassessed each reporting period.

Advertising Costs

Advertising costs are expensed as incurred and are included within sales and marketing in our consolidated statements of operations. For the years ended December 31, 2019, 2018 and 2017, advertising costs totaled $11.4 million, $11.3 million and $15.0 million, respectively.

Foreign Currency

In accordance with ASC 830, *Foreign Currency Matters,* we have determined the functional currency of our subsidiary, OnDeck Australia, is the Australian dollar. During the fourth quarter of December 31, 2018, the Canadian dollar became the functional currency for our Canadian subsidiary. We translate the financial statements of these subsidiaries to U.S. dollars using month-end exchange rates for assets and liabilities, and average exchange rates for revenue and expenses. Translation gains and losses are recorded in accumulated other comprehensive loss as a component of stockholders' equity. As of December 31, 2019 and 2018, we recorded a translation gain of $0.9 million and a loss of $1.3 million, respectively. For the years ended December 31, 2019, 2018, and 2017, the remeasurement of transactions designated in currencies other than our functional currency resulted in a loss of $0.1 million, a loss of $1.4 million, and a gain of $1.6 million respectively, and was recorded within general and administrative expenses in our consolidated statements of operations.

Income Taxes

In accordance with ASC 740, *Income Taxes*, we recognized deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities, as well as for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are recorded to reduce deferred tax assets to the amount we believe is more likely than not to be realized.

Uncertain tax positions are recognized only when we believe it is more likely than not that the tax position will be upheld on examination by the taxing authorities based on the merits of the position. We recognize interest and penalties, if any, related to uncertain tax positions in income tax expense. We did not have any accrued interest or penalties associated with material uncertain tax positions as of December 31, 2019 and 2018.

We file income tax returns in the United States for federal, state and local jurisdictions. We are no longer subject to U.S. federal, certain states, and local income tax examinations for years prior to 2016, with certain states no longer subject for years prior to 2014, although carryforward attributes that were generated prior to 2014 may still be adjusted upon examination by the Internal Revenue Service if used in a future period.

Fair Value Measurement

In accordance with ASC 820, *Fair Value Measurement*, we use a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. The hierarchy requires us to use observable inputs when available, and to minimize the use of unobservable inputs when determining fair value. The three tiers are defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities, accessible by us at the measurement date.

Level 2: Quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or other observable inputs other than quoted prices.

Level 3: Unobservable inputs for assets or liabilities for which there is little or no market data, which require us to develop our own assumptions. These unobservable assumptions reflect estimates of inputs that market participants would use in pricing the asset or liability. Valuation techniques include the use of option pricing models, discounted cash flows, or similar techniques, which incorporate our own estimates of assumptions that market participants would use in pricing the instrument or valuations that require significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Basic and Diluted Net Income (Loss) per Common Share

Basic net income (loss) per common share is computed by dividing net income (loss) attributable to On Deck Capital, Inc. common stockholders by the weighted-average number of common shares outstanding for the period and excludes the effects of any potentially dilutive securities.

Diluted net income (loss) per common share includes the dilution that would occur upon the exercise or conversion of all potentially dilutive securities into common stock using the "treasury stock" or "if converted" methods, as applicable. Diluted net income (loss) per common share is computed by using the weighted-average number of common shares outstanding, plus, for periods with net income attributable to common stockholders, the potential dilutive effects of stock options, warrants and unvested restricted stock. For the years ended December 31, 2019 and December 31, 2018 our basic net income per common share was $0.38 and $0.36, respectively, and our diluted net income per common share was $0.36 and $0.34, respectively. Due to a net loss for the year ended December 31, 2017, basic and diluted net loss per common share were the same, as the effect of potentially dilutive securities was anti-dilutive.

Recently Adopted Accounting Standards

In May 2014, the FASB issued ASU 2014-09, *Revenue Recognition*, which creates ASC 606, *Revenue from Contracts with Customers*, and supersedes ASC 605, *Revenue Recognition*. ASC 606 requires revenue to be recognized in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services and also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows from customer contracts. We adopted the new guidance effective January 1, 2018 and applied the modified retrospective method of adoption. Revenue generated in accordance with ASC 310, *Receivables*, and ASC 860, *Transfers and Servicing*, is explicitly excluded from the scope of ASC 606. Accordingly, our interest income and gains on loan sales were not affected by the adoption of ASC 606. Marketing fees from our issuing bank partner and ODX revenue were within the scope of ASC 606. The adoption of ASC 606 did not have a material effect and we did not record a cumulative effect at the date of initial application.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*. ASU 2016-09 will simplify several aspects of accounting for share-based payment award transactions which include the income tax consequences, classification of awards as either equity or liabilities, classification on the statement of cash flows and forfeiture rate calculations. We adopted the requirements of the new standard effective January 1, 2017. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230)*: *Restricted Cash*. ASU 2016-18 intends to reduce diversity in practice for the classification and presentation of changes in restricted cash on the statement of cash flows. ASU 2016-18 clarifies that transfers between cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents are not part of the entity's operating, investing, and financing activities, and details of those transfers should not be reported as cash flow activities in the statement of cash flows. It requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. We adopted the new standard effective January 1, 2018 using the retrospective transition method for each period presented and no longer present restricted cash as a reconciling item in our consolidated statement of cash flows. For the

year ended December 31, 2017, the net cash used to fund our investing activities increased $1.0 million. The net decrease in cash and cash equivalents of $8.2 million as of December 31, 2017, became a net decrease in cash, cash equivalents and restricted cash of $9.2 million.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which creates ASC 842, *Leases*, and supersedes ASC 840, *Leases*. ASU 2016-02 requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than 12 months. The new standard became effective for us on January 1, 2019. In July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*. We elected the prospective transition option provided by the ASU that would not require earlier periods to be restated upon adoption. We elected the package of practical expedients to not separate non-lease components from lease components for all classes of underlying assets afforded under the standard which permit an entity not to: (i) reassess whether existing or expired contracts are or contain a lease, (ii) reassess the lease classification, and (iii) reassess any initial direct costs for any existing leases. Our operating lease commitments, which were primarily real estate leases, were recognized as a $37.6 million lease liability when we adopted the new standard. We simultaneously recognized a $37.6 million right-of-use asset when we adopted the standard. Our right-of-use asset was partially offset by $10.1 million of existing deferred rent and lease incentives resulting in a net right-of-use asset of $27.6 million. Refer to Note 13 for additional information concerning our leases.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business,* which clarifies the definition of a business with the objective of providing additional guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. We adopted the new standard effective January 1, 2018 on a prospective basis. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In May 2017, the FASB issued ASU No. 2017-09, *Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting*, which amends the scope of modification accounting for share-based payment arrangements and provides guidance on the types of changes to the terms or conditions of share-based payment awards to which an entity would be required to apply modification accounting. Under this guidance, an entity would not apply modification accounting if the fair value, the vesting conditions, and the classification of the awards (as equity or liability) are the same immediately before and after the modification. We adopted the new standard effective January 1, 2018 on a prospective basis for awards modified on or after the adoption date. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In August 2017, the FASB issued ASU 2017-12, *Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities*, which improves the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements and make certain targeted improvements to simplify the application of the hedge accounting guidance. The amendments in this update better align an entity's risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and presentation of hedge results. The effective date for the standard was for fiscal years beginning after December 15, 2018. We elected to early adopt this standard as of January 1, 2018 on a prospective basis. The adoption of this guidance did not have a material impact on our consolidated financial statements. See Note 12 for a discussion of our derivatives.

In June 2018, the FASB issued ASU 2018-07, *Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*. The guidance largely aligns the accounting for share-based payment awards issued to employees and non-employees, whereby the existing employee guidance will apply to non-employee share-based transactions (as long as the transaction is not effectively a form of financing), with the exception of specific guidance related to the attribution of compensation cost. In addition, any liability-classified awards that were not settled and equity-classified awards for which a measurement date had not been established by the adoption date are required to be remeasured at fair value as of the adoption date with a cumulative effect adjustment to opening retained earnings in the year of adoption. We adopted the new standard effective January 1, 2019 on a prospective basis. The adoption of this guidance did not have an impact on our consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted as of December 31, 2019

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 will change the impairment model and how entities measure credit losses for most financial assets. The standard requires entities to use the new expected credit loss impairment model which will replace the incurred loss model used today. The new guidance will be effective for us on January 1, 2020. At December 31, 2019, we have substantially completed the key requirements for adoption including model development, data acquisition and economic forecasts and we have completed parallel runs of the new process. Upon adoption, the $7 million liability for unfunded line of credit commitments previously included in Other liabilities was released and other transition related adjustments to the Allowance for credit losses were immaterial. On January 1, 2020, transition adjustments were recorded against retained earnings.

In January 2017, the FASB issued ASU 2017-04, *Intangibles-Goodwill and Other: Simplifying the Test for Goodwill Impairment*, which eliminates the requirement to determine the fair value of individual assets and liabilities of a reporting unit to measure goodwill impairment. Under the amendments in the new ASU, goodwill impairment testing will be performed by comparing the fair value of the reporting unit with its carrying amount and recognizing an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. We will adopt this standard effective January 1, 2020 and do not expect the adoption to have a material impact on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement,* which modifies disclosure requirements for fair value measurements under ASC 820, Fair Value Measurement. We will adopt this standard effective January 1, 2020 and do not expect the adoption to have a material impact on our consolidated financial statements.

3. Business Combination

On April 1, 2019, we combined our Canadian operations with Evolocity Financial Group, or Evolocity, a Montreal-based online small business lender. The purpose of the transaction was to accelerate the growth of our Canadian operations and to enable us to provide a broader range of financing options to Canadian small businesses nationwide. In the transaction, Evolocity contributed its business to a holding company, and we contributed our Canadian business plus cash to that holding company such that we own a 58.5% majority interest in the holding company. The remainder is owned by former Evolocity stockholders. We have accounted for this transaction as a business combination.

The transaction has a preliminary purchase price for accounting purposes of approximately $16.7 million. Our provisional valuation of the assets acquired and liabilities assumed, including but not limited to loans, intangible assets and goodwill, is preliminary and the fair values are subject to change within the measurement period of up to one year from the business combination date. Goodwill arising from the business combination is not amortized, but is subject to impairment testing at least annually or more frequently if there is an indicator of impairment.

The following table summarizes the preliminary fair value of the assets acquired and liabilities assumed in connection with the business combination (in thousands):

		Fair Value
Loans and finance receivables	$	36,763
Intangibles and other assets [(1)]		2,810
Debt and other liabilities		(34,437)
Goodwill [(1)]		11,585
Net assets acquired	$	16,721

[(1)] Goodwill, and Intangibles and other assets were included in Other Assets on the Consolidated Balance Sheet as of December 31, 2019.

The following table presents the changes in goodwill for the year ended December 31:

		2019
Balance at beginning of the year	$	—
Business combination with Evolocity		10,844
Measurement period adjustment		741
Foreign currency translation adjustment		(53)
Balance at end of year	$	11,532

We consolidate the financial position and results of operations of the holding company.

Our business combination with Evolocity resulted in a redeemable noncontrolling interest, which has been classified as mezzanine equity due to the option of the noncontrolling shareholders to require us to purchase their interest. The redeemable noncontrolling interest was recorded at fair value of $16.1 million as a result of the business combination. The fair value was measured using a mix of a discounted cash flow and cost approach. These interests are classified as mezzanine equity and measured

at the greater of fair value at the end of each reporting period or the historical cost basis of the noncontrolling interest adjusted for cumulative earnings allocations.

4. Net Income (Loss) Per Common Share

Basic and diluted net income (loss) per common share is calculated as follows (in thousands, except share and per share data):

	Year Ended December 31,		
	2019	2018	2017
Numerator:			
Net income (loss)	$ 23,635	$ 24,635	$ (14,880)
Less: Net income (loss) attributable to noncontrolling interest	(4,320)	(2,411)	(2,811)
Net income (loss) attributable to On Deck Capital, Inc. common stockholders	$ 27,955	$ 27,046	$ (12,069)
Denominator:			
Weighted-average common shares outstanding, basic	74,148,387	74,561,019	72,890,313
Net income (loss) per common share, basic	$ 0.38	$ 0.36	$ (0.17)
Effect of dilutive securities	2,815,362	3,988,921	—
Weighted-average common shares outstanding, diluted	76,963,749	78,549,940	72,890,313
Net income (loss) per common share, diluted	$ 0.36	$ 0.34	$ (0.17)
Anti-dilutive securities excluded	6,491,071	5,423,547	11,410,980

The difference between basic and diluted net income per common share has been calculated using the Treasury Stock Method based on the assumed exercise of outstanding stock options, the vesting of RSUs, PRSUs, and the issuance of stock under our employee stock purchase plan. Changes in the average market price of our stock can impact when stock equivalents are considered dilutive or anti-dilutive. For example, in periods of a declining stock price, stock equivalents have a greater likelihood of being recharacterized from dilutive to anti-dilutive. The following common share equivalent securities have been included in the calculation of dilutive weighted-average common shares outstanding:

	Year Ended December 31,		
Dilutive Common Share Equivalents	2019	2018	2017
Weighted-average common shares outstanding	74,148,387	74,561,019	72,890,313
RSUs and PRSUs	559,257	1,145,311	—
Stock options	2,234,490	2,843,610	—
Employee stock purchase plan	21,615	—	—
Total dilutive common share equivalents	76,963,749	78,549,940	72,890,313

The following common share equivalent securities were excluded from the calculation of diluted net income per share attributable to common stockholders. Their effect would have been antidilutive for the twelve months ended December 31, 2019, 2018 and 2017.

	Year Ended December 31,		
	2019	2018	2017
Anti-Dilutive Common Share Equivalents			
Warrants to purchase common stock	—	22,000	22,000
RSUs and PRSUs	1,823,538	702,024	3,342,640
Stock options	4,215,151	4,525,996	7,918,853
Employee stock purchase plan	452,382	173,527	127,487
Total anti-dilutive common share equivalents	6,491,071	5,423,547	11,410,980

On July 29, 2019 we announced that our Board of Directors authorized the repurchase of up to $50 million of common stock with the repurchased shares to be retained as treasury stock and available for possible reissuance. Any share repurchases under

the program will be made from time to time in the open market, in privately negotiated transactions or otherwise. The timing and amount of any share repurchases will be subject to market conditions and other factors as we may determine. The repurchase authorization expires August 31, 2020; however, we may suspend, modify or discontinue the program at any time in our discretion without prior notice. During the twelve months ended December 31, 2019 we repurchased 10,694,556 shares of common stock for $44.0 million.

On February 11, 2020 we announced that our Board of Directors authorized the repurchase of up to an additional $50 million of common stock under the repurchase program described above, with no expiration on the additional authorization. See Note 16 of Notes to Consolidated Financial Statements.

5. Interest Income

Interest income was comprised of the following components for the years ended December 31 (in thousands):

	2019	2018	2017
Interest and finance income	$ 494,349	$ 440,751	$ 382,983
Amortization of net deferred origination costs	(67,061)	(58,047)	(49,075)
Interest and finance income, net	427,288	382,704	333,908
Interest income on deposits and investments	1,135	240	132
Total interest and finance income	$ 428,423	$ 382,944	$ 334,040

6. Loans and Finance Receivables and Allowance for Credit Losses

Loans and finance receivables consisted of the following as of December 31 (in thousands):

	2019	2018
Term loans	$ 946,322	$ 956,755
Lines of credit	277,843	188,199
Other loans and finance receivables [(1)]	14,244	—
Total Unpaid Principal Balance	1,238,409	1,144,954
Net deferred origination costs	26,903	24,453
Total loans and finance receivables	$ 1,265,312	$ 1,169,407

(1) Includes loans secured by equipment and our variable pay product.

As part of the business combination with Evolocity, on April 1, 2019 we acquired $36.8 million of term loans and finance receivables. No loans or finance receivables from third parties were purchased during 2019. During the year ended December 31, 2018, we paid $0.8 million to purchase term loans that we previously sold to a third party.

We include both loans we originate and loans funded by our issuing bank partner and later purchased by us as part of our originations. During the years ended December 31, 2019, 2018, and 2017 we purchased loans from our issuing bank partner in the amount of $409.6 million, $470.5 million, and $523.0 million respectively.

The change in the allowance for credit losses for the years ended December 31, consisted of the following (in thousands):

	2019	2018	2017
Balance at beginning of period	$ 140,040	$ 109,015	$ 110,162
Recoveries of previously charged off amounts	18,920	13,179	17,199
Loans and finance receivables charged off	(181,196)	(130,695)	(171,272)
Provision for credit losses	173,369	148,541	152,926
Allowance for credit losses at end of period	$ 151,133	$ 140,040	$ 109,015

When loans and finance receivables are charged off, we typically continue to attempt to recover amounts from the respective borrowers and guarantors, including, when we deem it appropriate, through formal legal action. Alternatively, we may sell previously charged-off loans to third-party debt buyers. The proceeds from these sales are recorded as a component of the recoveries

of loans previously charged off. For the twelve months ended December 31, 2019, 2018 and 2017 loans sold accounted for $0.9 million, $1.0 million and $8.3 million, respectively, of recoveries of loans previously charged off.

As of December 31, 2019 and December 31, 2018, our off-balance sheet credit exposure related to undrawn line of credit balances was $306.2 million and $264.2 million, respectively. The related reserve on unfunded loan commitments was $7.2 million and $5.9 million as of December 31, 2019 and December 31, 2018, respectively. Net adjustments to the liability for unfunded loan commitments are included in general and administrative expense. Upon adoption of the new Current Expected Credit Loss (CECL) standard on January 1, 2020, the reserve on unfunded loan commitments will be eliminated and reversed into retained earnings as a transition adjustment.

The following table contains information, regarding the unpaid principal balance we originated related to non-delinquent, paying and non-paying delinquent loans and finance receivables as of December 31, 2019 and December 31, 2018 (in thousands):

	2019	2018
Current loans and finance receivables	$ 1,098,064	$ 1,031,449
Delinquent: paying (accrual status)	38,514	54,427
Delinquent: non-paying (non-accrual status)	101,831	59,078
Total	$ 1,238,409	$ 1,144,954

The portion of the allowance for credit losses attributable to current loans and finance receivables was $71.0 million and $85.7 million as of December 31, 2019 and December 31, 2018, respectively, while the portion of the allowance for credit losses attributable to delinquent loans and finance receivables was $80.1 million and $54.3 million as of December 31, 2019 and December 31, 2018, respectively.

The following table shows an aging analysis of the unpaid principal balance related to loans and finance receivables by delinquency status as of December 31, 2019 and December 31, 2018 (in thousands):

	2019	2018
By delinquency status:		
Current loans and finance receivables	$ 1,098,064	$ 1,031,449
1-14 calendar days past due	28,375	27,655
15-29 calendar days past due	17,383	14,665
30-59 calendar days past due	25,067	21,470
60-89 calendar days past due	22,004	19,031
90 + calendar days past due	47,516	30,684
Total unpaid principal balance	$ 1,238,409	$ 1,144,954

7. Property, Equipment and Software, net

Property, equipment and software, net, consisted of the following as of December 31 (in thousands):

	Estimated Useful Life	2019	2018
Computer/office equipment	36 months	$ 17,292	$ 15,107
Capitalized internal-use software	36 months	36,733	30,412
Leasehold improvements	Life of lease	12,770	11,761
Total property, equipment and software, at cost		66,795	57,280
Less accumulated depreciation and amortization		(46,463)	(40,580)
Property, equipment and software, net		$ 20,332	$ 16,700

Amortization expense on capitalized internal-use software costs was $4.0 million, $4.4 million and $4.9 million for the year ended December 31, 2019, 2018 and 2017, respectively, and is included as a component of technology and analytics in our consolidated statements of operations. For the year ended December 31, 2019 we recorded an impairment expense of $3.2 million on our capitalized internal-use software due to the decommission of certain technology components. For the year ended December 31, 2018, we disposed of a combined $5.7 million of computer and leasehold improvements in connection with lease terminations in parts of our New York and Colorado offices. The 2019 charge was included in technology and analytics expense

and the 2018 charge was included in general and administration expense on the Consolidated Statements of Operations and Comprehensive Income.

8. Debt

The following table summarizes our outstanding debt as of December 31, 2019 and December 31, 2018 (in thousands):

	Type	Maturity Date		Outstanding		
				Weighted Average Interest Rate at December 31, 2019	December 31, 2019	December 31, 2018
Debt:						
OnDeck Asset Securitization Trust II LLC 2018-1	Securitization	April 2022	(1)	3.8%	$ 225,000	$ 225,000
OnDeck Asset Securitization Trust II LLC 2019-1	Securitization	November 2024	(2)	3.0%	125,000	—
OnDeck Account Receivables Trust 2013-1	Revolving	March 2022	(3)	3.4%	129,512	117,664
Receivable Assets of OnDeck, LLC	Revolving	September 2021	(4)	3.3%	94,099	113,631
OnDeck Asset Funding II LLC	Revolving	August 2022	(5)	4.7%	123,840	109,568
Prime OnDeck Receivable Trust II	Revolving	March 2022	(6)	3.8%	—	108,816
Loan Assets of OnDeck, LLC	Revolving	October 2022	(7)	3.4%	120,665	100,000
Corporate line of credit	Revolving	January 2021	(8)	4.7%	40,000	—
International and other agreements	Various	Various	(9)	4.9%	64,585	47,318
				3.8%	922,701	821,997
Deferred debt issuance cost					(7,706)	(5,766)
Total Debt					$ 914,995	$ 816,231

(1) The period during which new loans may be purchased under this securitization transaction expires in March 2020.
(2) The period during which new loans may be purchased under this securitization transaction expires in October 2021.
(3) The period during which new borrowings may be made under this facility expires in March 2021.
(4) The period during which new borrowings of Class A revolving loans may be made under this debt facility expires in December 2020.
(5) The period during which new borrowings may be made under this facility expires in August 2021.
(6) The period during which new borrowings may be made under this facility expires in March 2021.
(7) The period during which new borrowings may be made under this debt facility expires in April 2022.
(8) On July 19, 2019, the Company entered into an agreement which increased the commitment under its corporate revolving debt facility by $20 million. See Note 8 of Notes to Consolidated Financial Statements.
(9) Other Agreements include, among others, our local currency debt facilities in Australia and Canada. The periods during which new borrowings may be made under the various agreements expire between January 2020 and June 2021. Maturity dates range from January 2020 through December 2022.

Certain of our loans are transferred to our special purpose vehicle subsidiaries and are pledged as collateral for borrowings in our funding debt facilities and for the issuance in our securitization. These loans totaled $1.1 billion and $1.0 billion as of December 31, 2019 and December 31, 2018, respectively. Our corporate debt facility includes a blanket lien on substantially all of our assets.

During the three years ended December 31, 2019, the following significant activity took place related to our debt facilities:

RAOD Agreement

On May 25, 2017, we renewed the RAOD facility with amended terms which provided for an extension of the revolving commitment period from May 2017 to November 2018; a decrease in the interest rate to LIBOR plus 2.5% from LIBOR plus 3.0%; and various technical, definitional, conforming and other changes. On December 15, 2017, we renewed the RAOD facility with amended terms which provided for the addition of a Class B revolving loan commitment of $19.7 million. On November 19, 2018, the RAOD Agreement was amended to extend the revolving commitment period to December 31, 2018. On December 17, 2018, we again renewed the RAOD facility with amended terms which provided for an extension of the revolving commitment

period to December 17, 2020; an extension of the maturity in respect of the $100 million Class A revolving loans to no later than September 17, 2021; an extension of the maturity in respect of the $19.7 million Class B revolving loans to December 17, 2019; a decrease in the weighted average variable interest rate to 1 month LIBOR plus 2.45%; and various technical, definitional, conforming and other changes. On December 13, 2019, we optionally prepaid and terminated the Class B revolving commitment of the RAOD facility in full.

ODAC Agreement

On May 4, 2017, we renewed the ODAC facility with amended terms, which provided for an increase in the revolving commitments from $75 million to $100 million and an extension of the revolving commitment period from May 2017 to May 2019. The interest rate decreased to LIBOR (minimum of 0.75%) plus 7.25% from LIBOR (minimum of 0.0%) plus 9.25% and the advance rate increased from 75% to 85%. On August 8, 2018, our wholly-owned subsidiary, On Deck Asset Company, LLC, optionally prepaid in full and terminated the ODAC facility.

ODAST II Agreement

On May 17, 2016, we, through a wholly-owned subsidiary, OnDeck Asset Securitization Trust II LLC, or ODAST II, entered into a $250 million asset-backed securitization facility with Deutsche Bank Trust Company Americas, as indenture trustee. The notes under the facility were issued in two classes; Class A in the amount of $211.5 million and Class B in the amount of $38.5 million (collectively, the "*2016-1 Notes*"). The Class A and Class B notes had a fixed interest of 4.21% and 7.63%, respectively. Interest only payments would have begun in June 2016 and would have been payable monthly through May 2018. Beginning June 2018, monthly payments would have consisted of both principal and interest with a final maturity of May 2020. Concurrent with the closing of the ODAST II 2016-1 Notes securitization, we voluntarily prepaid in full $175 million of funding debt outstanding from our prior asset-backed securitization transaction.

On April 17, 2018, ODAST II issued $225 million in initial principal amount of fixed-rate asset backed offered notes in a securitization transaction (the "*Offered 2018-1 Notes*") and concurrent with such issuance, ODAST II voluntarily prepaid in full the 2016-1 Notes. The Offered 2018-1 Notes were issued in four classes; Class A in the amount of$177.5 million, Class B in the amount of $15.5 million, Class C in the amount of $20.0 million and Class D in the amount of $12.0 million. The Offered 2018-1 Notes bear interest at a fixed rate of 3.50%, 4.02%, 4.52% and 5.85% for the Class A, Class B, Class C and Class D, respectively. Interest only payments began in May 2018 and are payable monthly through April 2020. Beginning May 2020, monthly payments will consist of both principal and interest with a final maturity of April 2022.

On November 15, 2019, ODAST II issued $125 million in initial principal amount of fixed-rate asset backed offered notes in a securitization transaction (the "*Series 2019-1 Notes*"). The notes were issued in five classes with a weighted average fixed interest rate of 3.04%. The revolving period expires on October 31, 2021 and the final maturity date is November 2024. The net proceeds of this transaction were used to purchase small business loans from the Company that were pledged as collateral for the Series 2019-1 Notes. The Company used substantially all the proceeds from ODAST II to purchase such small business loans from certain of its subsidiaries, including PORT II (defined below). PORT II has applied such proceeds to repay previously drawn revolving balances under the PORT II Facility described below. Amounts repaid under that facility may be re-borrowed in accordance with its terms.

ODART Agreement

On March 20, 2017, we entered into an amendment and restatement of the ODART facility which provided for a $50 million increase in the maximum amount of the Class A revolving loans and an increase up to $1.8 million in the maximum amount of the Class B revolving loans, thereby increasing the total facility size up to $214.1 million, an extension of the revolving commitment period during which OnDeck Account Receivables Trust 2013-1 ("ODART") may utilize funding capacity under ODART facility to March 20, 2019, a borrowing base advance rate for the Class A revolving loans of 85% and a borrowing base advance rate for the Class B revolving loans of 91%; and various technical, definitional, conforming and other changes. Subsequent to December 31, 2018, we entered into an amendment to the ODART facility to convert the $14.1 million of Class B revolving loans from uncommitted loans to committed loans.

On March 12, 2019, we amended the ODART facility to a commitment amount of $180 million, a borrowing rate of 1-month LIBOR plus 1.75%, a borrowing base advance rate of 80%, and made various technical, definitional, conforming and other changes. Additionally, the period during which new borrowings may be made under this facility was extended to March 2021and the final maturity date was extended to March 2022.

ODAF Agreement

On February 14, 2017, we entered into an amendment of the ODAF I facility which provided for an increase in the Lenders' revolving commitment from an aggregate amount of $100 million to $150 million, the extension of the revolving commitment termination date by approximately six months to February 14, 2019, and various technical, definitional, conforming and other

changes. On August 14, 2018, our wholly-owned subsidiary, OnDeck Asset Funding I LLC, ODAF I voluntarily prepaid in full and terminated the ODAF facility.

ODAF II Agreement

On August 8, 2018, our wholly-owned subsidiary, OnDeck Asset Funding II LLC, established a new asset-backed revolving debt facility with a commitment amount of $175 million, a borrowing base advance rate of up to 87.5% and an interest rate of 1-month LIBOR plus 3.0%. The period during which new borrowings may be made under this facility expires on August 6, 2021 and the final maturity date is August 8, 2022. Concurrent with closing this facility, the Company optionally prepaid in full and terminated the ODAC facility.

PORT II Agreement

On November 19, 2018 we amended the PORT II facility to extend the revolving commitment period to March 8, 2019. On March 12, 2019, we amended the PORT II facility to increase the borrowing capacity from $125 million to $180 million, amend the borrowing rate to the CP Conduit Rate plus 1.75%, amend the borrowing base advance rate to 80%, and made various technical, definitional, conforming and other changes. Additionally, the period during which new borrowings may be made under this facility was extended to March 2021 and the final maturity date was extended to March 2022.

On November 15, 2019, PORT II amended its asset-backed revolving debt facility to reduce the revolving commitment of the PORT Facility from $180.0 million to $75 million. The amendment did not alter or modify the Company's option to prepay without premium, penalty or additional fee.

LAOD Agreement

On April 13, 2018, our wholly-owned subsidiary, Loan Assets of OnDeck, LLC, or LAOD, established a new asset-backed revolving debt facility with a commitment amount of $100 million, a borrowing base advance rate of 84.5% and an interest rate of 1-month LIBOR plus 2.0%. The period during which new borrowings may be made under this facility expires on April 13, 2022 and the final maturity date is October 13, 2022.

On February 8, 2019, we entered into an amendment which increased the revolving commitment amount by $50 million and reduced the interest rate margin over 1-month LIBOR by 0.25%, as well as made various technical, definitional, conforming and other changes.

Square 1 Agreement

On October 4, 2018, we further amended the Square 1 Agreement to extend the maturity date of the facility to January 2019 and make various technical, definitional, conforming and other changes. In January 2019, we voluntarily prepaid in full and terminated the Square 1 Agreement.

Corporate Revolving Debt Facility

On January 28, 2019, we established a new corporate revolving debt facility with a commitment amount of $85 million, an interest rate of 1-month LIBOR plus 3% and a final maturity date in January 2021.The facility may be used for working capital and other general corporate purposes. Concurrently with closing this facility, we optionally prepaid in full and terminated our corporate revolving debt facility with Pacific Western Bank (successor by merger to Square 1 Bank).

On July 19, 2019, we added a new lender to our corporate revolving debt facility and increased the commitment under the facility by $20 million to an aggregate commitment amount of $105 million. Neither the facility's interest rate of 1-month LIBOR plus 3.0% nor the final maturity date in January 2021 changed.

Australia Credit Suisse Facility

On July 2, 2019, we amended our Australian debt facility. The commitment increased from AUD $75 million to AUD $150 million. The period during which new borrowings may be made under this facility expires in June 2021 and the final maturity is in December 2021.

Canadian Mezzanine Debt

On October 1, 2019, we fully paid down the Canadian mezzanine debt of CAD $20 million which had a 12% interest rate.

As of December 31, 2019, future maturities of our outstanding debt were as follows (in thousands):

2020	$ 12,630
2021	186,054
2022	599,017
2023	—
Thereafter	125,000
Total	$ 922,701

9. Income Taxes

Our financial statements include a total income tax (benefit) expense of $(3.5) million, $0.0 million and $0.0 million on income (loss) from operations, before income taxes of $20.1 million, $24.6 million and $(14.9) million for the years ended December 31, 2019, 2018 and 2017, respectively. The components of the income tax provision (benefit) are as follows:

	2019	2018	2017
Current tax expense (benefit)	$ 6,726	$ —	$ —
Deferred tax expense (benefit)	(10,239)	—	—
Total income tax provision (benefit)	$ (3,513)	$ —	$ —

Substantially all of our current and deferred tax expense was driven by our U.S. Federal tax expense as compared to our state and foreign tax expense.

A reconciliation of the difference between the provision for income taxes and income taxes at the statutory U.S. federal income tax rate is as follows for the years ended December 31:

	2019	2018	2017
Federal statutory rate	21.0 %	21.0 %	34.0 %
Effect of:			
Foreign operations	(9.9)%	— %	— %
Share based and officers' compensation	1.3 %	— %	— %
State income taxes, net of federal tax benefit	6.5 %	— %	— %
Change in valuation allowance	(15.7)%	(21.4)%	(36.5)%
Research and development and other tax credits	(20.7)%	0.4 %	2.5 %
Income tax provision effective rate	(17.5)%	— %	— %

The significant components of our deferred tax asset were as follows as of December 31 (in thousands):

	2019	2018
Deferred tax assets relating to:		
Net operating loss carryforwards	$ 7,439	$ 4,104
Loan loss reserve	35,452	33,691
Deferred compensation	6,967	5,839
Imputed interest income	532	415
Leases	1,389	1,207
Unrealized loss	345	545
Miscellaneous items	1,345	613
Total gross deferred tax assets	53,469	46,414
Deferred tax liabilities:		
Property, equipment and software	3,011	3,151
Origination costs	5,848	5,685
Total gross deferred tax liabilities	8,859	8,836
Net deferred tax asset	44,610	37,578
Less: valuation allowance	(34,373)	(37,578)
Net deferred tax asset less valuation allowance	$ 10,237	$ —

In assessing the realizability of deferred tax assets, we consider whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. We consider the scheduled reversal of deferred tax liabilities, projected future taxable income, and planned tax strategies in making this assessment. After considering these factors, we have concluded that it is more likely than not that we will realize a portion of the benefit of these deductible differences in the future. In 2019, we released $7.5 million of our valuation allowance which was recorded as benefit to our provision for (benefit from) income taxes on our Consolidated Statement of Operations and Comprehensive Income.

Deductions that are not deemed more likely than not to withstand examination by a taxing authority are considered to be "uncertain tax positions" as defined in ASC 740 *Income Taxes*. We previously claimed deductions on our U.S. federal tax return for certain expenses related to our initial public offering that were validated at the level of substantial authority, but did not exceed the "more likely than not" threshold. We estimated the tax-effected exposure of these deductions to be approximately $2.2 million. These deductions did not result in any change to our prior year tax payable or our provision for income taxes as they only increased our deferred tax asset as well as the corresponding valuation allowance. In 2019, the U.S. Internal Revenue Service notified us that they agreed with our position and allowed the deduction. At December 31, 2019, we did not maintain any material uncertain tax positions.

Our net operating loss carryforwards for U.S. federal and state income tax purposes for 2019 were not or are not expected to be material. Our net operating loss carryforwards for federal income tax purposes were approximately $3.7 million and $69.6 million at December 31, 2018 and 2017, respectively, and if not utilized, will expire at various dates beginning in 2027. State post-apportioned net operating loss carryforwards were $14.9 million and $36.7 million at December 31, 2018 and 2017, respectively. Net operating loss carryforwards and tax credit carryforwards reflected above may be limited due to historical and future ownership changes.

We are no longer subject to U.S. federal, certain state and local income tax examinations for years prior to 2016, with certain states no longer subject for years prior to 2014, although carryforward attributes that were generated prior to 2014 may still be adjusted upon examination by the Internal Revenue Service if used in a future period.

10. Fair Value of Financial Instruments

Assets and Liabilities Measured at Fair Value on a Recurring Basis

We evaluate our financial assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level at which to classify them for each reporting period. Our interest rate cap is reported at fair value utilizing Level 2 inputs. The fair value is determined using third party valuations that are based on discounted cash flow analysis using observed market inputs.

The following tables present information about our assets and liabilities that are measured at fair value on a recurring basis (in thousands):

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets:				
Interest rate cap	$ —	$ —	$ —	$ —
Total assets	$ —	$ —	$ —	$ —

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Assets:				
Interest rate cap	$ —	$ 1,253	$ —	$ 1,253
Total assets	$ —	$ 1,253	$ —	$ 1,253

There were no transfers between levels for the year ended December 31, 2019 and December 31, 2018.

Assets and Liabilities Disclosed at Fair Value

Because our loans and finance receivables and fixed-rate debt are not measured at fair value, we are required to disclose their fair value in accordance with ASC 825. The carrying value of our variable rate debt approximates fair value. Due to the lack of transparency and comparable loans, we utilize an income valuation technique to estimate fair value. We utilize industry-standard modeling, such as discounted cash flow models, to arrive at an estimate of fair value and may utilize third-party service providers to assist in the valuation process. This determination requires significant judgments to be made. The following tables summarize the carrying value and fair value of our loans and finance receivables and fixed-rate debt (in thousands):

	December 31, 2019				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
***Assets*:**					
Loans and finance receivables, net	$ 1,114,179	$ 1,241,893	$ —	$ —	$ 1,241,893
Total assets	$ 1,114,179	$ 1,241,893	$ —	$ —	$ 1,241,893
Liabilities:					
Fixed-rate debt	$ 350,000	$ 337,510	$ —	$ —	$ 337,510
Total fixed-rate debt	$ 350,000	$ 337,510	$ —	$ —	$ 337,510

	December 31, 2018				
	Carrying Value	Fair Value	Level 1	Level 2	Level 3
***Assets*:**					
Loans and finance receivables, net	$ 1,029,367	$ 1,155,464	$ —	$ —	$ 1,155,464
Total assets	$ 1,029,367	$ 1,155,464	$ —	$ —	$ 1,155,464
Liabilities:					
Fixed-rate debt	$ 232,972	$ 226,965	$ —	$ —	$ 226,965
Total fixed-rate debt	$ 232,972	$ 226,965	$ —	$ —	$ 226,965

11. Stock-Based Compensation and Employee Benefit Plans

Equity incentives are currently issued to employees and directors in the form of stock options and RSUs under our 2014 Equity Incentive Plan. Our 2007 Stock Option Plan was terminated in connection with our Initial Public Offering (IPO). Accordingly, no additional equity incentives are issuable under this plan although it continues to govern outstanding awards granted thereunder. Additionally, we offer an Employee Stock Purchase Plan through the 2014 Employee Stock Purchase Plan and a 401(k) plan to employees.

Options

The following table summarizes the assumptions used for estimating the fair value of stock options granted under our equity plans for the years ended December 31:

	2018	2017
Risk-free interest rate	2.82% - 3.13 %	2.32% - 2.42 %
Expected term (years)	5.3	5.0
Expected volatility	35% - 37%	42% - 44%
Dividend yield	—%	—%
Weighted-average grant date fair value per share	$2.12	$1.66

No options were granted for the year ended December 31, 2019.

The following is a summary of option activity for the year ended December 31, 2019:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2019	7,932,782	$ 5.86	—	—
Exercised	(528,006)	$ 2.33	—	—
Expired	(582,557)	$ 11.16	—	—
Outstanding at December 31, 2019	6,822,219	$ 5.68	5.1	$ 8,648
Exercisable at December 31, 2019	6,133,031	$ 5.68	4.8	$ 8,648
Vested or expected to vest as of December 31, 2019	6,789,430	$ 5.68	5.1	$ 8,648

Total compensation cost related to non-vested option awards not yet recognized as of December 31, 2019 was $1.3 million and will be recognized over a weighted-average period of 1.9 years. The aggregate intrinsic value of employee options exercised during the years ended December 31, 2019, 2018 and 2017 was $1.7 million, $3.1 million and $5.3 million, respectively.

Restricted Stock Units

The following table is a summary of activity in RSUs and Performance Restricted Stock Units, or PRSUs for the year ended December 31, 2019:

	Number of RSUs and PRSUs	Weighted-Average Grant Date Fair Value Per Share
Unvested at January 1, 2019	3,307,561	$ 6.00
RSUs and PRSUs Granted	2,733,080	$ 5.13
RSUs and PRSUs Vested	(1,142,074)	$ 6.55
RSUs and PRSUs Forfeited/Expired	(713,007)	$ 5.79
Unvested at December 31, 2019	4,185,560	$ 5.32
Expected to vest after December 31, 2019	3,420,164	$ 5.36

In 2016, in addition to granting RSUs, we also granted 194,207 PRSUs. For each of the three annual performance periods, one-third (1/3) of the total PRSUs may vest each year depending upon achievement of performance-based targets. Participants have the ability to earn up to 150% of the baseline award based on certain levels of achievement in excess of the relevant target performance level or could earn less than the baseline award, or nothing at all, based on certain levels of achievement below the relevant target performance level. Measurement of performance is based on a 12-month period ending June 30 of each year. The first tranche did not vest due to the performance-based targets not being achieved. The second tranche was granted with a grant date fair value of $4.67 during the year ended December 31, 2017. In October 2018, a total of 37,143 shares were awarded based on our performance metrics for the second tranche, which paid out 136% of the baseline award. The third tranche was granted with a grant date fair value of $6.71 during the year ended December 31, 2018. In November 2019, a total of 29,349 shares were awarded based on our performance metrics for the third tranche, which paid out 104.5% of the baseline award.

In 2018 we granted a second, separate, performance plan. The new plan runs over three annual performance periods, also with one-third (1/3) of the total PRSUs vesting each year depending upon achievement of performance-based targets. In total 138,953 shares were granted, with a grant date fair value of $5.19 for the first tranche granted in 2018. Measurement of performance is based on a 12-month period ending December 31 of each year. In May 2019, a total of 66,893 shares were awarded based on our performance metrics for the first tranche, which paid out 145.8% of the baseline award. The second tranche was granted with a grant date fair value of $5.19 during the year ended December 31, 2019.

In 2019 we granted 221,746 PRSUs under a separate performance plan. The plan is measured on one performance period, which was the full year of 2019 and vests over three years. The first tranche will vest in February 2020 and be paid out 55% of the baseline award.

As of December 31, 2019, there was $13.4 million of unrecognized compensation cost related to unvested RSUs and PRSUs, which is expected to be recognized over a weighted-average period of 2.6 years.

Employee Stock Purchase Plan

As of December 31, 2019, there was $0.3 million of unrecognized compensation expense related to the Employee Stock Purchase Plan ("ESPP").

The assumptions used to calculate our Black-Scholes-Merton Option Pricing Model for each stock purchase right granted under the ESPP were as follows for the year ended December 31:

	2019	2018	2017
Risk-free interest rate	1.84%	2.10%	1.17%
Expected term (years)	0.67	0.50	0.50
Expected volatility	42%	47%	37%

Stock-based compensation expense related to stock options, RSUs, PRSUs and the ESPP are included in the following line items in our accompanying consolidated statements of operations for the year ended December 31 (in thousands):

	2019	2018	2017
Sales and marketing	$ 1,709	$ 2,012	$ 2,429
Technology and analytics	3,050	2,647	2,300
Processing and servicing	426	385	483
General and administrative	5,781	6,775	7,303
Total	$ 10,966	$ 11,819	$ 12,515

401(k) Plan

We maintain a 401(k) defined contribution plan that covers substantially all of our employees. Participants may elect to contribute their annual compensation up to the maximum limit imposed by federal tax law. During the years ended December 31, 2019, 2018 and 2017 we had $1.8 million, $1.2 million, and $1.2 million, respectively, in employer related match expense.

12. Derivatives and Hedging

We are subject to interest rate risk as a result of borrowing at fixed and variable rates but lending only at fixed rates. In December 2018 we entered into an interest rate cap, which is a derivative instrument, to manage our interest rate risk on a portion of our variable-rate debt. We do not use derivatives for speculative purposes. The interest rate cap is designated as a cash flow hedge. In exchange for our up-front premium, we would receive variable amounts from a counterparty if interest rates rise above the strike rate on the contract. The interest rate cap agreement is for a notional amount of $300 million and has a maturity date of January 2021.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the changes in the fair value of the derivative are recorded in Accumulated Other Comprehensive Income, or AOCI, and subsequently reclassified into interest expense in the same period(s) during which the hedged transaction affects earnings. Gains and losses on the derivative representing hedge components excluded from the assessment of effectiveness are recognized over the life of the hedge on a systematic and rational basis, as documented at hedge inception in accordance with our accounting policy election. The earnings recognition of excluded components is presented in interest expense. Amounts reported in AOCI related to derivatives will be reclassified to interest expense as interest payments are made on our variable-rate debt. We estimate that $0.8 million will be reclassified as an increase to interest expense over the next 12 months.

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the balance sheet as of December 31 (in thousands):

Derivative Type	Classification	2019	2018
Assets:			
Interest rate cap agreement	Other Assets	$ —	$ 1,253

The table below presents the effect of cash flow hedge accounting on Accumulated Other Comprehensive Income as of December 31 (in thousands):

	2019	2018
Amount Recognized in OCI on Derivative:		
Interest rate cap agreement	$ 391	$ 456

The table below presents the effect of our derivative financial instruments on the Consolidated Statements of Operations and Comprehensive Income for the years ended December 31 (in thousands):

	Location and Amount of Gain or (Loss) Recognized in Income on Cash Flow Hedging Relationships		
	Year Ended December 31,		
	2019	2018	2017
Interest expense	$ (855)	$ (16)	$ —

13. Commitments and Contingencies

Lease Commitments

Operating Leases

On January 1, 2019 we adopted ASC 842, *Leases* and account for our long-term leases under this standard. As of December 31, 2019, all of our current leases are classified as operating leases and related to office space. We act as the lessee in a majority of our lease contracts, although we sublease one of our spaces to a third party. All of our leases have fixed rental payments, with lease terms described below. Under ASC 842, we recognize lease expense for our long-term leases on a straight-line basis throughout each lease's term.

Our total lease liability, which is included in Other Liabilities on the Consolidated Balance Sheet, was $38.0 million at December 31, 2019. Our lease liability was determined using our incremental borrowing rate, based on information available when we adopted ASC 842, *Leases*, on January 1, 2019. Using our corporate line of credit's borrowing spread at adoption, and factoring in additional risk given the length of our lease terms, our incremental borrowing rate on that transition date was estimated to be 7.2%. For the year ended December 31, 2019 we paid $6.8 million in connection with our operating leases which is included in the cash flows from operating activities on our Consolidated Statements of Cash Flow.

Our right-of-use asset, which is included in Other Assets on the Consolidated Balance Sheet, was $28.2 million at December 31, 2019. Our total long-term operating lease cost, included in our lease liability and right-of-use asset balances for the twelve months ended December 31, 2019 was $6.0 million and allocated within operating expenses. Our weighted average remaining lease term is 7.0 years and we utilized a weighted average discount rate of approximately 7.0%.

In September 2019, we amended our lease in Arlington, Virginia. The new lease provides for a five-month rent holiday followed by an average monthly fixed rent payment of approximately $0.1 million, subject to escalations, and is scheduled to expire in May 2028. Our lease liabilities and right-of-use asset balances were updated accordingly on the Consolidated Balance Sheet to reflect the impact of the amendment. The incremental borrowing rate used in the calculation of our amended lease liability for our Virginia lease was 6.0%.

Effective February 1, 2018, we terminated our lease obligation for the 12th floor of our New York office which accounted for approximately 32% our total New York office space. The lease of the 12th floor was previously scheduled to continue through December 2026. As part of the termination, we paid the landlord a cash surrender fee of approximately $2.6 million and recorded a net charge of approximately $3.2 million in the quarter ending March 31, 2018. The net charge includes the surrender fee and approximately $4.0 million related to the impairment of leasehold improvements and other fixed assets in the surrendered space, which were partially offset by other deferred credits.

For all spaces delivered to us under the New York lease as of December 31, 2019, our average monthly fixed rent payment will be approximately $0.4 million, subject to escalations, and our lease term is scheduled to expire in December 2026.

We currently lease space in Denver, Colorado as the subtenant. As of December 31, 2019, our average monthly fixed rent payment will be approximately $0.1 million, subject to escalations and our lease term is scheduled to expire in April 2026.

On March 29, 2018, we terminated our lease obligation with respect to a portion of our Denver office which accounted for approximately 38% of our total Denver office space. Our lease of that space was previously scheduled to continue through April 2026. As part of the termination, we paid a surrender fee and related charges of approximately $0.9 million and recorded a net charge of approximately $1.0 million in the quarter ended March 31, 2018. As of December 31, 2019, our average monthly fixed rent payment for Denver sublease will be approximately $0.1 million, subject to escalations.

The net charge includes the surrender fees and the impairment of leasehold improvements and other fixed assets in the surrendered space, which were partially offset by other deferred credits. The net charges related to our New York and Denver lease terminations were allocated to each of our operating expense line items on our condensed consolidated statement of operations with the exception of the aggregate impairment charges of leasehold improvements and other fixed assets in the surrendered spaces of approximately $5.7 million which were included in general and administrative expense.

In the aggregate, the termination of our New York and Denver leases reduced future required rental payments by approximately $23.0 million through 2026.

Rent expense incurred totaled $6.3 million, $3.9 million and $7.1 million for the years ended December 31, 2019, 2018, and 2017. The 2018 rent expense is net of certain credits associated with the lease terminations. Excluding those credits, rent expense for 2018 was $5.3 million.

Lease Commitments

The following is a maturity analysis of the annual undiscounted cash flows of our operating lease liabilities as of December 31, 2019.

For the years ending December 31,	Operating Leases
2020	$ 6,843
2021	6,665
2022	6,655
2023	6,249
2024	7,035
Thereafter	14,758
Total lease payments	$ 48,205
Less: Imputed Interest	10,224
Total Lease Liability	$ 37,981

Concentrations of Credit Risk

Financial instruments that potentially subject us to significant concentrations of credit risk consist principally of cash, cash equivalents, restricted cash and loans. We hold cash, cash equivalents and restricted cash in accounts at regulated domestic financial institutions in amounts that exceed or may exceed FDIC insured amounts and at non-U.S. financial institutions where deposited amounts may be uninsured. We believe these institutions to be of acceptable credit quality and we have not experienced any related losses to date.

We are exposed to default risk on loans we originate and hold and that we purchase from our issuing bank partner. We perform an evaluation of each customer's financial condition and during the term of the customer's loan(s), we have the contractual right to limit a customer's ability to take working capital loans or other financing from other lenders that may cause a material adverse change in the financial condition of the customer.

Concentrations of Revenue

The top states in which we, or our issuing bank partner, originated loans were California, Florida, Texas and New York representing approximately 14%, 9%, 9% and 6% of our total loan originations in 2019 and 15%, 9%, 9% and 7% in 2018, respectively. These geographic concentrations expose us to risks associated with localized natural disasters, local political or economic forces as well as state-level regulatory risks.

Contingencies

We are involved in lawsuits, claims and proceedings incidental to the ordinary course of our business. We review the need for any loss contingency accruals and establish an accrual when, in the opinion of management, it is probable that a matter would result in liability, and the amount of loss, if any, can be reasonably estimated. When and to the extent that we do establish a reserve, there can be no assurance that any such recorded liability for estimated losses will be for the appropriate amount, and actual losses could be higher or lower than what we accrue from time to time. We believe that the ultimate resolution of current matters will not have a material adverse effect on our consolidated financial statements.

14. Quarterly Financial Information (unaudited)

The following table contains selected unaudited financial data for each quarter of 2019 and 2018. The unaudited information should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this report. We believe that the following unaudited information reflects all normal recurring adjustments necessary for a fair presentation of the information for the periods presented. The operating results for any quarter are not necessarily indicative of results for any future period. All amounts are stated in thousands of dollars, except per share data which is stated in dollars.

	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Net interest income	$ 98,079	$ 96,947	$ 94,260	$ 94,467	$ 93,958	$ 87,589	$ 79,964	$ 74,357
Net interest income, after credit provision	$ 54,048	$ 53,851	$ 51,309	$ 51,176	$ 54,105	$ 48,487	$ 46,671	$ 38,064
Net income (loss)	$ 7,997	$ 8,142	$ 2,168	$ 5,328	$ 13,260	$ 9,338	$ 4,612	$ (2,576)
Net income (loss) attributable to On Deck Capital, Inc. common stockholders	$ 9,310	$ 8,684	$ 4,295	$ 5,666	$ 13,864	$ 9,610	$ 5,628	$ (2,058)
Net income (loss) per share attributable to On Deck Capital, Inc. common stockholders:								
Basic	$ 0.13	$ 0.12	$ 0.06	$ 0.08	$ 0.18	$ 0.13	$ 0.08	$ (0.03)
Diluted	$ 0.13	$ 0.11	$ 0.05	$ 0.07	$ 0.17	$ 0.12	$ 0.07	$ (0.03)

15. Revision of Prior Period Financial Statements

During the second quarter of 2019, we revised prior period financial statements to correct an immaterial error related to the channel attribution of certain loans and the commissions associated with those loans. Commissions become due upon the closing of a loan. Those commissions are capitalized as a component of the loan balance and are amortized as an adjustment to interest income over the life of the loan. A summary of those revisions is as follows:

Revised Consolidated Balance Sheet as of December 31, 2018 (in thousands):

	As Reported	Adjustment	As Revised
Loans and finance receivables	$ 1,169,157	$ 250	$ 1,169,407
Total assets	$ 1,161,570	$ 250	$ 1,161,820
Accrued expenses and other liabilities	$ 34,654	$ 2,054	$ 36,708
Total liabilities	$ 857,281	$ 2,054	$ 859,335
Accumulated deficit	$ (195,155)	$ (1,804)	$ (196,959)
Total On Deck Capital, Inc. stockholders' equity	$ 299,756	$ (1,804)	$ 297,952
Total stockholders' equity	$ 304,289	$ (1,804)	$ 302,485

Revised Consolidated Statements of Operations and Comprehensive Income (in thousands):

	Year Ended December 31, 2018			Year Ended December 31, 2017		
	As Reported	Adjustment	As Revised	As Reported	Adjustment	As Revised
Interest and finance income	$383,579	$(635)	$382,944	$334,575	$(535)	$334,040
Gross Revenue	$398,376	$(635)	$397,741	$350,950	$(535)	$350,415
Net Revenue	$202,760 [(1)]	$(635)	$202,125	$151,825 [(1)]	$(535)	$151,290
Income (loss) from operations, before provision for income taxes	$25,270 [(1)]	$(635)	$24,635	$(14,345) [(1)]	$(535)	$(14,880)
Net income (loss)	$25,270	$(635)	$24,635	$(14,345)	$(535)	$(14,880)

[(1)] Includes a prior period reclassification to include interest expense as funding costs.

Revised Earnings per Share

	Year Ended December 31, 2018		Year Ended December 31, 2017	
	As Reported	As Revised	As Reported	As Revised
Net income (loss) per common share, basic	$ 0.37	$ 0.36	$ (0.16)	$ (0.17)
Net income (loss) per common share, diluted	$ 0.35	$ 0.34	$ (0.16)	$ (0.17)

Revised Consolidated Statements of Cash Flows

We revised our condensed consolidated statement of cash flows for the twelve months ended December 31, 2018 and December 31, 2019 periods to reflect the correction of the error, which had no impact to net cash provided by operating activities, net cash used in investing activities and net cash provided by financing activities in the period.

16. Subsequent Events

On February 11, 2020, we announced that our Board of Directors had authorized up to an additional $50 million of repurchases under our previously announced common share repurchase program.

Subsequent to December 31, 2019, and through February 28, 2020, we repurchased approximately 8.1 million shares of our common stock for an aggregate purchase price of approximately $32.9 million. Those subsequent activities included a 7,062,396 share block we repurchased for approximately $28.6 million on February 21, 2020 from an institutional investor in a private transaction the seller initiated. Prior to that transaction, the seller had beneficially owned more than 5% of our outstanding common stock.

Subsequent to December 31, 2019 we entered into an agreement to sublease a portion of our New York office space. The sublease will expire in December 2026. Our aggregate cash to be received as the sublessor will total approximately $11 million through 2026. We will remain primary obligor under our original lease.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, management has evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act are recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act are accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding our required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management was required to apply its judgment in evaluating and implementing possible controls and procedures.

Based on the foregoing evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2019, the end of the period covered by this report, our disclosure controls and procedures were effective at a reasonable assurance level.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. The Company's internal control over financial reporting is a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, under the supervision of our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2019 using the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In accordance with guidance issued by the SEC, we are permitted to exclude acquisitions from our final assessment of internal control over financial reporting for the fiscal year in which the acquisition occurred while integrating the acquired operations. Our evaluation of internal control over financial reporting as of December 31, 2019 excluded the internal control activities of Evolocity which was acquired on April 1, 2019. Evolocity contributed less than 3% of total assets and net interest income to our consolidated financial statements as of and for the year ended December 31, 2019. Based on this assessment and those criteria, our Chief Executive Officer and our Chief Financial Officer concluded that our internal control over financial reporting was effective as of December 31, 2019 to provide reasonable assurance of the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Our independent registered public accounting firm, Ernst & Young LLP, has issued an audit report with respect to our internal control over financial reporting, which appears in Part II, Item 8 of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item will be included under the caption "Directors, Executive Officers and Corporate Governance" in our Proxy Statement for the 2019 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2019, which we refer to as our 2020 Proxy Statement, and is incorporated herein by reference.

The Company has a "Code of Business Conduct and Ethics Policy" that applies to all of our employees, including our Principal Executive Officer, Principal Financial Officer, Principal Accounting Officer and our Board of Directors. A copy of this code is available on our website at http://investors.ondeck.com. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding amendment to, or waiver from, a provision of our Code of Business Conduct and Ethics Policy by posting such information on our investor relations website under the heading "Governance —Governance Documents" at http://investors.ondeck.com.

Item 11. Executive Compensation

The information required by this item will be included under the captions "Executive Compensation" and under the subheadings "Board's Role in Risk Oversight," "Non-Employee Director Compensation," "Outside Director Compensation

Policy," and "Compensation Committee Interlocks and Insider Participation" under the heading "Directors, Executive Officers and Corporate Governance" in the 2020 Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be included under the captions "Security Ownership of Certain Beneficial Owners and Management" and under the subheading "Potential Payments upon Termination or Change in Control" and "Equity Benefit and Stock Plans" under the heading "Executive Compensation" in the 2020 Proxy Statement and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be included under the captions "Certain Relationships and Related Transactions" and "Directors, Executive Officers and Corporate Governance—Director Independence" in the 2020 Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this item will be included under the caption "Proposal Two: Ratification of Selection of Independent Registered Public Accountants" in the 2020 Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this report:

1. Financial Statements (see Part II, Item 8 - Consolidated Financial Statements and Supplementary Data)

   Consolidated Statements of Income — Years Ended December 31, 2019, 2018 and 2017.

   Consolidated Statements of Comprehensive Income — Years Ended December 31, 2019, 2018 and 2017.

   Consolidated Balance Sheets — December 31, 2019 and 2018.

   Consolidated Statements of Cash Flows — Years Ended December 31, 2019, 2018 and 2017.

   Consolidated Statements of Changes in Equity and Redeemable Noncontrolling Interest — Years Ended December 31, 2019, 2018 and 2017.

   Notes to Consolidated Financial Statements.

   Report of Independent Registered Public Accounting Firm.

2. Financial Statement Schedules:

   The schedules are omitted because they are not required or because the information is set forth in the financial statements or the notes thereto.

3. Exhibits

   See Exhibit Index following Signatures.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

On Deck Capital, Inc.

/s/ Kenneth A. Brause

Kenneth A. Brause
Chief Financial Officer
(Principal Financial Officer)

Date: February 28, 2020

/s/ Nicholas Sinigaglia

Nicholas Sinigaglia
Chief Accounting Officer
(*Principal Accounting Officer*)

Date: February 28, 2020

POWER OF ATTORNEY

KNOW ALL THESE PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Noah Breslow, Kenneth A. Brause and Cory Kampfer, and each of them, his attorneys-in-fact, each with full power of substitution, for him in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each said attorneys-in-fact or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Noah Breslow Noah Breslow	Chief Executive Officer and Director (Principal Executive Officer)	February 28, 2020
/s/ Kenneth A. Brause Kenneth A. Brause	Chief Financial Officer (Principal Financial Officer)	February 28, 2020
/s/ Nicholas Sinigaglia Nicholas Sinigaglia	Chief Accounting Officer (Principal Accounting Officer)	February 28, 2020
/s/ Chandra Dhandapani Chandra Dhandapani	Director	February 28, 2020
/s/ Daniel Henson Daniel Henson	Director	February 28, 2020
/s/ Bruce P. Nolop Bruce P. Nolop	Director	February 28, 2020
/s/ Manolo Sánchez Manolo Sánchez	Director	February 28, 2020
/s/ Jane J. Thompson Jane J. Thompson	Director	February 28, 2020
/s/ Ronald F. Verni Ronald F. Verni	Director	February 28, 2020
/s/ Neil E. Wolfson Neil E. Wolfson	Director	February 28, 2020

Exhibit Index

Exhibit Number	Description	Filed / Incorporated by Reference from Form *	Incorporated by Reference from Exhibit Number	Date Filed
3.1	Amended and Restated Certificate of Incorporation	8-K	3.1	12/22/2014
3.2	Amended and Restated Bylaws	10-Q	3.2	11/6/2018
4.1	Form of common stock certificate	S-1	4.1	11/10/2014
4.2	Description of Registrant's Securities	Filed herewith.		
10.1+	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.	S-1	10.1	11/10/2014
10.2+	Amended and Restated 2007 Stock Incentive Plan and forms of agreements thereunder.	S-1	10.2	11/10/2014
10.3+	2014 Equity Incentive Plan and forms of agreements thereunder.	S-1/A	10.3	12/4/2014
10.4+	2014 Employee Stock Purchase Plan and form of agreement thereunder.	10-Q	10.1	8/7/2019
10.5+	Employee Bonus Plan.	S-1	10.5	11/10/2014
10.6+	Outside Director Compensation Policy as amended through February 8, 2019.	10-K	10.6	3/1/2019
10.7+	Confirmatory Employment Offer Letter between the Registrant and Noah Breslow dated October 30, 2014.	S-1	10.7	11/10/2014
10.8+	Form of Change in Control and Severance Agreement between the Registrant and Noah Breslow.	10-Q	10.1	11/7/2017
10.9+	Form of Change in Control and Severance Agreement between the Registrant and other executive officers.	10-Q	10.2	11/7/2017
10.10+	Form of Performance Unit Agreement	8-K	10.1	9/21/2016
10.11	Lease, dated September 25, 2012, by and between the Registrant and 1400 Broadway Associates L.L.C.	S-1	10.12	11/10/2014
10.11.1	Lease Modification Agreement, dated March 3, 2015, by and between Registrant and ESRT 1400 Broadway, L.P.	10-K	10.21	3/10/2015
10.12	Fifth Amended and Restated Credit Agreement, dated as of March 12, 2019, by and among OnDeck Account Receivables Trust 2013-1 LLC, as Borrower, the Lenders party thereto from time to time, Deutsche Bank AG, New York Branch, as Administrative Agent for the Lenders and Collateral Agent for the Secured Parties, Deutsche Bank Trust Company Americas, as Paying Agent for the Lenders, and Deutsche Bank Securities Inc., as Syndication Agent, Documentation Agent and Lead Arranger.	10-Q	10.3	5/9/2019
10.13	Second Amended and Restated Loan and Security Agreement, dated March 21, 2011, by and among Small Business Asset Fund 2009 LLC, each Lender party thereto from time to time and Deutsche Bank Trust Company Americas, as amended January 10, 2014.	S-1	10.15	11/10/2014
10.14	Base Indenture, dated May 17, 2016, by and between OnDeck Asset Securitization Trust II LLC and Deutsche Bank Trust Company Americas.	10-Q	10.2	8/9/2016
10.15	Amendment No. 1 to the Base Indenture, dated April 17, 2018, by and between OnDeck Asset Securitization Trust II LLC and Deutsche Bank Trust Company Americas.	10-Q	10.2	8/7/2018
10.16	Amendment No. 2 to the Base Indenture, dated as of November 15, 2019, by and between OnDeck Asset Securitization Trust II LLC and Deutsche Bank Trust Company Americas.	Filed herewith.		
10.17	Series 2018-I Indenture Supplement, dated April 17, 2018, by and between OnDeck Asset Securitization Trust II LLC and Deutsche Bank Trust Company Americas.	10-Q	10.3	8/7/2018

10.18	Series 2019-I Indenture Supplement, dated November 15, 2019, by and between OnDeck Asset Securitization Trust II LLC and Deutsche Bank Trust Company Americas.	Filed herewith.		
10.19	Form of Managed Applicant Commission Agreement between the Registrant and its funding advisors.	S-1	10.20	11/10/2014
10.20	Fourth Amended and Restated Credit Agreement, dated as of December 17, 2018, among Receivable Assets of OnDeck LLC, as Borrower, the Lenders party thereto from time to time, SunTrust Bank, as Administrative Agent, and Wells Fargo Bank, N.A., as Paying Agent and Collateral Agent for the Secured Parties.	10-K	10.17	3/1/2019
10.21	Second Amended and Restated Loan and Security Agreement, dated June 30, 2016, by and among On Deck Capital, Inc., as Borrower, Pacific Western Bank, as Lender and ODWS, LLC, as Guarantor.	10-K	10.23	3/2/2017
10.22	Amended and Restated Credit Agreement, dated as of March 12, 2019, by and among Prime OnDeck Receivable Trust II, LLC, as Borrower, the Lenders party thereto from time to time, Credit Suisse, AG, New York Branch, as Administrative Agent for the Class A Lenders, and Wells Fargo Bank, N.A., as Paying Agent and as Collateral Agent.	10-Q	10.4	5/9/2019
10.23+	Confirmatory Employment Offer Letter between the Registrant and Kenneth A. Brause dated March 5, 2018	10-Q	10.2	5/8/2018
10.24+	Confirmatory Employment Offer Letter between the Registrant and Nick Brown dated September 16, 2016	Filed herewith.		
10.25+	Confirmatory Employment Offer Letter between the Registrant and Andrea Gellert dated May 2, 2018	10-Q	10.3	5/8/2018
10.26+	Confirmatory Employment Offer Letter between the Registrant and Cory Kampfer dated May 2, 2018	10-Q	10.4	5/8/2018
10.27	Credit Agreement, dated as of April 13, 2018, by and among Loan Assets of OnDeck, LLC, as Borrower, the Lenders party thereto from time to time, 20 Gates Management LLC, as Administrative Agent for the Class A Lenders and Deutsche Bank Trust Company Americas, as Paying Agent and as Collateral Agent for the Secured Parties.	10-Q	10.1	8/7/2018
10.28	Amendment No. 1 to the Credit Agreement, dated as of September 5, 2018, by and among Loan Assets of OnDeck, LLC, as Borrower, the Lenders party thereto from time to time, 20 Gates Management LLC, as Administrative Agent for the Class A Lenders and Deutsche Bank Trust Company Americas, as Paying Agent and as Collateral Agent for the Secured Parties.	10-Q	10.1	5/9/2019
10.29	Amendment No. 2 to the Credit Agreement, dated as of February 8, 2019, by and among Loan Assets of OnDeck, LLC, as Borrower, the Lenders party thereto from time to time, 20 Gates Management LLC, as Administrative Agent for the Class A Lenders and Deutsche Bank Trust Company Americas, as Paying Agent and as Collateral Agent for the Secured Parties.	10-Q	10.2	5/9/2019
10.30	Credit Agreement, dated as of August 8, 2018, by and among OnDeck Asset Funding II LLC, as Company, the Lenders from time to time party thereto, Ares Agent Services, L.P., as Administrative Agent and Collateral Agent, and Wells Fargo Bank, N.A., as Paying Agent.	10-Q	10.1	11/6/2018
10.31	Credit Agreement, dated as of January 28, 2019, by and among On Deck Capital, Inc., the Lenders Party hereto, and SunTrust Bank, as Administrative Agent for the Revolving Lenders and Collateral Agent for the Secured Parties.	10-Q	10.1	11/7/2019
21.1	List of subsidiaries of the Registrant.	Filed herewith.		
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.	Filed herewith.		
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Rule 13a-14(a)/15d-14(a), by Chief Executive Officer	Filed herewith.		
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Rule 13a-14(a)/15d-14(a), by Chief Financial Officer	Filed herewith.		

32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Chief Executive Officer	Filed herewith.
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Chief Financial Officer	Filed herewith.
101.INS	XBRL Instance Document	Filed herewith.
101.SCH	XBRL Taxonomy Extension Schema Document	Filed herewith.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith.
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document	Filed herewith.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith.

* Exhibit incorporated by reference to the Registrant's Form S-1 Registration Statement, Registration No. 333-200043

\+ Indicates a management contract or compensatory plan.

Exhibit 4.2

DESCRIPTION OF REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934

Common Stock

The following description of our Common Stock is a summary and is qualified in its entirety by reference to our Amended and Restated Certificate of Incorporation (the "***Certificate of Incorporation***") and our Amended and Restated Bylaws (the "***Bylaws***"), each of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part, and applicable provisions of the Delaware General Corporation Law.

Authorized Capital Stock

Our authorized capital stock consists of 1,000,000,000 shares of common stock, par value $0.005 per share ("***Common Stock***"), and 20,000,000 shares of series preferred stock, par value $0.005 per share ("***Preferred Stock***").

Dividend Rights

Subject to preferences applicable to any then outstanding Preferred Stock, holders of our Common Stock are entitled to receive dividends, if any, as may be declared by our board of directors. We have never declared or paid cash dividends on any of our capital stock and currently do not anticipate paying any cash dividends in the foreseeable future.

Voting Rights

Each holder of our Common Stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. Our stockholders do not have cumulative voting rights in the election of directors. Accordingly, holders of a majority of the voting shares are able to elect all of the directors.

Right to Receive Liquidation Distributions

In the event of our liquidation, dissolution or winding up, holders of our Common Stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then outstanding shares of Preferred Stock.

Rights and Preferences

Holders of our Common Stock have no preemptive, conversion, subscription or other rights, and there are no redemption or sinking fund provisions applicable to our common stock. The rights, preferences and privileges of the holders of our Common Stock are subject to and may be adversely affected by, the rights of the holders of shares of any series of our Preferred Stock that we may designate in the future.

Preferred Stock

The board of directors is authorized, subject to limitations, to issue shares of Preferred Stock in one or more series and to fix the rights, preferences, privileges and restrictions including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of common stock. No shares of Preferred Stock are outstanding. The issuance of Preferred Stock by us could adversely affect the voting power of holders of common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the issuance of Preferred Stock could have the effect of delaying, deferring or preventing a change of control or other corporate action.

Amended and Restated Certificate of Incorporation and Amended and Restated Bylaw Provisions

Board of Directors Vacancies. Vacancies occurring on the board of directors for any reason and newly created directorships resulting from an increase in the authorized number of directors may be filled only by vote of a majority of the remaining members of the board of directors. These provisions would prevent a stockholder from increasing the size of our board

and then gaining control of our board by filling the resulting vacancies with its own nominees. This makes it more difficult to change the composition of our board but promotes continuity of management.

Classified Board. Our board of directors is divided into three classes with staggered three-year terms. Only one class of directors will be elected at each annual meeting of stockholders, with the other classes continuing for the remainder of their respective three-year terms.A third party may be discouraged from making a tender offer or otherwise attempting to obtain control of us as it is more difficult and time consuming for stockholders to replace a majority of the directors on a classified board of directors.

Stockholder Action; Special Meeting of Stockholders. Except as otherwise expressly provided by the terms of any series of Preferred Stock or other class of stock, no action shall be taken by the stockholders of the Company except at an annual or special meeting of the stockholders. Special meetings of stockholders, other than those required by statute, may be called by a majority of our board, the chairman of the board, our Chief Executive Officer or president. Stockholders may not take action by written consent. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.

Advance Notice Requirements for Stockholder Proposals and Director Nominations. Our Bylaws provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. They also specify certain requirements regarding the form and content of a stockholder's notice. These provisions might preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders if the proper procedures are not followed. These provisions may also discourage a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

Amendment of Charter Provisions. Any amendment to our Certificate of Incorporation requires approval by holders of at least two-thirds of our then outstanding common stock.

Issuance of Undesignated Preferred Stock. Our board of directors, without further action by the stockholders, can issue Preferred Stock with rights and preferences, including voting rights, designated from time to time by our board of directors. The existence of authorized but unissued shares of Preferred Stock would enable our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or other means.

Transfer Agent and Registrar

Our transfer agent and registrar for our Common Stock is Computershare Trust Company, N.A. The transfer agent and registrar's address is 462 South 4th Street, Suite 1600, Louisville, KY 40202. Our shares of common stock will be issued in uncertificated form only, subject to limited circumstances.

Market Listing

Our Common Stock is listed on the New York Stock Exchange under the symbol "ONDK."

Exhibit 10.16

AMENDMENT NO. 2 (this "Amendment"), dated as of November 15, 2019, to the BASE INDENTURE, dated as of May 17, 2016 (as amended by Amendment No. 1, dated as of April 17, 2018, and as further amended, restated or otherwise modified from time to time in accordance with the terms thereof, the "Base Indenture"), between OnDeck Asset Securitization Trust II LLC, a special purpose limited liability company established under the laws of Delaware, as issuer (the "Issuer"), and Deutsche Bank Trust Company Americas, a New York banking corporation, as trustee (in such capacity, the "Indenture Trustee").

WITNESSETH:

WHEREAS, Section 12.2 of the Base Indenture permits the parties thereto to make amendments to the Indenture subject to certain conditions set forth therein; and

WHEREAS, the parties hereto desire, in accordance with Section 12.2 of the Base Indenture, to amend the Base Indenture as provided herein.

NOW, THEREFORE, based upon the mutual promises and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned, intending to be legally bound, hereby agree as follows:

AGREEMENTS

1. Defined Terms. All capitalized terms not otherwise defined herein shall have the meanings assigned thereto in the Base Indenture.

2. Amendments to the Base Indenture.

(a) The Base Indenture is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the bold and double-underlined text (indicated textually in the same manner as the following example: **bold and double-underlined text**) as set forth on the pages of the Base Indenture attached as Appendix A hereto.

3. Reference to and Effect on the Base Indenture; Ratification.

(a) Except as specifically amended above, the Base Indenture is and shall continue to be in full force and effect and is hereby ratified and confirmed in all respects.

(b) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any party hereto under the Base Indenture, or constitute a waiver of any provision of any other agreement.

(c) Upon the effectiveness hereof, each reference in the Base Indenture to "this Agreement", "Base Indenture", "hereto", "hereunder", "hereof" or words of like import referring to the Base Indenture, and each reference in any other Transaction Document to "Base Indenture",

"thereto", "thereof", "thereunder" or words of like import referring to the Base Indenture, shall mean and be a reference to the Base Indenture as amended hereby.

4. Counterparts; Facsimile Signature. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same instrument. Any signature page to this Amendment containing a manual signature may be delivered by facsimile transmission or other electronic communication device capable of transmitting or creating a printable written record, and when so delivered shall have the effect of delivery of an original manually signed signature page.

5. Governing Law. THIS AMENDMENT AND ALL MATTERS ARISING FROM OR IN ANY MANNER RELATING TO THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

6. Headings. The descriptive headings of the various sections of this Amendment are inserted for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions thereof.

7. Severability. The failure or unenforceability of any provision hereof shall not affect the other provisions of this Amendment. Whenever possible each provision of this Amendment shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Amendment shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Amendment.

8. Effectiveness. This Amendment shall be effective immediately upon satisfaction of the following conditions: (i) delivery of executed signature pages by all parties hereto, (ii) satisfaction of the Rating Agency Condition with respect to this Amendment and (iii) the payment in full of the Issuer's Series 2018-1 Notes; *provided that*, with respect to the definitions of "Collection Account", "Collection Account Control Agreement", "Loan Documents", "Loan Program Agreement", "Pooled Loan", "Retention Undertaking Letter", "Qualified Trust Institution", "Transaction Documents", and solely with respect to clause (hh) of "Eligible Loan" in Schedule 1 of the Base Indenture, this Amendment shall be effective immediately upon satisfaction of the foregoing clauses (i) and (ii) only.

9. Interpretation. Whenever the context and construction so require, all words used in the singular number herein shall be deemed to have been used in the plural, and vice versa, and the masculine gender shall include the feminine and neuter and the neuter shall include the masculine and feminine.

10. Indenture Trustee Not Responsible. The Indenture Trustee shall not be responsible for the validity or sufficiency of this Amendment nor for the recitals herein.

11. Indemnification. The Issuer hereby reaffirms its indemnification obligation in favor of the Indenture Trustee pursuant to Section 10.6 of the Base Indenture.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their duly authorized officers and delivered as of the day and year first above written.

ONDECK ASSET SECURITIZATION TRUST II LLC, as Issuer

By: /s/Kenneth A. Brause
Name: Kenneth A. Brause
Title: Chief Financial Officer

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Indenture Trustee

By: /s/ Susan E. Ashman
Name: Susan E. Ashman
Title: Associate

By: /s/ Timothy Johnson
Name: Timothy Johnson
Title: Associate

Exhibit 10.16

Appendix A

Exhibit 10.16

Conformed through Amendment No. 1, dated April 17, 2018
and Amendment No. 2, dated November 15, 2019

ONDECK ASSET SECURITIZATION TRUST II LLC,
as Issuer

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Indenture Trustee

BASE INDENTURE

Dated as of May 17, 2016

Asset Backed Notes
(Issuable in Series of Notes)

Exhibit 10.16

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Exhibit 10.16

BASE INDENTURE, dated as of May 17, 2016, between ONDECK ASSET SECURITIZATION TRUST II LLC, a special purpose limited liability company established under the laws of Delaware, as issuer (the "Issuer"), and DEUTSCHE BANK TRUST COMPANY AMERICAS, a New York banking corporation, as trustee (in such capacity, the "Indenture Trustee").

W I T N E S S E T H:

WHEREAS, the Issuer has duly authorized the execution and delivery of this Base Indenture to provide for the issuance from time to time of one or more Series of Asset Backed Notes (the "Notes"), issuable as provided in this Base Indenture; and

WHEREAS, all things necessary to make this Base Indenture a legal, valid and binding agreement of the Issuer, in accordance with its terms, have been done, and the Issuer proposes to do all the things necessary to make the Notes, when executed by the Issuer and authenticated and delivered by the Indenture Trustee hereunder and duly issued by the Issuer, the legal, valid and binding obligations of the Issuer as hereinafter provided;

NOW, THEREFORE, for and in consideration of the premises and the receipt of the Notes by the Noteholders, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Noteholders, as follows:

ARTICLE 1.

DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.1. Definitions.

Certain capitalized terms used herein (including the preamble and the recitals hereto) shall have the meanings assigned to such terms in the Definitions List attached hereto as Schedule I (the "Definitions List"), as such Definitions List may be amended, restated, modified, or supplemented from time to time in accordance with the provisions hereof.

Section 1.2. Cross-References.

Unless otherwise specified, references in this Base Indenture and in each other Transaction Document to any Article or Section are references to such Article or Section of this Base Indenture or such other Transaction Document, as the case may be and, unless otherwise specified, references in any Article, Section or definition to any clause are references to such clause of such Article, Section or definition.

Section 1.3. Accounting and Financial Determinations; No Duplication.

Where the character or amount of any asset or liability or item of income or expense is required to be determined, or any accounting computation is required to be made,

for the purpose of the Indenture, such determination or calculation shall be made, to the extent applicable and except as otherwise specified in the Indenture, in accordance with GAAP. When used herein, the term "financial statement" shall include the notes and schedules thereto. All accounting determinations and computations hereunder or under any other Transaction Documents shall be made without duplication.

Section 1.4. Rules of Construction.

In the Indenture (including any schedules, exhibits and annexes thereto), unless the context otherwise requires:

(i) the singular includes the plural and vice versa;

(ii) references to an agreement or document are to such agreement or document as amended, supplemented, restated and otherwise modified from time to time and to any successor agreement or document, as applicable (whether or not already so stated);

(iii) unless specifically stated otherwise, all references to any statute, rule or regulation are to such statute, rule or regulation as amended, restated, supplemented or otherwise modified from time to time and to any successor statute, rule or regulation;

(iv) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by the Indenture, and reference to any Person in a particular capacity only refers to such Person in such capacity;

(v) reference to any gender includes the other gender;

(vi) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term;

(vii) with respect to the determination of any period of time, "from" means "from and including" and "to" means "to but excluding";

(viii) references to the "related Monthly Period" with respect to any Payment Date mean the Monthly Period that immediately precedes such Payment Date; and

(ix) references to the "related Payment Date" with respect to any Monthly Period mean the Payment Date that immediately follows such Monthly Period.

ARTICLE 2.

THE NOTES

Section 2.1. Designation and Terms of Notes.

(a) Each Series of Notes and any Class thereof shall be issued in fully registered form (the "Registered Notes"), substantially in the form specified in the applicable Indenture Supplement, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted hereby or by the related Indenture Supplement and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may, consistently herewith, be determined to be appropriate by the Authorized Officer executing such Notes, as evidenced by his execution of the Notes. All Notes of any Series of Notes, except as specified in the related Indenture Supplement, shall be equally and ratably entitled as provided herein to the benefits hereof without preference, priority or distinction on account of the actual time or times of authentication and delivery, all in accordance with the terms and provisions of this Base Indenture and the applicable Indenture Supplement. The aggregate principal amount of Notes which may be authenticated and delivered under the Indenture is unlimited. Each Series of Notes shall be issued in the denominations set forth in the related Indenture Supplement.

Section 2.2. Notes Issuable in Series.

(a) The Notes may be issued in one or more Series. Each Series of Notes shall be created by an Indenture Supplement.

(b) Notes of a new Series of Notes from time to time may be executed by the Issuer and delivered to the Indenture Trustee for authentication and thereupon the same shall be authenticated and delivered by the Indenture Trustee upon the receipt by the Indenture Trustee of an Issuer Request at least two Business Days (or, in the case of the initial Series of Notes, on the Series Closing Date for such Series of Notes and, in the case of any other Series of Notes, such shorter time as is acceptable to the Indenture Trustee) in advance of the related Series Closing Date and upon delivery by the Issuer to the Indenture Trustee, and receipt by the Indenture Trustee, of the following:

(i) an Issuer Order authorizing and directing the authentication and delivery of the Notes of such new Series of Notes by the Indenture Trustee and specifying the designation of such new Series of Notes, the Initial Invested Amount (or the method for calculating such Initial Invested Amount) of such new Series of Notes and the Note Rate (or the method for allocating interest payments or other cash flows to such Series), if any, with respect to such Series;

(ii) an Indenture Supplement satisfying the criteria set forth in this Section 2.2(b) executed by the Issuer and specifying the Principal Terms of such new Series of Notes;

(iii) a Tax Opinion;

(iv) written confirmation from each Rating Agency that the Rating Agency Condition shall have been satisfied with respect to such issuance;

(v) an Officer's Certificate of the Issuer, that after giving effect to the issuance of such new Series of Notes on the related Series Closing Date, (i) neither an Amortization Event nor a Potential Amortization Event with respect to any Series of Notes (other than any Series of Notes that will be refinanced with the proceeds of such new Series of Notes) is continuing or will occur as a result of such issuance, (ii) the issuance of the new Series of Notes will not result in any breach of any of the terms, conditions or provisions of or constitute a default under any indenture, mortgage, deed of trust or other agreement or instrument to which the Issuer is a party or by which it or its property is bound or any order of any court or administrative agency entered in any suit, action or other judicial or administrative proceeding to which the Issuer is a party or by which it or its property may be bound or to which it or its property may be subject, (iii) all conditions precedent provided in this Base Indenture and the related Indenture Supplement with respect to the authentication and delivery of the new Series of Notes have been complied with, and (iv) all representations and warranties of the Issuer set forth in the Indenture and each Transaction Document are true and correct in all material respects (to the extent any such representations and warranties do not incorporate a materiality limitation in their terms) as of the Series Closing Date.

(vi) such other documents, instruments, certifications, agreements or other items as the Indenture Trustee may reasonably require.

(c) In conjunction with the issuance of a new Series of Notes, the parties hereto shall execute an Indenture Supplement, which shall specify the relevant terms with respect to such newly issued Series of Notes, which may include without limitation:

(i) its name or designation;

(ii) the Initial Invested Amount of such Series or the method of calculating the Initial Invested Amount of such Series;

(iii) the Note Rate (or formula for the determination thereof) with respect to such Series;

(iv) the Series Closing Date;

(v) each Rating Agency rating such Series, if any;

(vi) the name of the Clearing Agency, if any;

(vii) the interest payment date or dates and the date or dates from which interest shall accrue;

(viii) the Legal Final Payment Date and the Series Termination Date;

(ix) the method of allocating Collections with respect to such Series, including the Invested Percentage;

(x) the method by which the principal amount of Notes of such Series shall amortize or accrete;

(xi) the names of any Series Accounts to be used by such Series and the terms governing the operation of any such accounts and the use of moneys therein;

(xii) the Series Servicing Fee and the Series Backup Servicing Fee;

(xiii) the terms on which the Notes of such Series may be redeemed, repurchased or remarketed to other investors;

(xiv) any deposit of funds to be made into any Series Account on the Series Closing Date;

(xv) the number of Classes of such Series, and if more than one Class, the rights and priorities of each such Class;

(xvi) the priority of any Series of Notes with respect to any other Series of Notes;

(xvii) the interest rate hedges required to be maintained with respect to such Series, if any; and

(xviii) any other relevant terms of such Series (including whether or not such Series will be pledged as collateral for an issuance by an Affiliate Issuer) that do not change the terms of any Series of Notes Outstanding and that do not prevent the satisfaction of the Rating Agency Condition with respect to each Series of Notes Outstanding with respect to the issuance of such new Series of Notes (all such terms, the "Principal Terms" of such Series).

The terms of such Indenture Supplement may modify or amend the terms of this Base Indenture solely as applied to such new Series of Notes.

(d) Unless otherwise specified in a Series Supplement for a new Series of Notes, the Issuer may direct the Indenture Trustee to deposit all or a portion of the net proceeds from the issuance of such new Series of Notes into a Series Account for another Series of Notes and may specify that the proceeds from the sale of such new Series of Notes may be used to reduce the Invested Amount of another Series of Notes.

Section 2.3. Execution and Authentication.

(a) The Notes shall, upon issue pursuant to Section 2.2, be executed on behalf of the Issuer by an Authorized Officer and delivered by the Issuer to the Indenture Trustee for authentication and redelivery as provided herein. The signature of such Authorized Officer on the Notes may be manual or facsimile. Delivery of the executed Notes by the Issuer to the Indenture Trustee by facsimile transmission or electronic transmission (in pdf format) shall be as effective as delivery of manually executed Notes. If an Authorized Officer whose signature

is on a Note no longer holds that office at the time the Note is authenticated, the Note shall nevertheless be valid.

(b) At any time and from time to time after the execution and delivery of this Base Indenture, the Issuer may deliver Notes of any particular Series of Notes executed by the Issuer to the Indenture Trustee for authentication, together with one or more Issuer Orders for the authentication and delivery of such Notes, and the Indenture Trustee, in accordance with such Issuer Order and this Base Indenture, shall authenticate and deliver such Notes. If specified in the related Indenture Supplement for any Series of Notes, the Indenture Trustee shall authenticate and deliver outside the United States the Global Note that is issued upon original issuance thereof, upon receipt of an Issuer Order, to the Depository against payment of the purchase price therefor. If specified in the related Indenture Supplement for any Series of Notes, the Indenture Trustee shall authenticate Book-Entry Notes that are issued upon original issuance thereof, upon receipt of an Issuer Order, to a Clearing Agency, or its nominee as provided in Section 2.10 against payment of the purchase price thereof.

(c) No Note shall be entitled to any benefit under the Indenture or be valid for any purpose unless there appears on such Note a certificate of authentication substantially in the form provided for herein, duly executed by the Indenture Trustee by the manual signature of a Responsible Officer. Such signatures on such certificate shall be conclusive evidence, and the only evidence, that the Note has been duly authenticated under the Indenture. The Indenture Trustee may appoint an authenticating agent acceptable to the Issuer to authenticate Notes. Unless limited by the term of such appointment, an authenticating agent may authenticate Notes whenever the Indenture Trustee may do so. Each reference in this Base Indenture to authentication by the Indenture Trustee includes authentication by such agent. The Indenture Trustee's certificate of authentication shall be in substantially the following form:

This is one of the Notes of a Series of Notes issued under the within mentioned Indenture.

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Indenture Trustee

By: _____
Authorized Signatory

(d) Each Note shall be dated and issued as of the date of its authentication by the Indenture Trustee.

(e) Notwithstanding the foregoing, if any Note shall have been authenticated and delivered hereunder but never issued and sold by the Issuer, and the Issuer shall deliver such Note to the Indenture Trustee for cancellation as provided in Section 2.14, together with a written statement (which need not comply with Section 13.2 and need not be accompanied by an Opinion of Counsel) stating that such Note has never been issued and sold by the Issuer, for all purposes of the Indenture such Note shall be deemed never to have been

authenticated and delivered hereunder and shall not be entitled to the benefits of the Indenture.

Section 2.4. Registration of Transfer and Exchange of Notes.

(a) The Issuer shall cause to be kept at the office or agency to be maintained by a transfer agent and registrar (the "Transfer Agent and Registrar"), a register (the "Note Register") in which, subject to such reasonable regulations as it may prescribe, the Transfer Agent and Registrar shall provide for the registration of the Notes of each Series of Notes (unless otherwise provided in the related Indenture Supplement) and of transfers and exchanges of the Notes as herein provided. Deutsche Bank Trust Company Americas is hereby initially appointed Transfer Agent and Registrar for the purposes of registering the Notes and transfers and exchanges of the Notes as herein provided. Deutsche Bank Trust Company Americas shall be permitted to resign as Transfer Agent and Registrar upon 30 days' written notice to the Indenture Trustee; *provided*, *however*, that such resignation shall not be effective and Deutsche Bank Trust Company Americas shall continue to perform its duties as Transfer Agent and Registrar until the Indenture Trustee has appointed a successor Transfer Agent and Registrar with the written consent of the Issuer.

If a Person other than the Indenture Trustee is appointed by the Issuer as the Transfer Agent and Registrar, the Issuer will give the Indenture Trustee prompt written notice of the appointment of such Transfer Agent and Registrar and of the location, and any change in the location, of the Transfer Agent and Register, and the Indenture Trustee shall have the right to inspect the Note Register at all reasonable times and to obtain copies thereof.

An institution succeeding to the corporate agency business of the Transfer Agent and Registrar shall continue to be the Transfer Agent and Registrar without the execution or filing of any paper or any further act on the part of the Indenture Trustee or such Transfer Agent and Registrar.

The Transfer Agent and Registrar shall maintain in The City of New York (and, if so specified in the related Indenture Supplement for any Series of Notes, any other city designated in such Indenture Supplement) an office or offices or agency or agencies where Notes may be surrendered for registration of transfer or exchange. The Transfer Agent and Registrar initially designates DB Services Americas, Inc., MSJCK01-0218, 5022 Gate Parkway, Suite 200, Jacksonville, Florida 32256, Attention: Shareholder Services for such purposes. The Transfer Agent and Registrar shall give prompt written notice to the Indenture Trustee, the Issuer and to the Noteholders of any change in the location of such office or agency.

Upon surrender for registration of transfer of any Note at the office or agency of the Transfer Agent and Registrar, if the requirements of Section 2.4(b) and Section 8-401(a) of the UCC are met, the Issuer shall execute and after the Issuer has executed, the Indenture Trustee shall authenticate and (if the Transfer Agent and Registrar is different than the Indenture Trustee, then the Transfer Agent and Registrar shall) deliver to the Noteholder, in the name of the designated transferee or transferees, one or more new Notes, in any authorized denominations, of the same Class and a like aggregate principal amount.

At the option of any Holder of Registered Notes, Registered Notes may be exchanged for other Registered Notes of the same Series of Notes in authorized denominations of like aggregate principal amount, upon surrender of the Registered Notes to be exchanged at any office or agency of the Transfer Agent and Registrar maintained for such purpose.

Whenever any Notes of any Series of Notes are so surrendered for exchange, if the requirements of Section 8-401(a) of the UCC are met, the Issuer shall execute and after the Issuer has executed, the Indenture Trustee shall authenticate and (if the Transfer Agent and Registrar is different than the Indenture Trustee, then the Transfer Agent and Registrar shall) deliver to the Noteholder, the Notes which the Noteholder making the exchange is entitled to receive.

All Notes issued upon any registration of transfer or exchange of the Notes shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under the Indenture, as the Notes surrendered upon such registration of transfer or exchange.

Every Note presented or surrendered for registration of transfer or exchange shall be (i) duly endorsed by, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Indenture Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing, unless otherwise provided in the related Indenture Supplement, with a medallion signature guarantee, and (ii) accompanied by such other documents as the Indenture Trustee may require.

The preceding provisions of this Section 2.4 notwithstanding, the Indenture Trustee or the Transfer Agent and Registrar, as the case may be, shall not be required to register the transfer or exchange of any Note of any Series of Notes for a period of 15 days preceding the due date for any payment in full of the Notes of such Series.

Unless otherwise provided in the related Indenture Supplement, no service charge shall be made for any registration of transfer or exchange of Notes, but the Transfer Agent and Registrar may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer or exchange of Notes.

All Notes surrendered for registration of transfer and exchange shall be canceled by the Transfer Agent and Registrar and disposed of in a manner satisfactory to the Indenture Trustee. The Indenture Trustee shall cancel and destroy any Global Notes upon its exchange in full for Definitive Notes.

The Issuer shall execute and deliver to the Indenture Trustee or the Transfer Agent and Registrar, as applicable, Registered Notes in such amounts and at such times as are necessary to enable the Indenture Trustee to fulfill its responsibilities under the Indenture and the Notes.

None of the Indenture Trustee, the Transfer Agent or the Registrar shall have any obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under the Indenture or under applicable law with respect to any transfer of any

interest in any Note (including any transfers between or among Depository participants or beneficial owners of interests in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, the Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

The Indenture Trustee, the Transfer Agent, the Registrar and the Paying Agent shall have no responsibility for any actions taken or not taken by the Depository.

(b) Unless otherwise provided in the related Indenture Supplement, registration of transfer of Registered Notes containing a legend relating to the restrictions on transfer of such Registered Notes (which legend shall be set forth in the Indenture Supplement relating to such Notes) shall be effected only if the conditions set forth in such related Indenture Supplement are satisfied.

Section 2.5. Mutilated, Destroyed, Lost or Stolen Notes.

If (a) any mutilated Note is surrendered to the Transfer Agent and Registrar, or the Transfer Agent and Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Note and (b) there is delivered to the Transfer Agent and Registrar and the Indenture Trustee such security or indemnity as may be reasonably required by them to save each of them harmless, then *provided* that the requirements of Section 8-405 of the UCC are met, the Issuer shall execute and after the Issuer has executed, the Indenture Trustee shall authenticate and (unless the Transfer Agent and Registrar is different from the Indenture Trustee, in which case the Transfer Agent and Registrar shall) deliver (in compliance with applicable law), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor and aggregate principal amount; *provided*, *however*, that if any such destroyed, lost or stolen Note, but not a mutilated Note, shall have become or within seven days shall be due and payable, instead of issuing a replacement Note, the Issuer may pay such destroyed, lost or stolen Note when so due or payable without surrender thereof. If, after the delivery of such replacement Note or payment of a destroyed, lost or stolen Note pursuant to the proviso to the preceding sentence, a protected purchaser (within the meaning of Section 8-303 of the UCC) of the original Note in lieu of which such replacement Note was issued presents for payment such original Note, the Issuer, the Transfer Agent and Registrar and the Indenture Trustee shall be entitled to recover such replacement Note (or such payment) from the Person to whom it was delivered or any Person taking such replacement Note from such Person to whom such replacement Note was delivered or any assignee of such Person, except a protected purchaser, and shall be entitled to recover upon the security or

indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Issuer, the Transfer Agent and Registrar or the Indenture Trustee in connection therewith.

In connection with the issuance of any new Note under this Section 2.5, the Indenture Trustee or the Transfer Agent and Registrar may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any

other expenses (including the fees and expenses of the Indenture Trustee and the Transfer Agent and Registrar) connected therewith. Any duplicate Note issued pursuant to this Section 2.5 shall constitute an original contractual obligation of the Issuer whether or not the lost, stolen or destroyed note shall be found at any time.

Section 2.6. Appointment of Paying Agent.

(a) The Indenture Trustee may appoint a Paying Agent with respect to the Notes. The Indenture Trustee hereby appoints Deutsche Bank Trust Company Americas as the initial Paying Agent. The Paying Agent shall have the revocable power to withdraw funds and make distributions to Noteholders from the appropriate account or accounts maintained for the benefit of Noteholders as specified in this Base Indenture or the related Indenture Supplement for any Series of Notes pursuant to Article 5. The Indenture Trustee may revoke such power and remove the Paying Agent, if the Indenture Trustee determines in its sole discretion that the Paying Agent shall have failed to perform its obligations under the Indenture in any material respect or for other good cause. The Indenture Trustee shall notify each Rating Agency, if any, of the removal of any Paying Agent. The Paying Agent shall be permitted to resign as Paying Agent upon 30 days' written notice to the Indenture Trustee. In the event that any Paying Agent shall no longer be the Paying Agent, the Indenture Trustee shall appoint a successor to act as Paying Agent (which shall be a bank or trust company and may be the Indenture Trustee) with the written consent of the Issuer, which consent shall not be required if such successor Paying Agent is the Indenture Trustee. Any reference in the Indenture to the Paying Agent shall include any co-paying agent unless the context requires otherwise.

(b) The Indenture Trustee shall cause each Paying Agent (other than itself) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent shall agree with the Indenture Trustee that such Paying Agent will:

(i) hold all sums held by it for the payment of amounts due with respect to the Notes in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;

(ii) give the Indenture Trustee notice of any default by the Issuer of which it has actual knowledge in the making of any payment required to be made with respect to the Notes;

(iii) at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) immediately resign as a Paying Agent and forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of the Notes if at any time it ceases to meet the standards required to be met by the Paying Agent at the time of its appointment; and

(v) comply with all requirements of the Code with respect to the withholding from any payments made by it on any Notes of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

An institution succeeding to the corporate agency business of the Paying Agent shall continue to be the Paying Agent without the execution or filing of any paper or any further act on the part of the Indenture Trustee or such Paying Agent.

(c) Subject to applicable laws with respect to escheat of funds, any money held by the Indenture Trustee or any Paying Agent or a Clearing Agency in trust for the payment of any amount due with respect to any Note and remaining unclaimed for two years after such amount has become due and payable shall be discharged from such trust and be paid to the Issuer on Issuer Request; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Issuer for payment thereof (but only to the extent of the amounts so paid to the Issuer), and all liability of the Indenture Trustee or such Paying Agent with respect to such trust money shall thereupon cease; *provided*, *however*, that the Indenture Trustee or such Paying Agent, before being required to make any such repayment, may at the written direction and expense of the Issuer cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in New York City, and in a newspaper customarily published on each Business Day and of general circulation in London, if applicable, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Issuer. The Indenture Trustee may also adopt and employ, at the expense of the Issuer, any other reasonable means of notification of such repayment.

Section 2.7. Persons Deemed Owners.

Prior to due presentation of a Note for registration of transfer, the Indenture Trustee, the Paying Agent and the Transfer Agent and Registrar shall treat the Person in whose name such Note is registered as the owner of such Note for the purpose of receiving distributions pursuant to Article 5 (as described in any Indenture Supplement) and for all other purposes whatsoever, and neither the Indenture Trustee, the Paying Agent nor the Transfer Agent and Registrar shall be affected by any notice to the contrary.

Section 2.8. Noteholder List.

The Indenture Trustee will furnish or cause to be furnished by the Transfer Agent and Registrar to the Issuer or the Paying Agent, within five Business Days after receipt by the Indenture Trustee of a written request therefor from the Issuer or the Paying Agent, respectively, in writing, a list in such form as the Issuer or the Paying Agent may reasonably require, of the names and addresses of the Noteholders of each Series of Notes as of the most recent Record

Date for payments to such Noteholders. Unless otherwise provided in the related Indenture Supplement, Noteholders of any Series of Notes having an aggregate principal amount aggregating not less than 10% of the Invested Amount of such Series (the "Applicants") may apply in writing to the Indenture Trustee, and if such application states that the Applicants desire to communicate with other Noteholders of any Series of Notes with respect to their rights under the Indenture or under the Notes and is accompanied by a copy of the communication which such Applicants propose to transmit, then the Indenture Trustee, after having been indemnified to its reasonable satisfaction by such Applicants for its costs and expenses, shall afford or shall cause the Transfer Agent and Registrar to afford such Applicants access during normal business hours to the most recent list of Noteholders held by the Indenture Trustee and shall give the Issuer notice that such request has been made, within five Business Days after the receipt of such application. Such list shall be as of a date no more than 45 days prior to the date of receipt of such Applicants' request. Every Noteholder, by receiving and holding a Note, agrees with the Indenture Trustee that neither the Indenture Trustee nor the Transfer Agent and Registrar shall be held liable by reason of the disclosure of any such information as to the names and addresses of the Noteholders hereunder, regardless of the source from which such information was obtained.

The Indenture Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Noteholders of each Series of Notes. If the Indenture Trustee is not the Transfer Agent and Registrar, the Issuer shall furnish to the Indenture Trustee at least seven Business Days before each Payment Date and at such other time as the Indenture Trustee may request in writing, a list in such form and as of such date as the Indenture Trustee may reasonably require of the names and addresses of Noteholders of each Series of Notes.

Section 2.9. Treasury Notes.

In determining whether the Noteholders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Issuer or any Affiliate of the Issuer (other than an Affiliate Issuer) shall be considered as though they are not Outstanding, except that for the purpose of determining whether the Indenture Trustee shall be protected in relying on any such direction, waiver or consent, only Notes of which the Indenture Trustee has received written notice of such ownership shall be so disregarded. The Issuer shall promptly furnish to the Indenture Trustee written notice of the acquisition, transfer or other ownership of any Notes by the Issuer or any Affiliate of the Issuer (other than an Affiliate Issuer); *provided* that the failure to furnish such notice shall not affect any other rights or obligations hereunder, and shall not under any circumstance constitute an Event of Default, an Amortization Event with respect to any Series of Notes, or any other default or adverse consequence under the Transaction Documents. Absent written notice to the Indenture Trustee of such ownership, the Indenture Trustee shall not be deemed to have knowledge of the identity of the individual beneficial owners of the Notes. Upon request of the Indenture Trustee, the Issuer shall promptly furnish to the Indenture Trustee an Officer's Certificate listing and identifying all Notes, if any, known by the Issuer to be owned or held by, or for the account of, the Issuer or any Affiliate of

the Issuer (other than an Affiliate Issuer), and the Indenture Trustee shall be entitled to accept such Officer's Certificate as conclusive evidence of the facts therein set forth and of the fact that all Notes not listed therein are entitled to participate in any direction, waiver, consent for the purpose of any such determination.

Section 2.10. Book-Entry Notes.

Unless otherwise provided in any related Indenture Supplement, the Notes, upon original issuance, shall be issued in the form of typewritten Notes representing the Book-Entry Notes, to be delivered to the depository specified in such Indenture Supplement (the "Depository") which shall be the Clearing Agency, on behalf of such Series of Notes. The Notes of each Series of Notes shall, unless otherwise provided in the related Indenture Supplement, initially be registered on the Note Register in the name of the Clearing Agency or the nominee of the Clearing Agency. No Beneficial Owner will receive a definitive note representing such Beneficial Owner's interest in the related Series of Notes, except as provided in Section 2.11. Unless and until definitive, fully registered Notes of any Series of Notes ("Definitive Notes") have been issued to Beneficial Owners pursuant to Section 2.11:

(a) the provisions of this Section 2.10 shall be in full force and effect with respect to each such Series;

(b) the Issuer, the Paying Agent, the Transfer Agent and Registrar and the Indenture Trustee may deal with the Clearing Agency and the applicable Clearing Agency Participants for all purposes (including the payment of principal of and interest on the Notes and the giving of instructions or directions hereunder) as the sole Holder of the Notes, and shall have no obligation to the Beneficial Owners; and

(c) the rights of Beneficial Owners of each such Series shall be exercised only through the Clearing Agency and the applicable Clearing Agency Participants and shall be limited to those established by law and agreements between such Beneficial Owners and the Clearing Agency and/or the Clearing Agency Participants, and all references in the Indenture to actions by the Noteholders shall refer to actions taken by the Clearing Agency upon instructions from the Clearing Agency Participants, and all references in the Indenture to distributions, notices, reports and statements to the Noteholders shall refer to distributions, notices, reports and statements to the Clearing Agency, as registered holder of the Notes of such Series for distribution to the Beneficial Owners in accordance with the procedures of the Clearing Agency. Pursuant to the Depository Agreement applicable to a Series of Notes, unless and until Definitive Notes of such Series are issued pursuant to Section 2.11, the initial Clearing Agency will make book-entry transfers among the Clearing Agency Participants and receive and transmit distributions of principal and interest on the Notes to such Clearing Agency Participants.

Section 2.11. Definitive Notes.

(a) The Notes of any Series of Notes, to the extent provided in the related Indenture Supplement, upon original issuance, may be issued in the form of Definitive Notes.

The applicable Indenture Supplement shall set forth the legend relating to the restrictions on transfer applicable to such Definitive Notes and such other restrictions as may be applicable.

(b) If (i) (A) the Issuer advises the Indenture Trustee in writing that the Clearing Agency is no longer willing or able to discharge properly its responsibilities under the applicable Depository Agreement, and (B) the Indenture Trustee or the Issuer is unable to locate a qualified successor, (ii) the Issuer, at its option, advises the Indenture Trustee in writing that it elects to terminate the book-entry system through the Clearing Agency with respect to any Series of Notes or (iii) after the occurrence of an Event of Default or a Servicer Default, Beneficial Owners of a Majority in Interest of a Series of Notes advise the Indenture Trustee and the applicable Clearing Agency through the applicable Clearing Agency Participants in writing that the continuation of a book-entry system through the applicable Clearing Agency is no longer in the best interests of such Beneficial Owners, the Indenture Trustee shall notify all Beneficial Owners of such Series, through the applicable Clearing Agency Participants, of the occurrence of any such event and of the availability of Definitive Notes to Beneficial Owners of such Series requesting the same. Upon surrender to the Indenture Trustee of the Notes of such Series by the applicable Clearing Agency, accompanied by registration instructions from the applicable Clearing Agency for registration, the Issuer shall execute and the Indenture Trustee shall authenticate and (if the Transfer Agent and Registrar is different than the Indenture Trustee, then the Transfer Agent and Registrar shall) deliver the Definitive Notes in accordance with the instructions of the Clearing Agency. Neither the Issuer nor the Indenture Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be protected in relying on, such instructions. Upon the issuance of Definitive Notes of such Series all references herein to obligations imposed upon or to be performed by the applicable Clearing Agency shall be deemed to be imposed upon and performed by the Indenture Trustee, to the extent applicable with respect to such Definitive Notes, and the Indenture Trustee shall recognize the Holders of the Definitive Notes of such Series as Noteholders of such Series hereunder.

Section 2.12. Global Note.

If specified in the related Indenture Supplement for any Series of Notes, the Notes may be initially issued in the form of a single temporary Global Note (the "Global Note") in bearer form, without interest coupons, in the denomination of the Initial Invested Amount and substantially in the form attached to the related Indenture Supplement. Unless otherwise specified in the related Indenture Supplement, the provisions of this Section 2.12 shall apply to such Global Note. The Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Definitive Notes. The Global Note may be exchanged in the manner described in the related Indenture Supplement for Registered Notes in definitive form.

Section 2.13. Principal and Interest.

(a) The principal of each Series of Notes shall be payable at the times and in the amount set forth in the related Indenture Supplement and in accordance with Section 6.1.

(b) Each Series of Notes shall accrue interest as provided in the related Indenture Supplement and such interest shall be payable on each Payment Date for such Series in accordance with Section 6.1 and the related Indenture Supplement.

(c) Except as provided in the following sentence, the Person in whose name any Note is registered at the close of business on any Record Date with respect to a Payment Date for such Note shall be entitled to receive the principal and interest payable on such Payment Date notwithstanding the cancellation of such Note upon any registration of transfer, exchange or substitution of such Note subsequent to such Record Date. Any interest payable at maturity shall be paid to the Person to whom the principal of such Note is payable.

(d) If the Issuer defaults in the payment of interest on the Notes of any Series of Notes, such interest, to the extent paid on any date that is more than five Business Days after the applicable due date, shall, at the option of the Issuer, cease to be payable to the Persons who were Noteholders of such Series on the applicable Record Date and the Issuer shall pay the defaulted interest in any lawful manner, plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Noteholders of such Series on a subsequent special record date which date shall be at least five Business Days prior to the payment date, at the rate provided in the Indenture and in the Notes of such Series. The Issuer shall fix or cause to be fixed each such special record date and payment date, and at least 15 days before the special record date, the Issuer (or the Indenture Trustee, in the name of and at the expense of the Issuer) shall mail to Noteholders of such Series a notice that states the special record date, the related payment date and the amount of such interest to be paid; provided, however, that if the Issuer elects to have the Indenture Trustee mail such notice to the Noteholders of such Series in the name and at the expense of the Issuer, then the Issuer shall provide to the Indenture Trustee, at least five Business Days prior to the date such notice is to be mailed to the Noteholders of such Series, an Issuer Order requesting that the Indenture Trustee give such notice and setting forth the information to be stated in such notice.

Section 2.14. Cancellation.

The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered shall be promptly cancelled by the Indenture Trustee. The Transfer Agent and Registrar shall forward to the Indenture Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Indenture Trustee shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and the principal of and all accrued interest on all such cancelled Notes shall be deemed to have been paid in full (and such payment of principal and interest shall be deemed to have been made to the relevant Noteholders) and such cancelled Notes shall be deemed no longer to be outstanding for all purposes hereunder. The Issuer may not issue new Notes to

replace Notes that it has redeemed or paid or that have been delivered to the Indenture Trustee for cancellation. All cancelled Notes held by the Indenture Trustee shall be disposed of in accordance with the Indenture Trustee's standard disposition procedures unless the Issuer shall direct that cancelled Notes be returned to it pursuant to an Issuer Order.

ARTICLE 3.

SECURITY

Section 3.1. Grant of Security Interest.

(a) To secure the Issuer Obligations, the Issuer hereby pledges, assigns, conveys, delivers, transfers and sets over to the Indenture Trustee, for the benefit of the Noteholders, and hereby grants to the Indenture Trustee, for the benefit of the Noteholders, a security interest in, all of the following property now owned or at any time hereafter acquired by the Issuer or in which the Issuer now has or at any time in the future may acquire any right, title or interest (collectively, the "Collateral"):

(i) all Pooled Loans including all Pooled Loans hereinafter acquired by the Issuer, and all Related Security with respect thereto, including all monies due and to become due to the Issuer thereon and all amounts received with respect thereto on and after the applicable Transfer Date;

(ii) the Collection Account and the Lockbox Account, including all funds held in the Collection Account and the Lockbox Account and all securities, whether certificated or uncertificated, security entitlements, or instruments, if any, from time to time representing or evidencing investment of such amounts and all proceeds thereof, and all claims of the Issuer in and to such funds;

(iii) each of the Transaction Documents (other than the Indenture, the Notes and any agreements relating to the issuance or the purchase of any Notes), including all monies due and to become due to the Issuer thereunder or in connection therewith, whether payable as fees, expenses, costs, indemnities, insurance recoveries, damages for the breach thereof or otherwise, and all rights, remedies, powers, privileges and claims of the Issuer under or with respect to each of such Transaction Documents (whether arising pursuant to the terms of such Transaction Documents or otherwise available to the Issuer at law or in equity), including, without limitation, the right of the Issuer to enforce each of such Transaction Documents and to give or withhold any and all consents, requests,

notices, directions, approvals, extensions or waivers under or with respect to such Transaction Documents; and

(iv) all proceeds of any and all of the foregoing including, without limitation, all present and future claims, demands, causes of action and chooses in action in respect of any or all of the foregoing and all payments on or under and all proceeds of every

kind and nature whatsoever in respect of any or all of the foregoing, including all proceeds of the conversion thereof, voluntary or involuntary, into cash or other liquid property, all cash proceeds, accounts, accounts receivable, notes, drafts, acceptances, chattel paper, checks, deposit accounts, insurance proceeds, condemnation awards, rights to payment of any and every kind and other forms of obligations and receivables, instruments and other property which at any time constitute all or part of or are included in the proceeds of any of the foregoing.

(b) The foregoing grant is made in trust to secure the Issuer Obligations, equally and ratably without prejudice, priority (except, with respect to any Series of Notes, as otherwise stated in the applicable Indenture Supplement) or distinction, and to secure compliance with the provisions of this Base Indenture and any Indenture Supplement, all as provided in the Indenture. The Indenture Trustee, on behalf of the Noteholders, acknowledges and accepts such grant. This Base Indenture constitutes a security agreement under the UCC.

(c) Without derogating from the absolute nature of the assignment granted to the Indenture Trustee under this Base Indenture or the rights of the Indenture Trustee hereunder, the Issuer shall be permitted, without the consent of the Indenture Trustee, to (i) agree to purchase Loans from the Seller pursuant to Section 2.01(b) of the Loan Purchase Agreement, (ii) consent to judicial proceedings by the Servicer against Obligors pursuant to Section 2(a) of the Servicing Agreement, (iii) terminate the Person acting as the Backup Servicer in accordance with Section 4.2.3 of the Backup Servicing Agreement, provided, that, prior to the effectiveness of any such termination, a Replacement Backup Servicer (as defined in the Backup Servicing Agreement) shall have been appointed in accordance with Section 4.3 of the Backup Servicing Agreement and (iv) remove the Person acting as the Custodian under the Custodial Agreement pursuant to Section 5.3(m) of the Custodial Agreement, provided, that, prior to the effectiveness of any such removal, a replacement Custodian shall have been appointed in accordance with Section 5.3(m) of the Custodial Agreement.

Section 3.2. Transaction Documents.

Promptly following a request from the Indenture Trustee, as directed in writing by the Holders of a Majority in Interest of any Outstanding Series of Notes, to do so and at the Issuer's expense, the Issuer agrees to take all such lawful action as the Indenture Trustee may request to compel or secure the performance and observance by any party to a Transaction Document of its obligations under such Transaction Document in accordance with the applicable terms thereof, and to exercise any and all rights, remedies, powers and privileges lawfully available to the Issuer to the extent and in the manner directed by the Indenture Trustee, including the transmission of notices of default thereunder and the institution of legal or administrative actions or proceedings to compel or secure performance by such party of each of its obligations under such Transaction Document. If (i) the Issuer shall have failed, within 30 days of receiving the direction of the Indenture Trustee, to take commercially reasonable action to accomplish such directions of the Indenture Trustee, (ii) the Issuer refuses to take any such action, or (iii) the Indenture Trustee reasonably determines that such action must be taken immediately, the Indenture Trustee may (without obligation)

take such previously directed action and any related action permitted under the Indenture (without the need under this provision or any other provision under the Indenture to direct the Issuer to take such action), on behalf of the Issuer and the Noteholders.

Section 3.3. Release of Issuer Assets.

(a) The Indenture Trustee shall when required by the provisions of this Base Indenture and any Indenture Supplement execute instruments to release property from the Lien of this Base Indenture and any Indenture Supplement, or convey the Indenture Trustee's interest in the same. No party relying upon an instrument executed by the Indenture Trustee as provided in this Section 3.3 shall be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys.

(b) The Indenture Trustee shall, at such time as there are no Notes Outstanding and upon notification of the conditions set forth in Article 11, release any remaining portion of the Issuer Assets from the Lien of this Base Indenture and any Indenture Supplement and release to the Issuer any funds then on deposit in the Issuer Accounts. The Indenture Trustee shall release property from the Lien of the Indenture pursuant to this Section 3.3(b) only upon receipt of an Issuer Order accompanied by an Officer's Certificate, an Opinion of Counsel and (if the Indenture is qualified under the TIA and the TIA so requires) Independent Certificates in accordance with TIA §§ 314(c) and 314(d)(1) meeting the applicable requirements of Section 13.1.

(c) Upon any sale of Charged-Off Loans by the Servicer pursuant to Section 2(a) of the Servicing Agreement, the Lien of the Indenture Trustee in those Charged-Off Loans shall be automatically released (without recourse, representation or warranty) without further action required on the part of the Indenture Trustee or the Issuer.

(d) Upon any sale of any Loan by the Issuer (in its capacity as Purchaser) to the Seller pursuant to Section 2.03 or 3.01(e) of the Loan Purchase Agreement, the Lien of the Indenture Trustee in those Repurchased Loans shall be automatically released (without recourse, representation or warranty) without further action required on the part of the Indenture Trustee or the Issuer.

(a) If the Outstanding Principal Balance of any LOC Loan is zero, and there are no other amounts outstanding under such LOC Loan (other than maintenance fees), then the lien of the Indenture Trustee in such LOC Loan may be released (without recourse, representation or warranty) at the option and at the direction of the Issuer.

Section 3.4. Officer's Certificate.

Notwithstanding anything to the contrary contained herein, in any Indenture Supplement or in any Transaction Document, in connection with any request to the Indenture Trustee to take any action with respect to the release of any property from the Lien of this Base Indenture or any Indenture Supplement or to convey the Indenture Trustee's interest in the same,

the Indenture Trustee shall receive an Officer's Certificate outlining the steps required to complete any such action, and certifying that (i) such action will not materially and adversely impair the security for the Notes or the rights of any remaining Noteholders and (ii) that all conditions precedent under the Indenture to such action have been satisfied.

Section 3.5. Stamp, Other Similar Taxes and Filing Fees.

The Issuer shall indemnify and hold harmless the Indenture Trustee and each Noteholder from any present or future claim for liability for any stamp or other similar tax and any penalties or interest with respect thereto, that may be assessed, levied or collected by any jurisdiction in connection with the Indenture (to the extent relating to the Notes or the Collateral). The Issuer shall pay, or reimburse the Indenture Trustee for, any and all amounts in respect of, all search, filing, recording and registration fees, taxes, excise taxes and other similar imposts that may be payable or reasonably determined to be payable in respect of the execution, delivery, performance and/or enforcement of the Indenture.

ARTICLE 4.

REPORTS

Section 4.1. Servicer Reports.

The Issuer will maintain, or cause to be maintained, copies of each report delivered to it by the Servicer under the Servicing Agreement, and will make such reports available to the Indenture Trustee upon request, solely for the benefit of the Noteholders of the applicable Series of Notes, and the Indenture Trustee shall make such reports available to such Noteholders as provided under the terms of the Transaction Documents.

In addition, the Issuer will deliver or cause to be delivered to the Indenture Trustee:

(i) prior to 3:00 P.M. (New York City time) on each Deposit Date, a copy of a report, substantially in the form of Exhibit A, with such changes thereto as are mutually acceptable to the Issuer and the Indenture Trustee from time to time (a "Deposit Report"), prepared and delivered by the Servicer to the Issuer pursuant to the Servicing Agreement, setting forth the aggregate amount of Collections deposited in the Collection Account on such Deposit Date; and

(ii) prior to 2:00 P.M. (New York City time) on each Monthly Reporting Date, a copy of a settlement statement, substantially in the form of Exhibit B (a "Settlement Statement"), prepared and delivered by the Servicer to the Issuer pursuant to the Servicing Agreement, setting forth the information required to be set forth therein under the Servicing Agreement and each Indenture Supplement and such other information as the Indenture Trustee may reasonably request.

Section 4.2. Communication to Noteholders.

(a) If the Indenture is qualified under the TIA, the Noteholders may communicate pursuant to TIA §312(b) with other Noteholders with respect to their rights under the Indenture or under the Notes.

(b) If the Indenture is qualified under the TIA, the Issuer, the Indenture Trustee and the Transfer Agent and Registrar shall have the protection of TIA §312(c).

Section 4.3. Rule 144A Information.

For so long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer agrees to provide to any Noteholder or Beneficial Owner and to any prospective purchaser of Notes designated by such Noteholder or Beneficial Owner upon the request of such Noteholder or Beneficial Owner or prospective purchaser, any information required to be provided to such holder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Act.

Section 4.4. Reports by the Issuer.

(a) Unless otherwise specified in the related Indenture Supplement, prior to Noon (New York City time) on each Monthly Reporting Date, the Issuer shall deliver to the Indenture Trustee and the Paying Agent, and the Indenture Trustee shall forward to each Noteholder of each Series of Notes Outstanding, the Monthly Settlement Statement with respect to such Series.

(b) Unless otherwise specified in the related Indenture Supplement, on or before January 31 of each calendar year, beginning with calendar year 2017, the Indenture Trustee shall furnish to each Person who at any time during the preceding calendar year was a Noteholder of a Series of Notes a statement prepared by or on behalf of the Issuer containing the information which is required to be contained in the Monthly Settlement Statements with respect to such Series aggregated for such calendar year or the applicable portion thereof during which such Person was a Noteholder, together with such other customary information (consistent with the treatment of the Notes as debt) as the Issuer deems necessary or desirable to enable the Noteholders to prepare their tax returns (each such statement, an "Annual Noteholders' Tax Statement"). Such obligations of the Issuer to prepare and the Indenture Trustee to distribute the Annual Noteholders' Tax Statement shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Indenture Trustee pursuant to any requirements of the Code as from time to time in effect.

Section 4.5. Reports by the Indenture Trustee.

If the Indenture is qualified under the TIA, within 60 days after each March 31, beginning on March 31 in the first year after the Indenture is qualified under the TIA, if required

by TIA § 313(a), the Indenture Trustee shall mail to each Noteholder as required by TIA § 313(c) a brief report dated as of such date that complies with TIA § 313(a). The Indenture Trustee also shall comply with TIA § 313(b). A copy of each such report at the time of its mailing to Noteholders shall be filed by the Indenture Trustee with the Securities and Exchange Commission and each stock exchange, if any, on which the Notes are listed. The Issuer shall notify the Indenture Trustee if and when the Notes are listed on any stock exchange.

ARTICLE 5.
ALLOCATION AND APPLICATION OF COLLECTIONS

Section 5.1. Issuer Accounts.

(a) Establishment of Collection Account. On or prior to the date hereof, the Issuer, the Collection Account Depository and the Indenture Trustee shall have entered into the Collection Account Control Agreement pursuant to which the Issuer shall establish and maintain the Collection Account for the benefit of the Noteholders. If at any time the Collection Account is no longer an Eligible Deposit Account, the Issuer shall (i) cause the Collection Account to be moved to a Qualified Trust Institution or Qualified Institution, (ii) cause the depositary maintaining the new Collection Account to enter into a new Collection Account Control Agreement on terms substantially similar to the existing Collection Account Control Agreement and (iii) deliver to the Indenture Trustee an Opinion of Counsel, in form and substance reasonably satisfactory to the Indenture Trustee, to the effect that the new Collection Account Control Agreement is effective to create a first priority, perfected security interest in favor of the Indenture Trustee in the Collection Account.

(b) Establishment of Lockbox Account. On or prior to the date hereof, the Issuer, the Lockbox Account Depository and the Indenture Trustee shall have entered into the Lockbox Account Control Agreement pursuant to which the Issuer shall establish and maintain the Lockbox Account for the benefit of the Noteholders. If at any time the Lockbox Account is no longer an Eligible Deposit Account, the Issuer shall (i) cause the Lockbox Account to be moved to a Qualified Trust Institution or Qualified Institution, (ii) cause the depositary maintaining the new Lockbox Account to enter into a new Lockbox Account Control Agreement on terms substantially similar to the existing Lockbox Account Control Agreement and (iii) deliver to the Indenture Trustee an Opinion of Counsel, in form and substance reasonably satisfactory to the Indenture Trustee, to the effect that the new Lockbox Account Control Agreement is effective to create a first priority, perfected security interest in favor of the Indenture Trustee in the Lockbox Account.

(c) Series Accounts. If so provided in the related Indenture Supplement, the Issuer, for the benefit of the related Noteholders, shall establish and maintain one or more Series Accounts and/or administrative subaccounts of the Collection Account to facilitate the proper allocation of Collections in accordance with the terms of such Indenture Supplement. Each such Series Account shall bear a designation clearly indicating that the funds deposited therein are held for the benefit of the Noteholders of such Series. Each such Series Account will be an

Eligible Deposit Account, if so provided in the related Indenture Supplement and will have the other features and be applied as set forth in the related Indenture Supplement.

(d) Administration of the Collection Account and the Lockbox Account. The funds on deposit in the Collection Account and the Lockbox Account shall remain uninvested.

Section 5.2. Collections of Money.

Except as otherwise provided herein, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to the Indenture. The Indenture Trustee shall apply all such money received by it as provided in the Indenture. Except as otherwise provided in the Indenture, if any default occurs in the making of any payment or performance under any agreement or instrument that is part of the Issuer Assets, the Indenture Trustee may (without obligation) take such action as may be appropriate to enforce such payment or performance, including the institution and prosecution of appropriate proceedings. Any such action shall be without prejudice to any right to claim a Potential Event of Default or Event of Default under the Indenture and any right to proceeds thereafter as provided in Article 9.

Section 5.3. Collections and Allocations.

(a) Collections in General. Until this Base Indenture and all Indenture Supplements are terminated pursuant to Section 11.1, the Issuer shall cause all Collections due and to become due to the Issuer or the Indenture Trustee, as the case may be, under or in connection with the Collateral (other than any amounts constituting Overpayment Amounts) to be remitted directly into the Collection Account or the Lockbox Account in accordance with Section 2(a)(i) of the Servicing Agreement. The Issuer agrees that if any Collections shall be received by the Issuer in an account other than the Collection Account or the Lockbox Account, such monies, instruments, cash and other proceeds will not be commingled by the Issuer with any of its other funds or property, if any, but will be held separate and apart therefrom and shall be held in trust by the Issuer for, and immediately (but in any event within two Business Days from receipt) remitted to, the Collection Account or the Lockbox Account, as applicable. Any Collections that are received by the Indenture Trustee pursuant to this Base Indenture shall be promptly deposited in the Collection Account and shall be applied as provided in this Article 5.

(b) Allocations for Noteholders. On each Deposit Date, the Issuer shall allocate the Collections deposited into the Collection Account on such Deposit Date in accordance with this Article 5 and shall instruct the Indenture Trustee to withdraw the required amounts from the Collection Account and make the required deposits in any Series Account in accordance with this Article 5, as modified by any Indenture Supplement. The Issuer shall make such deposits or payments on the date indicated therein in immediately available funds or as otherwise provided in the Indenture Supplement for any Series of Notes. The Issuer has agreed to furnish to the Indenture Trustee or the Paying Agent, as applicable, written instructions to make the aforementioned withdrawals and payments from the Collection Account and any Series

Accounts specified herein or in any Indenture Supplement. The Indenture Trustee and the Paying Agent shall promptly follow any such written instructions.

(c) Sharing Collections. In the manner described in the related Indenture Supplement, to the extent that Collections that are allocated to any Series of Notes on a Deposit Date are not needed to make payments to Noteholders of such Series of Notes or required to be deposited in a Series Account for such Series Notes on such Deposit Date, such Collections may, at the direction of the Issuer, be applied to cover principal payments due to or for the benefit of Noteholders of another Series of Notes. Any such reallocation will not result in a reduction in the Invested Amount of the Series of Notes to which such Collections were initially allocated.

(d) Allocations After Certain Events of Default. If all Series of Notes Outstanding shall have been declared to be immediately due and payable pursuant to Section 9.2 as a result of the occurrence of an Event of Default defined in clause (d) or (e) of Section 9.1, then to the extent that Collections that are allocated to any Series of Notes on a Payment Date are not needed to make payments of principal of, or interest on, the Notes of such Series, such Collections shall be applied to cover principal payments due on the Notes of all other Series of Notes then Outstanding on a *pro rata* basis based on the Invested Percentages of such other Series of Notes.

[THE REMAINDER OF ARTICLE 5 IS RESERVED AND MAY BE SPECIFIED IN ANY INDENTURE SUPPLEMENT WITH RESPECT TO ANY SERIES OF NOTES.]

ARTICLE 6.

DISTRIBUTIONS

Section 6.1. Distributions in General.

(a) Unless otherwise specified in the applicable Indenture Supplement, on each Payment Date, the Paying Agent shall pay to the Noteholders of each Series of Notes of record on the preceding Record Date the amounts payable thereto hereunder by wire transfer or check mailed first-class postage prepaid to such Noteholder at the address for such Noteholder appearing in the Note Register except that with respect to Notes registered in the name of a Clearing Agency or its nominee, such amounts shall be payable by wire transfer of immediately available funds released by the Indenture Trustee or the Paying Agent from the applicable Series Account no later than 2:00 P.M. (New York City time) on the Payment Date for credit to the account designated by such Clearing Agency or its nominee, as applicable. The final payment of any Definitive Note, however, will be made only upon presentation and surrender of such Definitive Note at the offices or agencies specified in the notice of final distribution with respect to such Definitive Note on a Payment Date that is a Business Day in the place of presentation.

(b) Unless otherwise specified in the applicable Indenture Supplement (i) all distributions to Noteholders of all Classes within a Series of Notes will have the same priority and (ii) in the event that on any date of determination the amount available to make payments

to the Noteholders of a Series of Notes is not sufficient to pay all sums required to be paid to such Noteholders on such date, then the Noteholders of each Class of such Series will receive its ratable share (based upon the aggregate amount due to each such Class) of the aggregate amount available to be distributed in respect of the Notes of such Series.

Section 6.2. Optional Prepayment Notes.

To the extent provided in an Indenture Supplement related to a Series of Notes, the Issuer shall have the option to prepay all Outstanding Notes of such Series or of a Class of such Series at such times, for the amounts and as otherwise specified in such Indenture Supplement.

ARTICLE 7.

REPRESENTATIONS AND WARRANTIES

The Issuer hereby represents and warrants, for the benefit of the Indenture Trustee and the Noteholders, as follows as of each Series Closing Date:

Section 7.1. Existence and Power.

The Issuer is (a) a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware, (b) is duly qualified to do business as a foreign limited liability company and in good standing under the laws of each jurisdiction where the character of its property, the nature of its business or the performance of its obligations make such qualification necessary, except to the extent that the failure to so qualify would not reasonably be expected to result in a Material Adverse Effect, and (c) has all limited liability company powers and all governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted and for purposes of the transactions contemplated by this Base Indenture and the other Transaction Documents, except to the extent that the failure to have all powers and governmental licenses, authorizations, consents and approvals would not reasonably be expected to result in a Material Adverse Effect.

Section 7.2. Authorization.

The execution, delivery and performance by the Issuer of this Base Indenture, the related Indenture Supplement and the other Transaction Documents to which it is a party (a) is within the Issuer's limited liability company powers, (b) have been duly authorized by all necessary limited liability company action, (c) require no action by or in respect of, or filing with, any governmental body, agency or official which has not been obtained and (d) do not contravene, or constitute a default under, any Requirement of Law or any provision of the Issuer Certificate of Formation or the Issuer Limited Liability Company Agreement or result in the creation or imposition of any Lien on any of the Issuer Assets, except for Permitted Liens. This

Base Indenture and each of the other Transaction Documents to which the Issuer is a party has been executed and delivered by a duly authorized officer of the Issuer.

Section 7.3. Binding Effect.

This Base Indenture and each other Transaction Document is a legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms (except as such enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally or by general equitable principles, whether considered in a proceeding at law or in equity and by an implied covenant of good faith and fair dealing).

Section 7.4. Litigation.

There is no action, suit or proceeding pending against or, to the knowledge of the Issuer, threatened against or affecting the Issuer before any court or arbitrator or any Governmental Authority that is reasonably likely to have a Material Adverse Effect or which in any manner draws into question the validity or enforceability of this Base Indenture, any Indenture Supplement or any other Transaction Document or the ability of the Issuer to perform its obligations hereunder or thereunder.

Section 7.5. No ERISA Plan.

The Issuer has not established and does not maintain or contribute to any Pension Plan that is covered by Title IV of ERISA and will not do so as long as any Notes are Outstanding.

Section 7.6. Tax Filings and Expenses.

The Issuer has filed all federal tax returns which are required to be filed (whether informational returns or not), and has paid all taxes due, if any, pursuant to said returns or pursuant to any assessment received by the Issuer, except such taxes, if any, as are being contested in good faith and for which adequate reserves have been set aside on its books. The Issuer has timely filed all state and local tax returns and reports that, to its knowledge, are required to be filed by it, and has paid all taxes, assessments, fees and other governmental charges levied or imposed upon it or its property, income, business, franchises or assets otherwise due and payable, except those that are being contested in good faith by proper proceedings diligently conducted and for which adequate reserves have been set aside on its books or where failure to file or pay such taxes, assessments, fees and other governmental charges would not reasonably be expected to have a Material Adverse Effect. The Issuer has paid all fees and expenses required to be paid by it in connection with the conduct of its business, the maintenance of its existence and its qualification as a foreign limited liability company authorized to do business in each State in which it is required to so qualify, except where failure to pay such fees and expenses would not reasonably be expected to have a Material Adverse Effect.

Section 7.7. Disclosure.

All certificates, reports, statements, documents and other information furnished to the Indenture Trustee by or on behalf of the Issuer pursuant to any provision of this Base Indenture or any Transaction Document, or in connection with or pursuant to any amendment or modification of, or waiver under, this Base Indenture or any Transaction Document, shall, at the time the same are so furnished, be complete and correct to the extent necessary to give the Indenture Trustee true and accurate knowledge of the subject matter thereof in all material respects, and the furnishing of the same to the Indenture Trustee shall constitute a representation and warranty by the Issuer made on the date the same are furnished to the Indenture Trustee to the effect specified herein.

Section 7.8. Investment Company Act.

The Issuer is not, and is not controlled by, an "investment company" within the meaning of, and is not required to register as an "investment company" under, the Investment Company Act of 1940.

Section 7.9. Regulations T, U and X.

The proceeds of the Notes will not be used to purchase or carry any "margin stock" (as defined or used in the regulations of the Board of Governors of the Federal Reserve System, including Regulations T, U and X thereof). The Issuer is not engaged in the business of extending credit for the purpose of purchasing or carrying any margin stock.

Section 7.10. No Consent.

No consent, action by or in respect of, approval or other authorization of, or registration, declaration or filing with, any Governmental Authority or other Person is required for the valid execution and delivery of this Base Indenture or any Indenture Supplement or for the performance of any of the Issuer's obligations hereunder or thereunder or under any other Transaction Document other than such consents, approvals, authorizations, registrations, declarations or filings as shall have been obtained by the Issuer prior to such Series Closing Date or as contemplated in Section 7.12.

Section 7.11. Solvency.

Both before and after giving effect to the transactions contemplated by this Base Indenture and the other Transaction Documents, the Issuer is solvent within the meaning of the Bankruptcy Code and the Issuer is not the subject of any voluntary or involuntary case or proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy or insolvency law and no Insolvency Event has occurred with respect to the Issuer.

Section 7.12. Security Interests.

The Issuer hereby represents and warrants to the Indenture Trustee and the Noteholders that as of the date hereof and each Series Closing Date:

(a) This Base Indenture creates a valid and continuing security interest (as defined in the UCC) in all of its right, title and interest in, to and under the Collateral in favor of the Indenture Trustee, which security interest is prior to all other Liens other than Permitted Liens and is enforceable as such as against creditors of and purchasers from the Issuer.

(b) The Pooled Loans constitute "accounts," "payment intangibles" or the proceeds thereof under the UCC, each of the Collection Account and the Lockbox Account constitutes a "deposit account" under the UCC, and the remaining Collateral constitutes "general intangibles" under the UCC.

(c) It owns and has good and marketable title to the Collateral, free and clear of all Liens other than Permitted Liens.

(d) Other than the security interest granted to the Indenture Trustee under this Base Indenture, it has not pledged, assigned, sold or granted a security interest in the Collateral. It has not authorized the filing of, nor is it aware of, any financing statements against the Issuer that include a description of collateral covering the Collateral other than any financing statement relating to any security interest granted pursuant hereto. It is not aware of any judgment or tax lien filings against the Issuer.

(e) The Issuer has caused or will have caused, within ten days, the filing of all appropriate financing statements in the proper filing offices in the appropriate jurisdictions under applicable law in order to perfect the security interest in the Collateral granted to the Indenture Trustee hereunder. Any financing statements filed or to be filed against the Issuer in favor of the Indenture Trustee in connection herewith describing the Collateral contains or will contain a statement to the following effect: "A purchase of or security interest in any collateral described in this financing statement will violate the rights of the Indenture Trustee."

Notwithstanding any other provision of this Base Indenture, the perfection representations contained in this Section 7.12 shall be continuing, and remain in full force and effect until such time as all obligations hereunder and under the Notes have been finally and fully paid and performed. No failure or delay on the part of the Indenture Trustee in exercising any right, remedy, power or privilege with respect to this Base Indenture, together with any Indenture Supplement, shall operate as a waiver thereof nor shall any single or partial exercise of any right, remedy, power or privilege with respect to this Base Indenture, together with any Indenture Supplement, preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 7.13. Binding Effect of Certain Agreements.

Each of the Transaction Documents (other than this Base Indenture) is in full force and effect and there are no outstanding Events of Default or Potential Events of Default.

Section 7.14. Non Existence of Other Agreements.

(a) Other than as permitted by Section 8.14 and Section 8.21, (i) the Issuer is not a party to any contract or agreement of any kind or nature and (ii) the Issuer is not subject to any obligations or liabilities of any kind or nature in favor of any third party, including, without limitation, any Contingent Obligations.

(b) The Issuer has not engaged in any activities since its formation other than (i) activities incidental to its formation, (ii) the authorization and issue of Series of Notes from time to time, (iii) the execution of the Transaction Documents to which it is a party and (iv) the performance of the activities referred to in or contemplated by the Transaction Documents.

Section 7.15. Compliance with Contractual Obligations and Laws.

The Issuer is not (i) in violation of the Issuer Certificate of Formation or the Issuer Limited Liability Company Agreement, (ii) in violation of any Requirement of Law to which it or its property or assets may be subject or (iii) in violation of any Contractual Obligation with respect to the Issuer.

Section 7.16. Other Representations.

All representations and warranties of the Issuer made in each Transaction Document to which it is a party are true and correct (in all material respects to the extent any such representations and warranties do not incorporate a materiality limitation in their terms) and are repeated herein as though fully set forth herein.

Section 7.17. Ownership of the Issuer.

All of the issued and outstanding membership interests in the Issuer are owned by OnDeck, all of which membership interests have been validly issued, are fully paid and non-assessable and are owned of record by OnDeck free and clear of all Liens other than Permitted Liens; *provided, however*, that any membership interests in the Issuer (the "SPV Issuer Equity") may be pledged for the benefit of one or more Pledged Equity Secured Parties pursuant to any Pledged Equity Security Agreement as long as such Pledged Equity Security Agreement contains the Required Standstill Provisions. The Issuer has no subsidiaries and owns no capital stock of, or other equity interest in, any Person.

ARTICLE 8.

COVENANTS

Section 8.1. Payment of Notes.

The Issuer shall pay the principal of (and premium, if any) and interest on the Notes pursuant to the provisions of this Base Indenture and any applicable Indenture Supplement.

Unless otherwise set forth in the applicable Indenture Supplement, principal and interest shall be considered paid on the date due if the Paying Agent holds on that date money designated for and sufficient to pay all principal and interest then due.

Section 8.2. Maintenance of Office or Agency.

The Issuer will maintain an office or agency (which may be an office of the Indenture Trustee or the Transfer Agent and Registrar) where Notes may be surrendered for registration of transfer or exchange. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of any such office or agency. If at any time the Issuer shall fail to maintain any such office or agency or shall fail to furnish the Indenture Trustee with the address thereof, such surrenders, notices and demands may be made or served at the Corporate Trust Office, and the Issuer hereby appoints the Indenture Trustee as its agent to receive all such surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency. The Issuer hereby designates the Corporate Trust Office of the Indenture Trustee as one such office or agency of the Issuer.

Notwithstanding anything contained in this Section 8.2 to the contrary, the Indenture Trustee shall not serve as an agent or office for the purpose of service of process on behalf of the Issuer.

Section 8.3. Payment of Obligations.

The Issuer will pay and discharge, at or before maturity, all of its respective material obligations and liabilities, including, without limitation, tax liabilities and other governmental claims, except where the same may be contested in good faith by appropriate proceedings, and will maintain, in accordance with GAAP, reserves as appropriate for the accrual of any of the same.

Section 8.4. Conduct of Business and Maintenance of Existence.

The Issuer will maintain its existence as a limited liability company under the laws of the State of Delaware and will obtain and preserve its qualification to do business in each jurisdiction where the character of its property, the nature of its business or the performance of its obligations make such qualification necessary.

Section 8.5. Compliance with Laws.

The Issuer will comply in all respects with all Requirements of Law and all applicable laws, ordinances, rules, regulations, and requirements of Governmental Authorities

except where the necessity of compliance therewith is contested in good faith by appropriate proceedings and where such noncompliance would not be reasonably likely to result in a Material Adverse Effect.

Section 8.6. Inspection of Property, Books and Records.

The Issuer will keep proper books of record and account in which full, true and correct entries shall be made of all dealings and transactions in relation to the Issuer Assets and its business activities in accordance with GAAP; and will permit the Indenture Trustee to visit and inspect any of its properties, to examine and make abstracts from any of its books and records and to discuss its affairs, finances and accounts with its officers, directors and employees, all at such reasonable times upon reasonable notice and as often as may reasonably be requested.

Section 8.7. Compliance with Transaction Documents; Issuer Assets.

(a) Except as otherwise provided in Section 3.1(c) and Section 8.7(d), the Issuer will not take any action and will use its commercially reasonable efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under any instrument or agreement included in the Issuer Assets or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case as expressly provided in this Base Indenture, any other Transaction Document or such other instrument or agreement.

(b) The Issuer shall punctually perform and observe all of its obligations and agreements contained in this Base Indenture, the other Transaction Documents and in the instruments and agreements included in the Issuer Assets, including but not limited to preparing (or causing to be prepared) and filing (or causing to be filed) all UCC financing statements and continuation statements required to be filed by the terms of the Indenture in accordance with and within the time periods provided for herein.

(c) The Issuer may contract with other Persons to assist it in performing its duties under the Indenture, and any performance of such duties by a Person identified to the Indenture Trustee in an Officer's Certificate of the Issuer shall be deemed to be action taken by the Issuer. Initially, the Issuer has contracted with the Servicer pursuant to Section 2(a)(vii) of the Servicing Agreement to assist the Issuer in performing its duties under the Indenture and the Issuer hereby identifies the Servicer to the Indenture Trustee for purposes of this Section 8.7(c).

(d) Without derogating from the absolute nature of the assignment granted to the Indenture Trustee under this Base Indenture or the rights of the Indenture Trustee hereunder, the Issuer agrees that it will not (i) amend, modify, waive, supplement, terminate, surrender, or discharge, or agree to any amendment, modification, supplement, termination, waiver, surrender,

or discharge of, the terms of any of the Issuer Assets, including any of the Transaction Documents (other than the Indenture, the amendment of which shall be governed by Article 12), or consent to the assignment of any such Transaction Document by any other party thereto; or (ii) waive timely performance or observance by the Seller, the Servicer, the Backup Servicer or the Custodian under any Transaction Document to which such Person is a party other than any Transaction Document that relates solely to a Series of Notes; (each action described in clauses (i) and (ii) above, a "Transaction Document Action"), in each case, without (A) the prior written consent of the Requisite Noteholders, (B) satisfaction of the Rating Agency Condition with respect to each Outstanding Series of Notes in respect of such Transaction Document Action and (C) satisfaction of any other applicable conditions as may be set forth in any Indenture Supplement; *provided*, that, if any such Transaction Document Action does not materially adversely affect the Noteholders of one or more, but not all, Series of Notes (as substantiated by an Officer's Certificate of the Issuer to such effect), any such Series of Notes that is not materially adversely affected by such Transaction Document Action shall be deemed not to be Outstanding for purposes of obtaining such consent (and the related calculation of Requisite Noteholders shall be modified accordingly); *provided*, *further,* if any such Transaction Document Action does not materially adversely affect any Noteholders (as substantiated by an Officer's Certificate of the Issuer to such effect), the Issuer shall be entitled to effect such action without the prior written consent of the Indenture Trustee or any Noteholder; *provided*, *further,* if any such Transaction Document Action adversely affects the rights, protections, indemnities, duties or obligations of (i) the Indenture Trustee, such Transaction Documents Action shall require the prior written consent of the Indenture Trustee, or (ii) the Custodian, such Transaction Document Action shall require the prior written consent of the Custodian. It shall not be necessary for the consent of any Person pursuant to this Section 8.7(d) for such Person to approve the particular form of any proposed amendment, but it shall be sufficient if such Person consents to the substance thereof. For the avoidance of doubt, any amendment, modification, waiver, supplement, termination or surrender of any Transaction Document relating solely to a particular Series of Notes shall be deemed not to materially adversely affect the Noteholders of any other Series of Notes.

Section 8.8. Notice of Defaults.

Promptly (and in any event within three Business Days) upon an Authorized Officer of the Issuer becoming aware of any Potential Amortization Event with respect to a Series of Notes, Amortization Event with respect to a Series of Notes, Servicer Default, Potential Servicer Default, Event of Default or Potential Event of Default, the Issuer shall give the Indenture Trustee written notice thereof, together with an Officer's Certificate, setting forth the details thereof and any action with respect thereto taken or contemplated to be taken by the Issuer.

Section 8.9. Notice of Material Proceedings.

Promptly (and in any event within three Business Days) upon an Authorized Officer of the Issuer becoming aware thereof, the Issuer shall give the Indenture Trustee written

notice of the commencement or existence of any proceeding by or before any Governmental Authority against or affecting the Issuer that is reasonably likely to have a Material Adverse Effect.

Section 8.10. Further Requests.

The Issuer will promptly furnish to the Indenture Trustee such further instruments and such other information as, and in such form as, the Indenture Trustee may reasonably request in connection with the transactions contemplated by this Base Indenture, any Indenture Supplement and the other Transaction Documents.

Section 8.11. Protection of Issuer Assets.

The Issuer shall take all actions necessary to obtain and maintain, for the benefit of the Indenture Trustee on behalf of the Noteholders, a first Lien on and a first priority, perfected security interest in the Collateral. The Issuer will from time to time prepare (or shall cause to be prepared), execute and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will take such other action necessary or advisable to:

(a) maintain or preserve the Lien and security interest (and the priority thereof) of this Base Indenture and the Indenture Supplements or carry out more effectively the purposes thereof;

(b) perfect, publish notice of or protect the validity of the Lien and security interest created by this Base Indenture and the Indenture Supplements;

(c) enforce the rights of the Indenture Trustee and the Noteholders in any of the Issuer Assets; or

(d) preserve and defend title to the Issuer Assets and the rights of the Indenture Trustee and the Noteholders in the Issuer Assets against the claims of all persons and parties.

The Indenture Trustee is hereby authorized to execute and file any financing statement, continuation statement or other instrument necessary or appropriate to perfect or maintain the perfection of the Indenture Trustee's security interest in the Collateral. The Indenture Trustee shall have no obligation to prepare, monitor or determine the necessity for the filing of any financing statement, continuation statement or other instrument with respect to the perfection of the Indenture Trustee's security interest in the Collateral, but will otherwise cooperate with the Issuer in connection with the filing of any such financing statements, continuation statements and/or other instruments.

Section 8.12. Annual Opinion of Counsel.

On or before March 31 of each calendar year, commencing with March 31, 2017, the Issuer shall furnish to the Indenture Trustee an Opinion of Counsel either stating that, in the opinion of such counsel, such action has been taken with respect to the recording, filing, re-recording and refiling of this Base Indenture or any Supplement hereto and any other requisite documents and with respect to the authorization and filing of any financing statements and continuation statements as are necessary to maintain the perfection of the Lien and security interest created by this Base Indenture and reciting the details of such action or stating that in the opinion of such counsel no such action is necessary to maintain the perfection of such Lien and security interest. Such Opinion of Counsel shall also describe the recording, filing, re-recording and refiling of this Base Indenture, any Supplement hereto, and any other requisite documents and the execution and filing of any financing statements and continuation statements that will, in the opinion of such counsel, be required to maintain the perfection of the Lien and security interest of this Base Indenture until March 31 in the following calendar year. For the avoidance of doubt, any Opinion of Counsel furnished in connection with this Section 8.12 may be combined with other Opinions of Counsel furnished to the Indenture Trustee pursuant to the other Transaction Documents.

Section 8.13. Liens.

The Issuer will not create, incur, assume or permit to exist any Lien upon any of the Issuer Assets, other than (i) Liens in favor of the Indenture Trustee for the benefit of the Noteholders and (ii) other Permitted Liens.

Section 8.14. Other Indebtedness.

The Issuer will not create, assume, incur, suffer to exist or otherwise become or remain liable in respect of any Indebtedness other than (i) Indebtedness hereunder or under any Indenture Supplement and (ii) Indebtedness contemplated under any other Transaction Document.

Section 8.15. Mergers.

The Issuer will not merge or consolidate with or into any other Person.

Section 8.16. Sales of Issuer Assets.

The Issuer will not sell, lease, transfer, liquidate or otherwise dispose of any Issuer Assets, except as contemplated by the Transaction Documents.

Section 8.17. Acquisition of Assets.

The Issuer will not acquire, by long term or operating lease or otherwise, any assets except in accordance with the terms of the Transaction Documents.

Section 8.18. Legal Name; Location Under Section 9-301.

The Issuer will change neither its location (within the meaning of Section 9-301 of the UCC) nor its legal name without sixty days' prior written notice to the Indenture Trustee. In the event that the Issuer desires to so change its location or legal name, the Issuer will make any required filings and prior to actually changing its location or its legal name the Issuer will deliver to the Indenture Trustee (i) an Officer's Certificate and an Opinion of Counsel confirming that all required filings have been made to continue the perfected interest of the Indenture Trustee on behalf of the Noteholders in the Collateral in respect of the new location or new legal name of the Issuer and (ii) copies of all such required filings with the filing information duly noted thereon by the office in which such filings were made.

Section 8.19. Organizational Documents.

The Issuer will not make any material amendment to the Issuer Certificate of Formation or the Issuer Limited Liability Company Agreement, unless, prior to such amendment, each Rating Agency confirms that after giving effect to such amendment the Rating Agency Condition is satisfied with respect to such amendment.

Section 8.20. Investments.

The Issuer will not make, incur, or suffer to exist any loan, advance, extension of credit or other investment in any Person other than in accordance with the Transaction Documents.

Section 8.21. Non-Petition; No Other Agreements.

The Issuer shall cause each party to a Transaction Document or any other document or agreement incidental thereto, in each case, to which the Issuer is a party, to agree to a customary "non-petition" covenant. The Issuer will not enter into or be a party to any agreement or instrument other than any Transaction Document or documents and agreements incidental thereto.

Section 8.22. Other Business.

The Issuer will not engage in any business or enterprise or enter into any transaction other than acquiring Loans and the Related Security with respect thereto pursuant to the Loan Purchase Agreement and funding the purchase price of Loans and the Related Security with respect thereto through the issuance and sale of Notes, in each case pursuant to the Transaction Documents, and incurring and paying ordinary course operating expenses and other activities related to or incidental to any of the foregoing.

Section 8.23. Maintenance of Separate Existence.

The Issuer shall at all times comply with the separateness covenants set forth in the Issuer Limited Liability Company Agreement.

Section 8.24. Use of Proceeds of Notes.

The Issuer shall use the net proceeds of each Series of Notes in accordance with the provisions of the related Indenture Supplement.

Section 8.25. No ERISA Plan.

The Issuer will not establish or maintain or contribute to any Pension Plan that is covered by Title IV of ERISA.

Section 8.26. Dividends.

The Issuer will not declare or pay any dividends or distributions on any of its membership interests, or make any purchase, redemption or other acquisition of, any of its membership interests; *provided*, *however*, that so long as no Event of Default or Amortization Event with respect to any Series of Notes has occurred and is continuing or would result therefrom, the Issuer may declare and pay distributions as permitted under applicable law.

Section 8.27. Tax Matters.

The Issuer shall not take (or, to the extent within its control, permit any other Person to take) any action that could reasonably be expected to cause the Issuer to be classified as any entity other than a partnership or disregarded entity within the meaning of U.S. Treasury Regulation §301.7701-3.

Section 8.28. Purchase and Sale of Assets.

The Issuer will not acquire or dispose of assets for the primary purpose of recognizing gains or decreasing losses resulting from market value changes. The Issuer will not purchase or otherwise acquire any asset that is not an "eligible asset" within the meaning of Rule 3a-7 promulgated under the Investment Company Act; provided, however, that the Issuer may purchase or otherwise acquire an asset that is not an "eligible asset" to the extent that the purchase or acquisition of such asset is considered related or incidental to the business of purchasing or otherwise acquiring "eligible assets" under Rule 3a-7.

ARTICLE 9.

REMEDIES

Section 9.1. Events of Default.

"Event of Default", wherever used herein, with respect to any Series of Notes, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) the Securities and Exchange Commission or other regulatory body having jurisdiction reaches a final determination that the Issuer is an "investment company" within the meaning of the Investment Company Act;

(b) the Issuer at any time receives a final determination that it will be treated as an association (or as a publicly traded partnership) taxable as a corporation for federal income tax purposes;

(c) an Insolvency Event shall have occurred with respect to the Issuer;

(d) a default in the payment of interest on any Note of any series when due (other than any failure to make a payment of interest on any class of such Notes designated by the Issuer on its issuance date as a class of "risk retention" Notes) and the continuation of that failure for five Business Days; ~~and~~

(e) the default in the payment of principal of any Note of any series when due (other than any failure to make a payment of principal or any class of such Notes designated by the Issuer on its issuance date as a class of "risk retention" Notes)~~.~~;

(f) default in the observance or performance of any covenant or agreement of the Issuer made in the Base Indenture or the Indenture Supplement for such Series of Notes (other than a covenant or agreement, a default in the observance or performance of which is elsewhere in this Section specifically dealt with) which default materially and adversely affects the interests of the Noteholders of such Series of Notes, and which default shall continue or not be cured for a period of thirty days (or for such longer period, not in excess of sixty days, as may be reasonably necessary to remedy such default; *provided* that such default is capable of remedy within sixty days or less and the Issuer delivers an Officer's Certificate to the Indenture Trustee to the effect that the Issuer has commenced, or will promptly commence and diligently pursue, all reasonable efforts to remedy such default) after there shall have been given to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Holders of a Majority in Interest of such Series of Notes, a written notice specifying such default and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(g) the Indenture Trustee fails to have a valid and perfected first priority security interest in any material portion of the Collateral and such failure continues for five Business Days, or the Issuer, the Seller or an Affiliate of either asserts that the Indenture Trustee does not have a valid and perfected first priority security interest in any material portion of the Collateral.

Section 9.2. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default referred to in clause (c) or (g) of Section 9.1 has occurred, the unpaid principal amount of all Series of Notes, together with interest accrued but unpaid

thereon, and all other amounts due to the Noteholders under this Base Indenture and each Indenture Supplement, shall immediately and without further act become due and payable.

If any Event of Default referred to in clause (a), (b), (d), or (e) of Section 9.1 has occurred and is continuing, then the Indenture Trustee or the Requisite Noteholders may, by written notice delivered to an Authorized Officer of the Issuer (and to a Responsible Officer of the Indenture Trustee if given by the Noteholders) (such notice, a "Notice of Acceleration"), declare all of the Notes to be immediately due and payable, and upon any such declaration the unpaid principal amount of the Notes, together with accrued and unpaid interest thereon through the date of acceleration, shall become immediately due and payable. If an Event of Default referred to in clause (f) of Section 9.1 shall occur and be continuing with respect to any Series of Notes, then and in every such case the Indenture Trustee or Holders of a Majority in Interest of such Series of Notes may give a Notice of Acceleration to the Issuer (and to the Indenture Trustee, if given by the Noteholders of such Series of Notes) declaring all the Notes of such Series to be immediately due and payable and, upon any such declaration, the unpaid principal amount of such Notes, together with accrued and unpaid interest thereon through the date of acceleration, shall become immediately due and payable.

At any time after a Notice of Acceleration has been delivered with respect to the Notes (or a particular Series of Notes) and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter set forth in this Article 9, the Requisite Noteholders (or, in the case of the acceleration of a particular Series of Notes, the Holders of a Majority in Interest of the Notes of such Series), by written notice to the Issuer and the Indenture Trustee, may rescind and annul the declaration made in such Notice of Acceleration and its consequences*; provided*, that no such rescission shall affect any subsequent default or impair any right consequent thereto.

Section 9.3. Collection of Indebtedness and Suits for Enforcement by the Indenture Trustee.

(a) The Issuer covenants that if (i) default is made in the payment of any interest on any Note when the same becomes due and payable, and such default continues for a period of five Business Days or (ii) default is made in the payment of the principal of any Notes when the same becomes due and payable, by acceleration or at stated maturity, the Issuer will, upon demand of the Indenture Trustee, pay to it, for the benefit of the Holders of such Notes, the whole amount then due and payable on such Notes for principal and interest, with interest upon the overdue principal, and, to the extent payment at such rate of interest shall be legally enforceable, upon overdue installments of interest, at the Note Rate borne by the Notes, and in addition thereto such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee and its agents and counsel.

(b) In case the Issuer shall fail forthwith to pay such amounts upon such demand, the Indenture Trustee, in its own name and as trustee of an express trust, may institute a proceeding for the collection of the sums so due and unpaid, and may prosecute such proceeding to judgment or final decree, and may enforce the same against the Issuer or other obligor upon such Notes and collect in the manner provided by law out of the property of the Issuer or other obligor upon such Notes, wherever situated, the moneys adjudged or decreed to be payable.

(c) If an Event of Default occurs and is continuing, the Indenture Trustee may, as more particularly provided in Section 9.4, in its discretion, proceed to protect and enforce its rights and the rights of the Noteholders, by such appropriate proceedings as the Indenture Trustee shall deem most effective to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in the Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in the Indenture Trustee by the Indenture or by law.

(d) In case there shall be pending, relative to the Issuer, any other obligor upon the Notes, or any Person having or claiming an ownership interest in the Issuer Assets, proceedings under the Bankruptcy Code or any other applicable federal or state bankruptcy, insolvency or other similar law, or in case a receiver, assignee or Indenture Trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for, or taken possession of, the Issuer or its property or such other obligor, or such Person or the property of such other obligor or such Person, or in the case of any other comparable judicial proceedings relative to the Issuer, other obligor upon the Notes or such Person or to the creditors or property of the Issuer, such other obligor or such Person, the Indenture Trustee, irrespective of whether the principal of any Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Indenture Trustee shall have made any demand pursuant to the provisions of this Section, shall be entitled and empowered, by intervention in such proceedings or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal and interest owing and unpaid in respect of the Notes and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee (including any claim for reasonable compensation to the Indenture Trustee and each predecessor Indenture Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee, except as a result of negligence, bad faith or willful misconduct) and of the Noteholders allowed in such proceedings;

(ii) unless prohibited by applicable law and regulations, to vote on behalf of the Holders of the Notes in any election of a trustee, a standby trustee or person performing similar functions in any such proceedings;

(iii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Noteholders and of the Indenture Trustee on their behalf; and

(iv) to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Indenture Trustee or the Holders of the Notes allowed in any judicial proceedings relative to the Issuer, such other obligor upon the Notes, any Person claiming an ownership interest in the Issuer Assets, their respective creditors and their property;

and any trustee, receiver, liquidator, custodian or other similar official in any such proceeding is hereby authorized by each of such Noteholders to make payments to the Indenture Trustee, and, in the event that the Indenture Trustee shall consent to the making of payments directly to such Noteholders, to pay to the Indenture Trustee such amounts as shall be sufficient to cover reasonable compensation to the Indenture Trustee, each predecessor Indenture Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Indenture Trustee and each predecessor Indenture Trustee except as a result of negligence, bad faith or willful misconduct.

(e) Nothing herein contained shall be deemed to authorize the Indenture Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Noteholder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof or to authorize the Indenture Trustee to vote in respect of the claim of any Noteholder in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar person.

(f) All rights of action and of asserting claims under this Base Indenture, under any Indenture Supplement or under any of the Notes, may be enforced by the Indenture Trustee without the possession of any of the Notes or the production thereof in any trial or other proceedings relative thereto, and any such action or proceedings instituted by the Indenture Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Indenture Trustee, each predecessor Indenture Trustee and their respective agents and attorneys, shall be for the ratable benefit of the Holders of the Notes.

(g) In any proceedings brought by the Indenture Trustee (and also any proceedings involving the interpretation of any provision of the Indenture to which the Indenture Trustee shall be a party), the Indenture Trustee shall be held to represent all the Holders of the Notes, and it shall not be necessary to make any Noteholder a party to any such proceedings.

Section 9.4. Remedies; Priorities.

(a) If an Event of Default shall have occurred and be continuing with respect to any Series of Notes Outstanding and such Series has been accelerated under Section 9.2, the Indenture Trustee may institute proceedings to enforce the obligations of the

Issuer hereunder in its own name and as trustee of an express trust for the collection of all amounts then payable on the Notes of such Series or under the Indenture with respect thereto, whether by declaration or otherwise, enforce any judgment obtained, and collect from the Issuer and any other obligor upon such Notes moneys adjudged due.

(b) If an Event of Default shall have occurred and be continuing with respect to all Series of Notes Outstanding and all Series of Notes Outstanding have been accelerated under Section 9.2, the Indenture Trustee (subject to Section 9.5) may do one or more of the following:

(i) institute proceedings from time to time for the complete or partial foreclosure of the Indenture with respect to the Issuer Assets;

(ii) exercise any remedies of a secured party under the UCC and take any other appropriate action to protect and enforce the rights and remedies of the Indenture Trustee and the Holders of the Notes; and

(iii) sell Collateral or any portion thereof or rights or interest therein, at one or more public or private sales called and conducted in any manner permitted by law;

provided that the Indenture Trustee may not sell or otherwise liquidate the Collateral following an Event of Default, other than an Event of Default referred to in clause (d) or (e) of Section 9.1, unless (A) the Holders of Notes representing 100% of the Aggregate Invested Amount consent thereto, (B) the proceeds of such sale or liquidation distributable to the Noteholders are sufficient to discharge in full all amounts then due and unpaid on the Notes for principal and interest, or (C)(1) the Indenture Trustee determines that the Collateral will not continue to provide sufficient funds for the payment of principal of and interest on the Notes as they would have become due if the Notes had not been declared due and payable and (2) the Indenture Trustee obtains the consent of a Majority in Interest of the Holders of each Series of Notes. In determining such sufficiency or insufficiency with respect to clause (B) or (C) above, the Indenture Trustee may, but need not, obtain and may conclusively rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Collateral for such purposes. due.

(c) If an Event of Default shall have occurred and be continuing with respect to any Series of Notes Outstanding, the Indenture Trustee may exercise all rights, remedies, powers, privileges and claims of the Issuer against the Seller, the Servicer, the Backup Servicer, the Custodian or any other party to any of the Transaction Documents under or in connection with any of the Transaction Documents in respect of such Event of Default, including the right or power to take any action to compel or secure performance or observance by the Seller, the

Servicer, the Backup Servicer, the Custodian or any other party of each of their respective obligations to the Issuer thereunder and to give any consent, request, notice, direction, approval, extension or waiver under the Transaction Documents, and any right of the Issuer to take such action shall be suspended.

(d) If the Indenture Trustee collects any money or property pursuant to this Article 9, such money or property shall be held by the Indenture Trustee as additional collateral hereunder and the Indenture Trustee shall pay out such money or property in the following order:

FIRST: to the Indenture Trustee for amounts due under Section 10.6; and

SECOND: to the Collection Account for distribution in accordance with the provisions of Article 5.

Section 9.5. Optional Preservation of the Issuer Assets.

If the Notes of each Series of Notes Outstanding have been declared to be due and payable under Section 9.2 following an Event of Default and such declaration and its consequences have not been rescinded and annulled, the Indenture Trustee may, but need not, elect to maintain possession of the Collateral. In determining whether to maintain possession of the Collateral, the Indenture Trustee may, but need not, obtain and rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Collateral for such purpose. Nothing contained in this Section 9.5 shall be construed to require the Indenture Trustee to preserve the Collateral securing the Issuer Obligations, including without limitation, if prohibited by applicable law or if the Indenture Trustee is authorized, directed or permitted to liquidate the Collateral pursuant to Section 9.4(b).

Section 9.6. Limitation on Suits.

No Holder of any Note shall have any right to institute any proceeding, judicial or otherwise, with respect to the Indenture, or for the appointment of a receiver or trustee, or for any other remedy thereunder, unless:

(a) such Holder has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) Holders of each Series of Notes Outstanding holding Notes evidencing at least 25% of the Notes of such Series have made written request to the Indenture Trustee to institute such proceeding in respect of such Event of Default in its own name as the Indenture Trustee hereunder;

(c) such Holder or Holders have offered to the Indenture Trustee indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in complying with such request;

(d) the Indenture Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute such proceedings; and

(e) no direction inconsistent with such written request has been given to the Indenture Trustee during such 60-day period by the Requisite Noteholders;

it being understood and intended that no one or more Holders of the Notes shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other Holders of the Notes or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under the Indenture, except in the manner herein provided.

Section 9.7. Unconditional Rights of Noteholders to Receive Principal and Interest.

Notwithstanding any other provisions in the Indenture, the Holder of any Note shall have the right, which is absolute and unconditional, to receive payment of the principal of and interest, if any, on such Note on or after the respective due dates thereof expressed in such Note or in the Indenture and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

Section 9.8. Restoration of Rights and Remedies.

If the Indenture Trustee or any Noteholder has instituted any Proceeding to enforce any right or remedy under the Indenture and such Proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Indenture Trustee or to such Noteholder, then and in every such case the Issuer, the Indenture Trustee and the Noteholders shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Noteholders shall continue as though no such Proceeding had been instituted.

Section 9.9. Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Noteholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 9.10. Delay or Omission Not a Waiver.

No delay or omission of the Indenture Trustee or any Holder of any Note to exercise any right or remedy accruing upon any Potential Event of Default or Event of Default shall impair any such right or remedy or constitute a waiver of any such Potential Event of Default or Event of Default or an acquiescence therein. Every right and remedy given by this Article 9 or by law to the Indenture Trustee or to the Noteholders may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Noteholders, as the case may be.

Section 9.11. Control by Noteholders.

The Requisite Noteholders shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee with respect to the Notes or exercising any trust or power conferred on the Indenture Trustee; *provided* that

(a) such direction shall not be in conflict with any rule of law or with the Indenture;

(b) if an Event of Default is with respect to less than all Series of Notes Outstanding, then the Indenture Trustee's rights and remedies shall be limited to the rights and remedies pertaining only to those Series of Notes with respect to which such Event of Default has occurred and the Indenture Trustee shall exercise such rights and remedies at the direction of the Holders of more than 50% of the aggregate Invested Amounts of all Series of Notes with respect to which such Event of Default shall have occurred (excluding any Notes held by the Issuer or an affiliate of the Issuer) (or, if an Event of Default with respect to a single Series of Notes Outstanding shall have occurred, a Majority in Interest of such Series of Notes Outstanding);

(c) subject to the express terms of Section 9.4, any direction to the Indenture Trustee to sell or liquidate the Collateral shall be by the Holders of Notes representing not less than 100% of the Aggregate Invested Amount;

(d) if the conditions set forth in Section 9.5 have been satisfied and the Indenture Trustee elects to retain the Collateral pursuant to such Section, then any direction to the Indenture Trustee by Holders of Notes representing less than 100% of the Aggregate Invested Amount to sell or liquidate the Issuer Assets shall be of no force and effect;

(e) the Indenture Trustee may take any other action deemed proper by the Indenture Trustee that is not inconsistent with such direction; and

(f) such direction shall be in writing;

provided, *further*, that, subject to Section 10.1, the Indenture Trustee need not take any action that it determines might involve it in liability or might materially adversely affect the rights of any Noteholders not consenting to such action.

Section 9.12. Waiver of Past Defaults.

Prior to the declaration of the acceleration of the maturity of the Notes of all Series of Notes or any Series of Notes as provided in Section 9.2, the Requisite Noteholders (or, if an Event of Default with respect to less than all Series of Notes Outstanding has occurred, the Holders of more than 50% of the aggregate Invested Amounts of all Series of Notes with respect to which an Event of Default shall have occurred) may, on behalf of all such Holders, waive any past Potential Event of Default or Event of Default and its consequences except a Potential Event of Default or Event of Default (a) in payment of principal of or interest on any of the Notes, or (b) in respect of a covenant or provision hereof which cannot be modified or amended without the consent of the Holder of each Note, which, in each case, may only be waived by 100% of the Holders of the Notes. In the case of any such waiver, the Issuer, the Indenture Trustee and the Holders of the Notes Outstanding shall be restored to their former positions and rights hereunder, respectively, such Potential Event of Default or Event of Default, as applicable, shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured and not to have occurred, for every purpose of the Indenture; but no such waiver shall extend to any subsequent or other Potential Event of Default or Event of Default or impair any right consequent thereto.

Section 9.13. Undertaking for Costs.

All parties to this Base Indenture and each Indenture Supplement agree, and each Holder of any Note by such Holder's acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Base Indenture or any Indenture Supplement, or in any suit against the Indenture Trustee for any action taken, suffered or omitted by it as the Indenture Trustee, the filing by any party litigant in such Proceeding of an undertaking to pay the costs of such Proceeding, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such Proceeding, having due regard to the merits and good faith of the claims or defenses made by such party litigant; *provided* that the provisions of this Section shall not apply to (a) any suit instituted by the Indenture Trustee, (b) any suit instituted by any Noteholder or group of Noteholders, in each case holding in the aggregate more than 10% of the Invested Amount of any Series of Notes, or (c) any suit instituted by any Noteholder for the enforcement of the payment of principal of or interest on any Note on or after the respective due dates expressed in such Note and in this Base Indenture or any Indenture Supplement (after giving effect to applicable grace periods).

Section 9.14. Waiver of Stay or Extension Laws.

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead or in any manner whatsoever, claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Base Indenture or any Indenture Supplement; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or

advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 9.15. Action on Notes.

The Indenture Trustee's right to seek and recover judgment on the Notes or under this Base Indenture or any Indenture Supplement shall not be affected by the seeking, obtaining or application of any other relief under or with respect to this Base Indenture or any Indenture Supplement. Neither the Lien of this Base Indenture or any Indenture Supplement nor any rights or remedies of the Indenture Trustee or the Noteholders shall be impaired by the recovery of any judgment by the Indenture Trustee against the Issuer or by the levy of any execution under such judgment upon any portion of the Issuer Assets or upon any of the other assets of the Issuer.

ARTICLE 10.

THE INDENTURE TRUSTEE

Section 10.1. Duties of the Indenture Trustee.

(a) If an Amortization Event with respect to any Series of Notes Outstanding or an Event of Default has occurred and is continuing, the Indenture Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs; *provided, however*, that the Indenture Trustee shall only be required to exercise the rights and powers vested in it by the Indenture and to use the same degree of care and skill in their exercise as a prudent person would exercise in the conduct of such person's own affairs with respect to a Series of Notes Outstanding with respect to which the Amortization Event has occurred.

(b) Except during the continuance of (x) an Event of Default or (y) an Amortization Event with respect to any Series of Notes Outstanding, solely with respect to such Series of Notes Outstanding,

(i) the Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Indenture Trustee; and

(ii) in the absence of bad faith on its part, the Indenture Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of the Indenture; but in the case of any such certificates or opinions which by any provision of the Indenture are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee shall be under a duty to examine the same to determine whether or not they

conform to the requirements of the Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) Subject to Section 10.1(a), no provision of the Indenture shall be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act or its own bad faith or willful misconduct; *provided*, *however*, that:

(i) the Indenture Trustee shall not be liable for an error of judgment made in good faith by a Responsible Officer of the Indenture Trustee, unless it shall be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts nor shall the Indenture Trustee be liable with respect to any action it takes or omits to take in good faith in accordance with the Indenture or in accordance with a direction received by it pursuant to Section 9.11; and

(ii) the Indenture Trustee shall not be required to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or indemnity reasonably satisfactory to it against such risk or liability is not reasonably assured to it, and none of the provisions contained in the Indenture shall in any event require the Indenture Trustee to perform, or be responsible for the manner of performance of, any of the obligations of any Person under any of the Transaction Documents.

Section 10.2. Rights of the Indenture Trustee.

Except as otherwise provided by Section 10.1:

(a) The Indenture Trustee may conclusively rely and shall be fully protected in acting or refraining from acting based upon any document believed by it to be genuine and to have been signed by or presented by the proper person.

(b) The Indenture Trustee may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Indenture Trustee may act through agents, custodians and nominees and shall not be liable for any misconduct or negligence on the part of, or for the supervision of, any such agent, custodian or nominee so long as such agent, custodian or nominee is selected and appointed with due care.

(d) The Indenture Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers conferred upon it by the Indenture; *provided*, that the Indenture Trustee's conduct does not constitute willful misconduct, negligence or bad faith.

(e) The Indenture Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond, or other paper or document, unless requested in writing to do so by Holders of the Notes evidencing not less than 25% of the Invested Amount of any Series of Notes; *provided*, *however*, that if the payment within a reasonable time to the Indenture Trustee of the costs, expenses, or liabilities likely to be incurred by it in the making of such investigation shall be, in the opinion of the Indenture Trustee, not reasonably assured to the Indenture Trustee by the security afforded to it by the terms of the Indenture, the Indenture Trustee may require indemnity reasonably satisfactory to it against such cost, expense, or liability or payment of such expenses as a condition precedent to so proceeding. The reasonable expense of every such examination shall be paid by the Issuer or, if paid by the Indenture Trustee, shall be reimbursed by the Issuer upon demand.

(f) The Indenture Trustee shall have no obligation to invest or reinvest any cash held in the Collection Account, the Lockbox Account, any Series Account or any other moneys held by the Indenture Trustee pursuant to this Indenture in the absence of timely and specific written investment direction from the Issuer which may be in the form of standing instructions or otherwise. In no event shall the Indenture Trustee be liable for the selection of investments or for investment losses incurred thereon. The Indenture Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any investment prior to its stated maturity or the failure of the Issuer to provide timely written investment direction.

(g) The right of the Indenture Trustee to perform any discretionary act enumerated in the Indenture shall not be construed as a duty, and the Indenture Trustee shall not be answerable for other than its negligence or willful misconduct in the performance of such act.

(h) The Indenture Trustee shall not be required to give any bond or surety in respect of the execution of the trust created hereby or the powers granted hereunder.

(i) The Indenture Trustee shall not be charged with knowledge of any Event of Default, Potential Event of Default, Amortization Event, Potential Amortization Event, Potential Servicer Default or Servicer Default unless a Responsible Officer of the Indenture Trustee obtains actual knowledge thereof or receives written notice of such event at the Corporate Trust Office, and such notice references the Notes and the Indenture.

(j) The Indenture Trustee shall not be charged with knowledge of any failure by any Person to comply with its obligations under the Transaction Documents, unless a Responsible Officer of the Indenture Trustee obtains actual knowledge of such failure or receives written notice of any event which is in fact a failure by such Person to comply at the Corporate Trust Office, and such notice references the Notes and the Indenture.

(k) Anything in the Indenture to the contrary notwithstanding, in no event shall the Indenture Trustee be liable for special, punitive, indirect or consequential loss or damage

of any kind whatsoever (including but not limited to lost profits), even if the Indenture Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(l) The Indenture Trustee shall have no duty (A) to record, file, or deposit this Base Indenture, the Transaction Documents or any agreement referred to herein or therein or any financing statement or continuation statement evidencing a security interest, or to monitor or maintain any such recording or filing or depositing or to rerecord, refile, or redeposit any thereof, (B) to insure the Issuer Assets or (C) to pay or discharge any tax, assessment, or other governmental charge or any lien or encumbrance of any kind owing with respect to assessed or levied against, any part of the Collateral.

(m) Whenever in the administration of the Indenture, the Indenture Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, conclusively rely upon an Officer's Certificate.

(n) The Indenture Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture or to conduct or defend any litigation hereunder or in relation hereto at the request or direction of any of the Holders pursuant to the Indenture, unless such Holders shall have offered to the Indenture Trustee security or indemnity satisfactory to the Indenture Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(o) Except as otherwise set forth in Section 10.1(b)(ii), the Indenture Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney at the sole cost of the Issuer and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation.

(p) The rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

(q) The Indenture Trustee may request that the Issuer deliver a certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to the Indenture.

(r) In no event shall the Indenture Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by,

directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility, or any other causes outside the Indenture Trustee's control whether or not of the same class or kind as specified above; it being understood that the Indenture Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

(s) Every provisions of the Indenture or the Transaction Documents relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee shall be subject to the provision of this Article 10.

(t) The delivery of reports, information and documents to the Indenture Trustee shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its covenants hereunder.

(u) The Indenture Trustee shall be fully justified in failing or refusing to take any action under the Indenture, any Transaction Document or any other related document if such action (i) would, in the reasonable opinion of the Indenture Trustee, in good faith (which may be based on the advice or opinion of counsel), be contrary to applicable law, the Indenture, any Transaction Document or any other related document or (ii) prior to the occurrence of an Event of Default, is not provided for in the Indenture, any Transaction Document or any other related document.

(v) The rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its rights to be indemnified, are extended to, and shall be enforceable by the Indenture Trustee in each Transaction Document and other document related hereto to which it is a party.

Section 10.3. Indenture Trustee's Disclaimer.

The Indenture Trustee assumes no responsibility for the correctness of the recitals contained herein and in the Notes (other than the certificate of authentication on the Notes). Except as set forth in Section 10.11, the Indenture Trustee makes no representations as to the validity or sufficiency of the Indenture or of the Notes (other than the certificate of authentication on the Notes) or of any of the Issuer Assets. The Indenture Trustee shall not be accountable for the use or application by the Issuer of any of the Notes or of the proceeds of such Notes, or for the use or application of any funds paid to the Issuer in respect of the Issuer Assets.

Section 10.4. Indenture Trustee May Own Notes.

The Indenture Trustee in its individual or any other capacity may become the owner or pledgee of Notes with the same rights as it would have if it were not the Indenture Trustee.

Section 10.5. Notice of Defaults.

If a Potential Event of Default, an Event of Default, a Potential Amortization Event or an Amortization Event, in each case with respect to any Series of Notes, occurs and is continuing and if it is either actually known or written notice of the existence thereof has been delivered to a Responsible Officer of the Indenture Trustee at the Corporate Trust Office referencing the Indenture and the applicable Series of Notes, if any, the Indenture Trustee shall mail to each Noteholder notice thereof within ten Business Days after such knowledge or notice occurs. Except in the case of a Potential Event of Default or an Event of Default in accordance with the provisions of Section 313(c) of the TIA in payment of principal of or interest on any Note (including payments pursuant to the mandatory redemption provisions of such Note), the Indenture Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interest of the Noteholders.

Section 10.6. Compensation; Indemnity.

The Issuer shall pay to the Indenture Trustee from time to time reasonable compensation for its services hereunder in accordance with each Indenture Supplement. The Indenture Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Indenture Trustee for all reasonable out of pocket expenses incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Indenture Trustee's agents, counsel, accountants and experts. The Issuer shall indemnify, defend and hold the Indenture Trustee, its officers, directors, employees, counsel and agents harmless from and against any and all loss, liability, tax, judgment, penalty, cause of action, damage, cost or expense (including the reasonable fees and expenses of counsel) incurred by it in connection with the administration of this trust and the performance of its duties hereunder and under the other Transaction Documents, in accordance with and subject to the terms of each Indenture Supplement. The Indenture Trustee shall notify the Issuer promptly of any claim for which it may seek indemnity; *provided*, *however*, a failure by the Indenture Trustee to promptly notify the Issuer of a claim for which it may seek indemnity shall not relieve the Issuer from its obligation to indemnify the Indenture Trustee. Notwithstanding the foregoing, the Issuer shall not be liable to reimburse and indemnify the Indenture Trustee from and against any of the foregoing expenses or indemnities arising or resulting from its own negligence or wilful misconduct as conclusively determined by the judgment of a court of competent jurisdiction no longer subject to appeal or review.

The Issuer's payment obligations to the Indenture Trustee pursuant to this Section 10.6 shall survive the resignation or termination of the Indenture Trustee and the discharge of the Indenture. When the Indenture Trustee incurs expenses after the occurrence of an Event of

Default specified in Section 9.1(c), the expenses are intended to constitute expenses of administration under the Bankruptcy Code or any other applicable federal or state bankruptcy, insolvency or similar law.

Section 10.7. Eligibility Requirements for Indenture Trustee.

The Indenture Trustee hereunder shall at all times be a corporation organized and doing business under the laws of the United States or any state thereof authorized under such laws to exercise corporate trust powers, having a long-term unsecured debt rating of at least "Baa3" by Moody's and "BBB" by Standard & Poor's having, in the case of an entity that is subject to risk-based capital adequacy requirements, risk-based capital of at least $50,000,000 or, in the case of an entity that is not subject to risk-based capital adequacy requirements, having a combined capital and surplus of at least $50,000,000 and subject to supervision or examination by federal or state authority, and shall satisfy the requirements for a trustee set forth in paragraph (a)(4)(i) of Rule 3a-7 under the Investment Company Act. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purpose of this Section 10.7, the risk-based capital or the combined capital and surplus of such corporation, as the case may be, shall be deemed to be its risk-based capital or combined capital and surplus as set forth in the most recent report of condition so published.

If the Indenture is qualified under the TIA, the Indenture Trustee shall at all times satisfy the requirements of TIA §310(a) and the Indenture Trustee shall comply with TIA §310(b), including the optional provision permitted by the second sentence of TIA §310(b)(9); *provided* that there shall be excluded from the operation of TIA §310(b)(1) any indenture or indentures under which other securities of the Issuer are outstanding if the requirements for such exclusion set forth in the TIA §310(b)(1) are met.

If at any time the Indenture Trustee ceases to be eligible in accordance with the provisions of this Section 10.7, the Indenture Trustee shall resign immediately in the manner and with the effect specified in Section 10.8.

Section 10.8. Resignation or Removal of Indenture Trustee.

(a) The Indenture Trustee may give notice of its intent to resign at any time by so notifying the Issuer. The Requisite Noteholders may remove the Indenture Trustee by so notifying the Indenture Trustee and may appoint a successor Indenture Trustee. The Issuer shall remove the Indenture Trustee if:

(i) the Indenture Trustee fails to comply with Section 10.7;

(ii) the Indenture Trustee is adjudged bankrupt or insolvent;

(iii) a receiver or other public officer takes charge of the Indenture Trustee or its property; or

(iv) the Indenture Trustee otherwise becomes incapable of acting.

(b) If the Indenture Trustee gives notice of its intent to resign or is removed or if a vacancy exists in the office of the Indenture Trustee for any reason (the Indenture Trustee in such event being referred to herein as the retiring Indenture Trustee), the Issuer shall promptly appoint a successor Indenture Trustee.

(c) A successor Indenture Trustee shall deliver a written acceptance of its appointment to the retiring Indenture Trustee and to the Issuer and thereupon the resignation or removal of the Indenture Trustee shall become effective, and the successor Indenture Trustee, without any further act, deed or conveyance shall have all the rights, powers and duties of the Indenture Trustee under the Indenture. The successor Indenture Trustee shall mail a notice of its succession to the Noteholders. The retiring Indenture Trustee shall promptly transfer all property held by it as the Indenture Trustee to the successor Indenture Trustee at the expense of the Issuer.

(d) If a successor Indenture Trustee does not take office within 60 days after the retiring Indenture Trustee gives notice of its intent to resign or is removed, the retiring Indenture Trustee, the Issuer or the Holders of a Majority in Interest of each Series of Notes Outstanding may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(e) If the Indenture Trustee fails to comply with Section 10.7, any Noteholder may petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(f) Any resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee pursuant to any of the provisions of this Section shall not become effective until acceptance of appointment by the successor Indenture Trustee pursuant to Section 10.8(c) and payment of all fees and expenses owed to the outgoing Indenture Trustee.

(g) Notwithstanding the resignation or removal of the Indenture Trustee pursuant to this Section, the Issuer's obligations under Section 10.6 shall continue for the benefit of the retiring Indenture Trustee. The Indenture Trustee shall not be liable for the acts or omissions of any successor Indenture Trustee.

Section 10.9. Successor Indenture Trustee by Merger.

If the Indenture Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Indenture Trustee. The Indenture Trustee shall provide the Issuer written notice of any such transaction.

In case at the time such successor or successors by merger, conversion or consolidation to the Indenture Trustee shall succeed to the trusts created by the Indenture, any of the Notes shall have been authenticated but not delivered, any such successor to the Indenture Trustee may adopt the certificate of authentication of any predecessor Indenture Trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor Indenture Trustee may authenticate such Notes either in the name of any predecessor Indenture Trustee hereunder or in the name of the successor Indenture Trustee; and in all such cases such certificate of authentication shall have the same full force as is provided anywhere in the Notes or in the Indenture with respect to the certificate of authentication of the Indenture Trustee.

Section 10.10. Appointment of Co-Trustee or Separate Trustee.

(a) Notwithstanding any other provisions of this Base Indenture or any Indenture Supplement, at any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Collateral may at the time be located, the Indenture Trustee shall have the power and may execute and deliver all instruments to appoint one or more persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Collateral, and to vest in such Person or Persons, in such capacity and for the benefit of the Noteholders, such title to the Collateral, or any part thereof, and, subject to the other provisions of this Section 10.10, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor Indenture Trustee under Section 10.7 and no notice to Noteholders of the appointment of any co-trustee or separate trustee shall be required under Section 10.8. No co-trustee shall be appointed without the consent of the Issuer unless such appointment is required as a matter of state law or to enable the Indenture Trustee to perform its functions hereunder.

(b) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) The Notes of each Series of Notes shall be authenticated and delivered solely by the Indenture Trustee or an authenticating agent appointed by the Indenture Trustee;

(ii) All rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform, such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer Assets or any portion thereof in any such jurisdiction)

shall be exercised and performed singly by such separate trustee or co-trustees, but solely at the direction of the Indenture Trustee;

(iii) No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iv) The Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustees.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Base Indenture and the conditions of this Article 10. Each separate trustee and co-trustees, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Base Indenture and any Indenture Supplement, specifically including every provision of this Base Indenture or any Indenture Supplement relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee and a copy thereof given to the Issuer.

(d) Any separate trustee or co-trustee may at any time constitute the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect to this Base Indenture or any Indenture Supplement on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by law, without the appointment of a new or successor Indenture Trustee.

(e) In connection with the appointment of a co-trustees, the Indenture Trustee may, at any time, at the Indenture Trustee's sole cost and expense, without notice to the Noteholders, delegate its duties under this Base Indenture and any Indenture Supplement to any Person who agrees to conduct such duties in accordance with the terms hereof and shall not be liable for any misconduct or negligence on the part of, or for the supervision of, any such co-trustee so long as such co-trustee is appointed by the Indenture Trustee with due care.

Section 10.11. Representations and Warranties of Indenture Trustee.

The Indenture Trustee represents and warrants to the Issuer and the Noteholders that:

(i) The Indenture Trustee is a New York banking corporation organized, existing and in good standing under the laws of the State of New York;

(ii) The Indenture Trustee has full power, authority and right to execute, deliver and perform this Base Indenture and any Indenture Supplement issued concurrently with this Base Indenture and to authenticate the Notes, and has taken all necessary action to authorize the execution, delivery and performance by it of this Base Indenture and any Indenture Supplement issued concurrently with this Base Indenture and to authenticate the Notes;

(iii) This Base Indenture has been duly executed and delivered by the Indenture Trustee; and

(iv) The Indenture Trustee meets the requirements of eligibility as an Indenture Trustee hereunder set forth in Section 10.7.

Section 10.12. Preferential Collection of Claims Against the Issuer.

If the Indenture is qualified under the TIA, the Indenture Trustee shall comply with TIA §311(a), excluding any creditor relationship listed in TIA §311(b) and an Indenture Trustee who has resigned or been removed shall be subject to TIA §311(a) to the extent indicated therein.

ARTICLE 11.

DISCHARGE OF INDENTURE

Section 11.1. Termination of the Issuer's Obligations.

(a) The Indenture shall cease to be of further effect (except that (i) the Issuer's obligations under Sections 2.4, 2.14 and 10.6, (ii) the Indenture Trustee's and Paying Agent's obligations under Section 11.3 and the Indenture Trustee's and the Noteholders' obligations under Section 13.16 shall survive) when all Outstanding Notes theretofore authenticated and issued have been delivered (other than destroyed, lost or stolen Notes which have been replaced or paid) to the Indenture Trustee for cancellation and the Issuer has paid all sums payable hereunder.

(b) In addition, except as may be provided to the contrary in any Indenture Supplement, the Issuer may terminate all of its obligations under the Indenture if:

(i) The Issuer irrevocably deposits in trust with the Indenture Trustee money or U.S. Government Obligations in an amount sufficient, in the opinion of a nationally recognized firm of independent certified public accountants expressed in a written certification thereof delivered to the Indenture Trustee, to pay, when due, principal and interest on the Notes to maturity or redemption, as the case may be, and to pay all other sums payable by it hereunder; *provided*, *however*, that the Indenture Trustee shall have been irrevocably instructed to apply such money or the proceeds of such U.S. Government Obligations to the payment of said principal and interest with respect to the Notes;

(ii) The Issuer delivers to the Indenture Trustee an Officer's Certificate stating that all conditions precedent to satisfaction and discharge of the Indenture have been complied with, and an Opinion of Counsel to the same effect; and

(iii) the Rating Agency Condition is satisfied with respect to each Series of Notes Outstanding.

Then, the Indenture shall cease to be of further effect (except as provided in this Section 11.1), and the Indenture Trustee, on demand of the Issuer, shall execute proper instruments acknowledging confirmation of and discharge under the Indenture.

(c) After such irrevocable deposit made pursuant to Section 11.1(b) and satisfaction of the other conditions set forth herein, the Indenture Trustee upon request shall acknowledge in writing the discharge of the Issuer's obligations under the Indenture except for those surviving obligations specified above.

In order to have money available on a payment date to pay principal or interest on the Notes, the U.S. Government Obligations shall be payable as to principal or interest at least one Business Day before such payment date in such amounts as will provide the necessary money. U.S. Government Obligations shall not be callable at the issuer's option.

Section 11.2. Application of Trust Money.

The Indenture Trustee shall hold in trust money or U.S. Government Obligations deposited with it pursuant to Section 11.1. The Indenture Trustee shall apply the deposited money and the money from U.S. Government Obligations through the Paying Agent in accordance with the Indenture to the payment of principal and interest on the Notes.

The provisions of this Section 11.2 shall survive the expiration or earlier termination of the Indenture.

Section 11.3. Repayment to the Issuer.

The Indenture Trustee and the Paying Agent shall promptly pay to the Issuer upon written request any excess money or, pursuant to Section 2.4, return any Notes held by them at any time.

The provisions of this Section 11.3 shall survive the expiration or earlier termination of the Indenture.

ARTICLE 12.

AMENDMENTS

Section 12.1. Without Consent of the Noteholders.

Without the consent of any Noteholder, but subject to satisfaction of the Rating Agency Condition, the Issuer and the Indenture Trustee, at any time and from time to time, may amend, modify, or waive the provisions of this Base Indenture or, unless otherwise specified therein, any Indenture Supplement:

(a) to create a new Series of Notes;

(b) to add to the covenants of the Issuer for the benefit of any Noteholders (and if such covenants are to be for the benefit of less than all Series of Notes, stating that such covenants are expressly being included solely for the benefit of such Series) or to surrender any right or power conferred upon the Issuer (*provided, however,* that the Issuer will not pursuant to this Section 12.1(b) surrender any right or power it has under the Transaction Documents);

(c) to mortgage, pledge, convey, assign and transfer to the Indenture Trustee any additional property or assets, or increase the amount of such property or assets that are required as security for the Notes and to specify the terms and conditions upon which such additional property or assets are to be held and dealt with by the Indenture Trustee and to set forth such other provisions in respect thereof as may be required by the Indenture or as may, consistent with the provisions of the Indenture, be deemed appropriate by the Issuer, or to correct or amplify the description of any such property or assets at any time so mortgaged, pledged, conveyed and transferred to the Indenture Trustee on behalf of the Noteholders;

(d) to cure any mistake, ambiguity, defect, or inconsistency or to correct or supplement any provision contained herein or in any Indenture Supplement or in any Notes issued hereunder;

(e) to evidence and provide for the acceptance of appointment hereunder by a successor Indenture Trustee with respect to the Notes of one or more Series of Notes and to add to or change any of the provisions of the Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Indenture Trustee;

(f) to correct or supplement any provision herein or in any Indenture Supplement which may be inconsistent with any other provision herein or therein or to make any other provisions with respect to matters or questions arising under this Base Indenture or in any Indenture Supplement; or

(g) if the Indenture is required to be qualified under the TIA, to modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the TIA or under any similar federal statute hereafter enacted and to add to the Indenture such other provisions as may be expressly required by the TIA;

provided, however, that, as evidenced by an Officer's Certificate of the Issuer, such action shall not adversely affect in any material respect the interests of any Noteholder.

Section 12.2. With Consent of the Noteholders.

(a) Except as provided in Section 12.1, the provisions of this Base Indenture and any Indenture Supplement (except as otherwise set forth in such Indenture Supplement) may from time to time be amended, modified or waived, if (i) such amendment, modification or waiver is in writing and is consented to in writing by the Issuer, the Indenture Trustee and, unless otherwise specified in an Indenture Supplement for a Series of Notes, the Requisite Noteholders and (ii) the Rating Agency Condition is satisfied with respect to such amendment, modification, or waiver; *provided*, that, if any such amendment, modification or waiver does not materially adversely affect the Noteholders of one or more, but not all, Series of Notes (as substantiated by an Officer's Certificate of the Issuer to such effect), any such Series of Notes that is not materially adversely affected by such amendment, modification or waiver shall be deemed not to be Outstanding for purposes of obtaining such consent (and the related calculation of Requisite Noteholders shall be modified accordingly).

(b) Notwithstanding the foregoing (but subject, in each case, to satisfaction of the Rating Agency Condition with respect to each Series of Notes Outstanding):

(i) any modification of this Section 12.2, any requirement hereunder that any particular action be taken by Noteholders holding the relevant percentage in principal amount of the Notes or any change in the definition of the terms "Pool Outstanding Principal Balance", "Outstanding Principal Balance" and "Outstanding" shall require the consent of the Required Noteholders;

(ii) any amendment, waiver or other modification to this Base Indenture or any Indenture Supplement that would (A) extend the due date for, or reduce the interest rate or principal amount of any Note, or the amount of any scheduled repayment or prepayment of principal of or interest on any Note (or reduce the principal amount of or rate of interest on any Note) shall require the consent of each Holder of the Note affected thereby; (B) affect adversely the interests, rights or obligations of any Noteholder individually in comparison to any other Noteholder shall require the consent of such Noteholder; or (C) amend or otherwise modify any Amortization Event shall require the consent of each Noteholder to which such Amortization Event applies; and

(iii) any amendment, waiver or other modification that would (A) approve the assignment or transfer by the Issuer of any of its rights or obligations hereunder or under any other Transaction Documents to which it is a party, except pursuant to the express terms hereof or thereof; or (B) release any obligor under any Transaction Documents to which it is a party, except pursuant to the express terms hereof or of such Transaction Document, shall require in each case the consent of the Required Noteholders; *provided*, *however*, if any such amendment, waiver, or other modification relating to a Transaction Document relates solely to a single Series of Notes (as substantiated by an Officer's Certificate of the Issuer to such effect), then all other Series of Notes shall be deemed not to be Outstanding for purposes of obtaining the foregoing consent (and the related calculation of Required Noteholders shall be modified accordingly);

provided, *further* that with respect to any such amendment, waiver or other modification relating to a Transaction Document or portion thereof that does not adversely affect in any material respect a Series of Notes (as substantiated by an Officer's Certificate of the Issuer to such effect), then such Series of Notes shall be deemed not to be Outstanding for purposes of obtaining the foregoing consent (and the related calculation of Required Noteholders shall be modified accordingly).

(c) No failure or delay on the part of any Noteholder or the Indenture Trustee in exercising any power or right under the Indenture or any other Transaction Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right.

(d) It shall not be necessary for the consent of any Person pursuant to this Section for such Person to approve the particular form of any proposed amendment, but it shall be sufficient if such Person consents to the substance thereof.

Section 12.3. Supplements.

Each amendment or other modification to the Indenture or the Notes shall be set forth in a Supplement. In addition to the manner provided in Sections 12.1 and 12.2(b), each Indenture Supplement may be amended as provided in such Indenture Supplement.

Section 12.4. Revocation and Effect of Consents.

Until an amendment or waiver becomes effective, a consent to it by a Noteholder is a continuing consent by the Noteholder and every subsequent Noteholder of a Note or portion of a Note that evidences the same debt as the consenting Noteholder's Note, even if notation of the consent is not made on any Note. However, any such Noteholder or subsequent Noteholder may revoke the consent as to his Note or portion of a Note if the Indenture Trustee receives written notice of revocation before the date the amendment or waiver becomes effective. An amendment or waiver becomes effective in accordance with its terms and thereafter binds every Noteholder. The Issuer may fix a record date for determining which Noteholders must consent to such amendment or waiver.

Section 12.5. Notation on or Exchange of Notes.

The Indenture Trustee may place an appropriate notation about an amendment or waiver on any Note thereafter authenticated. The Issuer in exchange for all Notes may issue and the Indenture Trustee shall authenticate new Notes that reflect the amendment or waiver. Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment or waiver.

Section 12.6. The Indenture Trustee to Sign Amendments, etc.

The Indenture Trustee shall sign any Supplement authorized pursuant to this Article 12 if the Supplement does not adversely affect the rights, duties, liabilities or immunities of the Indenture Trustee. If it does, the Indenture Trustee may, but need not, sign it. In signing any Supplement, the Indenture Trustee shall be entitled to receive, if requested, an indemnity reasonably satisfactory to it and to receive and, subject to Section 10.1, shall be fully protected in relying upon, an Officer's Certificate and an Opinion of Counsel as conclusive evidence that such Supplement is authorized or permitted by the Indenture and that it will be valid and binding upon the Issuer in accordance with its terms.

Section 12.7. Conformity with Trust Indenture Act.

If the Indenture is qualified under the TIA, every amendment of the Indenture and every Supplement executed pursuant to this Article 12 shall comply in all respects with the TIA.

ARTICLE 13.

MISCELLANEOUS

Section 13.1. Compliance Certificates.

(a) Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of the Indenture, upon request of the Indenture Trustee, the Issuer shall furnish to the Indenture Trustee (i) an Officer's Certificate stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in the Indenture relating to the proposed action have been complied with and (ii) if the Indenture is qualified under the TIA and the TIA so requires, an Independent Certificate from a firm of certified public accountants or other experts meeting the applicable requirements of this Section 13.1, except that, in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of the Indenture, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in the Indenture shall include:

(i) a statement that each signatory of such certificate or opinion has read or has caused to be read such covenant or condition;

(ii) a statement that, in the opinion of each such signatory, such signatory has made such examination or investigation as is necessary to enable such signatory to express an informed opinion as to whether such covenant or condition has been complied with;

(iii) a statement as to whether, in the opinion of each such signatory such condition or covenant has been complied with;

(iv) if the Indenture is qualified under the TIA and the TIA so requires, prior to the deposit of any property or securities with the Indenture Trustee that is to be made the basis for the release of any property or securities subject to the Lien of the Indenture, the Issuer shall, in addition to any obligation imposed in Section 13.1(a) or elsewhere in the Indenture, furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (within 90 days of such deposit) to the Issuer of the property or securities to be so deposited;

(v) whenever the Issuer is required to furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in clause (iv), the Issuer shall also deliver to the Indenture Trustee an Independent Certificate as to the same matters, if the fair value to the Issuer of the securities to be so deposited and of all other such securities made the basis of any such withdrawal or release since the commencement of the then-current fiscal year of the Issuer, as set forth in the certificates delivered pursuant to clause (iv) and this clause (v), is 10% or more of the Aggregate Invested Amount, but such a certificate need not be furnished with respect to any securities so deposited, if the fair value thereof to the Issuer as set forth in the related Officer's Certificate is less than $25,000 or less than one percent of the Aggregate Invested Amount;

(vi) if the Indenture is qualified under the TIA and the TIA so requires, whenever any property or securities are to be released from the Lien of the Indenture, the Issuer shall also furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (within 90 days of such release) of the property or securities proposed to be released and stating that in the opinion of such person the proposed release will not impair the security under the Indenture in contravention of the provisions hereof;

(vii) whenever the Issuer is required to furnish to the Indenture Trustee an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in clause (vi), the Issuer shall also furnish to the Indenture Trustee an Independent Certificate as to the same matters if the fair value of the property or securities and of all other property, or securities released from the Lien of the Indenture since the commencement of the then current calendar year, as set forth in the certificates required by clause (vi) and this clause (vii), equals 10% or more of the Aggregate Invested Amount, but such certificate need not be furnished in the case of any release of property or securities if the fair value thereof as set forth in the related Officer's Certificate is less than $25,000 or less than one percent of the then Aggregate Invested Amount.

(b) Notwithstanding Section 3.3 or any provision of this Section 13.1, without any action by the Indenture Trustee, the Issuer may (A) collect, liquidate, sell or otherwise dispose of the Issuer Assets as and to the extent permitted or required by the Transaction Documents and (B) make cash payments out of the Issuer Accounts as and to the extent permitted or required by the Transaction Documents.

Section 13.2. Forms of Documents Delivered to Indenture Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person my certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an Authorized Officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion is based are erroneous. Any such certificate of an Authorized Officer or any Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Seller, the Servicer or the Issuer, stating that the information with respect to such factual matters is in the possession of the Seller, the Servicer or the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under the Indenture, they may, but need not, be consolidated and form one instrument.

Whenever in the Indenture, in connection with any application, certificate or report to the Indenture Trustee, it is provided that the Issuer shall deliver any document (x) as a condition of the granting of such application, or (y) as evidence of the Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in such document shall in each case be conditions precedent to the right of the Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed to affect the Indenture Trustee's right to rely upon the truth and accuracy of any statement or opinion contained in any such document as provided in Article 10 and shall incur no liability for its acting in reliance thereon.

Section 13.3. Actions of Noteholders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by the Indenture to be given or taken by the Noteholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing; and except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Indenture Trustee and, when required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of

the Indenture and conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 13.3.

(b) The fact and date of the execution by any Noteholder of any such instrument or writing may be proved in any reasonable manner which the Indenture Trustee deems sufficient.

(c) Any request, demand, authorization, direction, notice, consent, waiver or other act by a Noteholder shall bind every Holder of every Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done, or omitted to be done, by the Indenture Trustee or the Issuer in reliance thereon, regardless of whether notation of such action is made upon such Note.

(d) The Indenture Trustee may require such additional proof of any matter referred to in this Section 13.3 as it shall deem necessary.

(e) The ownership of Notes shall be proved by the Note Register.

Section 13.4. Notices.

(a) Any notice or communication by the Issuer or the Indenture Trustee to the other shall be in writing and delivered in person or mailed by first class mail (registered or certified, return receipt requested), telex, telecopier, electronic mail, or overnight air courier guaranteeing next day delivery, to the other's address:

If to the Issuer:

OnDeck Asset Securitization Trust II LLC
1400 Broadway, 25th Floor
New York, NY 10018
Attn: On Deck Capital, Inc. – General Counsel
Phone: (917) 677-7117
Fax: (646) 417-6376

with a copy to:

On Deck Capital, Inc.
1400 Broadway, 25th Floor
New York, NY 10018
Attn: On Deck Capital, Inc. – General Counsel
Phone: (917) 677-7117
Fax: (646) 417-6376

Email: legal@ondeck.com

If to the Indenture Trustee:

Deutsche Bank Trust Company Americas

1761 ~~East St.~~E. Saint Andrew~~s~~ Place
Santa Ana, California 92705
Attn: Trust Administration~~—OD 1601~~ - ONDECK ASSET SECURITIZATION TRUST II LLC
Phone: (714) 247-6000
Fax: (714) 247-6009
Email: holder.inquiry@db.com

The Issuer or the Indenture Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications; *provided*, *however*, the Issuer may not at any time designate more than a total of three (3) addresses to which notices must be sent in order to be effective.

Any notice (i) given in person shall be deemed delivered on the date of delivery of such notice, (ii) given by first class mail shall be deemed given five days after the date that such notice is mailed, (iii) delivered by telex, telecopier, or electronic mail shall be deemed given on the date of delivery of such notice, and (iv) delivered by overnight air courier shall be deemed delivered one Business Day after the date that such notice is delivered to such overnight courier.

Notwithstanding any provisions of the Indenture to the contrary, the Indenture Trustee shall have no liability based upon or arising from the failure to receive any notice required by or relating to the Indenture or the Notes.

If the Issuer mails a notice or communication to Noteholders, it shall mail a copy to the Indenture Trustee at the same time.

In addition to the foregoing, the Issuer and the Indenture Trustee agree to accept and act upon notice, instructions or directions pursuant to the Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods. If the party elects to give the Indenture Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Indenture Trustee in its discretion elects to act upon such instructions, the Indenture Trustee's understanding of such instructions shall be deemed controlling. The Indenture Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Indenture Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The party providing electronic instructions agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Indenture Trustee,

including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Notices required to be given to the Rating Agencies by the Issuer or the Indenture Trustee shall be in writing, personally delivered or mailed certified mail, return receipt requested to, in the case of DBRS Inc., at the following address: 140 Broadway, New York, New York 10005, Attention Surveillance E-mail: ABS_Surveillance@dbrs.com and in the case of S&P, at the following address: 55 Water Street, New York, New York 10041, Attention: Structured Credit Surveillance E-mail servicer_reports@standardandpoors.com. Where the Indenture provides for notice to each Rating Agency, failure to furnish such notice shall not affect any other rights or obligations hereunder, and shall not under any circumstance constitute an Event of Default, Potential Event of Default, an Amortization Event or a Potential Amortization Event with respect to any Series of Notes or any other default or adverse consequence under the Transaction Documents.

(b) Where the Indenture provides for notice to Noteholders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if sent in writing and mailed, first class postage prepaid, to each Noteholder affected by such event, at its address as it appears in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed (if any) for the giving of such notice. In any case where notice to a Noteholder is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Noteholder shall affect the sufficiency of such notice with respect to other Noteholders, and any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given. Where the Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Noteholders shall be filed with the Indenture Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In the case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made that is satisfactory to the Indenture Trustee shall constitute a sufficient notification for every purpose hereunder.

Section 13.5. Conflict with TIA.

If the Indenture is qualified under the TIA and any provision hereof limits, qualifies or conflicts with another provision hereof that is required to be included in the Indenture by any of the provisions of the TIA, such required provision shall control.

If the Indenture is qualified under the TIA, the provisions of TIA §§ 310 through 317 that impose duties on any person (including the provisions automatically deemed included herein unless expressly excluded by the Indenture) are a part of and govern the Indenture, whether or not physically contained herein.

Section 13.6. Rules by the Indenture Trustee.

The Indenture Trustee may make reasonable rules for action by or at a meeting of Noteholders.

Section 13.7. Duplicate Originals.

The parties may sign any number of copies of this Base Indenture. One signed copy is enough to prove this Base Indenture.

Section 13.8. Benefits of Indenture.

Except as set forth in an Indenture Supplement, nothing in the Indenture or in the Notes, expressed or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under the Indenture.

Section 13.9. Payment on Business Day.

In any case where any Payment Date, redemption date or maturity date of any Note shall not be a Business Day, then (notwithstanding any other provision of the Indenture) payment of interest or principal (and premium, if any), as the case may be, need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the Payment Date, redemption date, or maturity date; *provided*, *however*, that no interest shall accrue for the period from and after such Payment Date, redemption date, or maturity date, as the case may be.

Section 13.10. Governing Law.

THIS BASE INDENTURE, AND ALL MATTERS ARISING FROM OR IN ANY MANNER RELATING TO THIS BASE INDENTURE, SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 13.11. Severability of Provisions.

If any one or more of the covenants, agreements, provisions or terms of the Indenture shall for any reason whatsoever be held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of the Indenture and shall in no way affect the validity of enforceability of the other provisions of the Indenture or of the Notes or rights of the Noteholders thereof.

Section 13.12. Counterparts.

This Base Indenture may be executed in two or more counterparts (and by different parties on separate counterparts), each of which shall be an original, but all of which

together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Base Indenture by facsimile transmission or electronic transmission (in pdf format) shall be as effective as delivery of a manually executed counterpart of this Base Indenture.

Section 13.13. Successors.

All agreements of the Issuer in the Indenture and the Notes shall bind its successor; *provided, however*, the Issuer may only assign its obligations or rights under the Indenture or any Transaction Document as expressly provided herein. All agreements of the Indenture Trustee in the Indenture shall bind its successor.

Section 13.14. Table of Contents, Headings, etc.

The Table of Contents, Cross Reference Table, and headings of the Articles and Sections of this Base Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 13.15. Recording of Indenture.

If the Indenture is subject to recording in any appropriate public recording offices, such recording is to be effected by the Issuer and at its expense accompanied by an Opinion of Counsel to the effect that such recording is necessary either for the protection of the Noteholders or any other person secured hereunder or for the enforcement of any right or remedy granted to the Indenture Trustee under the Indenture or to satisfy any provision of the TIA (if the Indenture is qualified thereunder).

Section 13.16. No Petition.

The Indenture Trustee, by entering into the Indenture, and each Noteholder, by accepting a Note, hereby covenant and agree that they will not at any time institute against the Issuer or join in any institution against the Issuer of, any involuntary bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States Federal or state bankruptcy or similar law in connection with any obligations relating to the Notes, this Base Indenture or any of the other Transaction Documents.

Section 13.17. Non-Recourse.

Notwithstanding any provisions contained in the Indenture to the contrary, the Issuer shall not, and shall not be obligated to, pay any amounts (including, without limitation, fees, costs, indemnified amounts or expenses) due in connection with the Indenture other than in accordance with the Indenture, and any claim in respect of any such amounts shall be limited

in recourse to the Collateral. Any amount which the Issuer does not pay pursuant to the operation of the preceding sentence shall not constitute a claim (as defined in § 101 of the Bankruptcy Code against or limited liability company obligation of the Issuer for any such insufficiency unless and until funds are available for the payment of such amounts as aforesaid. The provisions of this Section 13.17 shall survive the termination of the Indenture.

Section 13.18. Waiver of Jury Trial.

EACH PARTY HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THE NOTES, THIS BASE INDENTURE OR ANY OTHER DOCUMENTS AND INSTRUMENTS EXECUTED IN CONNECTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN), OR ACTIONS OF ANY PARTY HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THIS BASE INDENTURE.

Section 13.19. Submission to Jurisdiction.

Each of the parties hereto hereby irrevocably and unconditionally (i) submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court in New York County or federal court of the United States of America for the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to the Notes, this Base Indenture or any Indenture Supplement, or for recognition or enforcement of any judgment arising out of or relating to the Notes, this Base Indenture or any Indenture Supplement; (ii) agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by law, federal court; (iii) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law; (iv) consents that any such action or proceeding may be brought in such courts and waives any objection it may now or hereafter have to the laying of venue of any such action or proceeding in any such court and any objection it may now or hereafter have that such action or proceeding was brought in an inconvenient court, and agrees not to plead or claim the same; and (v) consents to service of process in the manner provided for notices in Section 13.4 (provided that, nothing in this Base Indenture shall affect the right of any such party to serve process in any other manner permitted by law).

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Indenture Trustee and the Issuer have caused, this Base Indenture to be duly executed by their respective duly authorized officers as of the day and year first written above.

ONDECK ASSET SECURITIZATION TRUST II LLC, as Issuer

By: _____
Name:
Title:

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

Exhibit 10.16

SCHEDULE I
TO THE
BASE INDENTURE

DEFINITIONS LIST

"30 MPF Pooled Loan" means any Pooled Loan with a Missed Payment Factor, in the case of a Daily Pay Loan, higher than 30 ~~or~~, in the case of a Weekly Pay Loan, higher than 6 or, in the case of a Monthly Pay Loan, higher than 1.5.

"ACH Agreement" means an authorization agreement executed by an Obligor in favor of OnDeck relating to the Obligor's business banking account, providing for the direct debit of payments on a Loan pursuant to OnDeck's automatic payment plan and the direct deposit of disbursements into the Lockbox Account.

"ACH Loan" means a Loan with respect to which the underlying Obligor has entered into an ACH Agreement.

"Affiliate" means, with respect to any specified Person, another Person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Person specified. For purposes of this definition, "control" means the power to direct the management and policies of a Person, directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and "controlled" and "controlling" have meanings correlative to the foregoing.

"Affiliate Issuer" means any special purpose entity that is an Affiliate of OnDeck that has entered into financing arrangements that are (i) provided by third parties that are not Affiliates of OnDeck and (ii) secured by one or more Series of Notes.

"Agency Agreement" means that certain Secured Party Representative Services Agreement, dated as of June 20, 2012, between OnDeck and the UCC Agent, or any successor agreement with the UCC Agent serving substantially the same purpose.

"Aggregate Adjusted Invested Amount" means, on any date of determination, the sum of the Series Adjusted Invested Amounts with respect to all Series of Notes Outstanding on such date.

"Aggregate Invested Amount" means the sum of the Invested Amounts with respect to all Series of Notes Outstanding.

"Aggregate Required Asset Amount" means, on any date of determination, the sum of the Series Required Asset Amounts with respect to all Series of Notes Outstanding on such date.

"Aggregate Required Enhancement Amount" means, as of any date of determination, the sum of the Series Required Enhancement Amounts with respect to each Series of Notes Outstanding as of such date.

"Amortization Event" with respect to each Series of Notes, is defined in the related Indenture Supplement.

"Amortization Period" means, with respect to any Series of Notes or any Class within a Series of Notes, the period following the Revolving Period during which principal is distributed to Noteholders, which shall be the controlled amortization period, the principal amortization period, the rapid amortization period, or other amortization period, in each case as defined with respect to such Series of Notes in the related Indenture Supplement.

"Amortization Requirements" means, on any date of determination, each of the Series Amortization Requirements for each Series of Outstanding Notes.

"Annual Noteholders' Tax Statement" is defined in Section 4.4(b) of the Base Indenture.

"Applicants" is defined in Section 2.8 of the Base Indenture.

"Authorized Officer" means (a) as to the Servicer or the Seller, any of the President, the Chief Executive Officer, the Chief Financial Officer, any Executive Vice President, any Vice President, the Treasurer, any Assistant Treasurer or the Secretary of the Servicer or the Seller, as the case may be, and (b) as to the Issuer, any of the President, any Vice President, the Treasurer, any Assistant Treasurer or the Secretary of the Issuer.

"Automatic LOC Payment Modification" means, with respect to any LOC Loan, upon the occurrence of each Subsequent LOC Advance relating to such LOC Loan, that the scheduled loan payment obligations of the Obligor under such LOC Loan are automatically reset and restructured together with all other advances made under the related OnDeck LOC (based on the aggregate outstanding principal balance of all such advances) so that, with respect to all such advances, from and after the date of the last such Subsequent LOC Advance, a single periodic payment amount is owed each business day, week or month over the course of the applicable amortization period.

"Average Balance Maximum Amount" means, on any date of determination, the lowest Series Average Balance Maximum Amount with respect to any Series of Outstanding Notes.

"Backup Servicer" means Portfolio Financial Servicing Company, and each replacement Backup Servicer under the Backup Servicing Agreement.

"Backup Servicer Termination Event" is defined in the Backup Servicing Agreement.

"Backup Servicing Agreement" means the Backup Servicing Agreement, dated as of the Initial Closing Date, by and among the Back-up Servicer, the Servicer, the Issuer and the Indenture Trustee.

"Backup Servicing Fee" is defined in the Backup Servicing Agreement.

"Bankruptcy Code" means The Bankruptcy Reform Act of 1978, as amended from time to time, and as codified as 11 U.S.C. Section 101 et seq.

"Base Indenture" means the Base Indenture, dated as of the Initial Closing Date, between the Issuer and the Indenture Trustee, exclusive of Indenture Supplements creating Series of Notes.

"Beneficial Owner" means, with respect to a Book-Entry Note, the Person who is the beneficial owner of such Book-Entry Note, as may be reflected on the books of the Clearing Agency, or on the books of a Person maintaining an account with such Clearing Agency (directly or as an indirect participant, in accordance with the rules of such Clearing Agency).

"Book-Entry Notes" means beneficial interests in the Notes, ownership and transfers of which shall be evidenced or made through book entries by a Clearing Agency as described in Section 2.10 of the Base Indenture; *provided* that after the occurrence of a condition whereupon book-entry registration and transfer are no longer permitted and Definitive Notes are issued to the Beneficial Owners, such Definitive Notes shall replace Book-Entry Notes.

"Business Day" means any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of New York or the State of California or is a day on which banking institutions located in New York or California are authorized or required by law or other governmental action to close.

"Charged-Off Loan" means a Loan that (x) has a Missed Payment Factor (i) in the case of a Daily Pay Loan, higher than 60 ~~or~~, (ii) in the case of a Weekly Pay Loan, higher than 12, and (iii) in the case of a Monthly Pay Loan, higher than 3, or (y) consistent with the Credit Policies, has or should have been written off as uncollectable.

"Charged-Off Loan Percentage" means, with respect to any Series of Notes, the percentage specified as the "Series [#] Charged-Off Loan Percentage" in the related Indenture Supplement.

"Chattel Paper" means any "chattel paper", as such term is defined in the UCC, including electronic chattel paper.

"Claims" means any losses, liabilities, claims and expenses (including reasonable attorney's and other professional fees and expenses) incurred in connection with reasonable collection efforts or the defense of any suit or action.

"Class" means, with respect to any Series of Notes, any one of the classes of Notes of that Series of Notes as specified in the related Indenture Supplement.

"Clearing Agency" means an organization registered as a "clearing agency" pursuant to Section 17A of the Exchange Act.

"Clearing Agency Participant" means a broker, dealer, bank, other financial institution or other Person for whom from time to time a Clearing Agency effects book-entry transfers and pledges of securities deposited with the Clearing Agency.

"Closing Date" means the Initial Closing Date or any Series Closing Date, as the context may require.

"Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time, and any successor statute of similar import, in each case as in effect from time to time. References to sections of the Code also refer to any successor sections.

"Collateral" is defined in Section 3.1 of the Base Indenture.

"Collection Account" means deposit account no. ~~OD1601.1~~ONDCKAK.1 entitled the "Eligible Deposit Account" maintained by the Collection Account Depository pursuant to the Collection Account Control Agreement or any successor deposit account maintained pursuant to the Collection Account Control Agreement.

"Collection Account Control Agreement" means the amended and restated collection account control agreement , among the Issuer, Deutsche Bank Trust Company Americas and the Indenture Trustee, dated as of ~~the Initial Closing Date~~November 15, 2019, relating to the Collection Account, or any successor agreement among the Issuer, the Collection Account Depository and the Indenture Trustee relating to the Collection Account.

"Collection Account Depository" means Deutsche Bank Trust Company Americas or any other depository institution that maintains the Collection Account pursuant to the Collection Account Control Agreement.

"Collections" means (i) any and all cash collections and other cash proceeds of the Pooled Loans (whether in the form of cash, checks, wire transfers, electronic transfers or any other form of cash payment), including, without limitation, all prepayments, all overdue payments, all prepayment penalties and early termination

penalties, all finance charges, if any, all amounts collected as interest, fees (including, without limitation, any servicing fees, any origination fees, any loan guaranty fees and, any platform fees), or charges for late payments with respect to the Pooled Loans, all recoveries with respect to all Pooled Loans that became Charged-Off Loans (net of amounts, if any, retained by any third party collection agent), all proceeds of any sale, transfer or other disposition of Pooled Loans and (ii) Repurchase Payments deposited by the Seller into the Collection Account in accordance with Section 3.01(e) of the Loan Purchase Agreement.

"Combined LOC OPB" means, as of any date of determination with respect to each LOC Loan owned by the Issuer, the aggregate unpaid principal balance of such LOC Loan and all other LOC Loans representing an advance under the related OnDeck LOC as set forth on the Servicer's books and records as of the close of business on the immediately preceding Business Day, which, for the avoidance of doubt, shall be reflected on the Servicer's books and records as only one aggregate LOC Loan owed by the applicable Obligor.

"Committed Purchaser" means a Person that has committed to purchase one or more Classes of a Series of Notes (or portion thereof) from the Issuer from time to time.

"Contingent Obligation" means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of that Person (a) with respect to any indebtedness, lease, dividend, letter of credit or other obligation of another if the primary purpose or intent thereof by the Person incurring the Contingent Obligation is to provide assurance to the obligee of such obligation of another that such obligation of another will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such obligation will be protected (in whole or in part) against loss in respect thereof or (b) under any letter of credit issued for the account of that Person or for which that Person is otherwise liable for reimbursement thereof. Contingent Obligations shall include (a) the direct or indirect guarantee, endorsement (otherwise than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the obligation of another and (b) any liability of such Person for the obligations of another through any agreement (contingent or otherwise) (i) to purchase, repurchase or otherwise acquire such obligation or any security therefor, or to provide funds for the payment or discharge of such obligation (whether in the form of loans, advances, stock purchases, capital contributions or otherwise), (ii) to maintain the level of income or financial condition of another or (iii) to make take-or-pay or similar payments if required regardless of non-performance by any other party or parties to an agreement, if in the case of any agreement described under subclause (i) or (ii) of this sentence the primary purpose or intent thereof is as described in the preceding sentence. The amount of any Contingent Obligation of any Person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the obligation so guaranteed or otherwise supported and (b) the maximum amount for

which such Person may be liable pursuant to the terms of the instrument embodying such Contingent Obligation, unless the obligation so guaranteed or otherwise supported and the maximum amount for which such Person may be liable are not stated or determinable, in which case the amount of such Contingent Obligation shall be such Person's maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith.

"Contractual Obligation" means, with respect to any Person, any provision of any security issued by that Person or of any indenture, mortgage, deed of trust, contract, undertaking, agreement or other instrument to which that Person is a party or by which it or any of its properties is bound or to which it or any of its properties is subject.

"Controlled Group" means, with respect to any Person, such Person, whether or not incorporated, and any corporation, trade or business that is, along with such Person, a member of a controlled group of corporations or a controlled group of trades or businesses, as described in Sections 414(b) and (c), respectively of the Code.

"Corporate Trust Office" means the principal office of the Indenture Trustee at which at any particular time its corporate trust business shall be administered, which office at the date of the execution of the Base Indenture is located at 1761 ~~East St.~~E. Saint Andrew Place, Santa Ana, California 92705, Attention: Trust Administration~~— OD1601~~ - ONDECK ASSET SECURITIZATION TRUST II LLC.

"Credit Policies" means the credit policies and procedures of OnDeck, including the underwriting guidelines and OnDeck Score® methodology, and the collection policies and procedures of OnDeck, in each case in effect as of the Initial Closing Date and described on Exhibit C to the Loan Purchase Agreement, as such policies, procedures, guidelines and methodologies may be amended from time to time in accordance with Section 4.08, Section 4.09 and Section 4.14 of the Loan Purchase Agreement.

"Credit Sponsor" means, with respect to any Loan, (i) Celtic Bank, a Utah chartered industrial bank~~,~~ or (ii~~) BofI Federal Bank, a federal savings institution, or (iii~~) any other institution organized under the laws of the United States of America or any State thereof and subject to supervision and examination by federal or state banking authorities that originates and owns Loans for the Seller pursuant to a Loan Program Agreement.

"Custodial Agreement" mean the Custodial Agreement, dated as of the Initial Closing Date, by and among the Issuer, the Servicer, the Custodian and the Indenture Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Custodian" means Deutsche Bank Trust Company Americas, and each successor Custodian under the Custodial Agreement.

"Daily Pay Loan" means any Loan the Loan Payment Date for which is every Business Day.

"Definitions List" means this Definitions List, as amended, restated, modified or supplemented from time to time.

"Definitive Notes" is defined in Section 2.10 of the Base Indenture.

"Delinquent Loan" means, as of any date of determination, any Loan with a Missed Payment Factor of one or higher as of such date.

"Deposit Date" means each Business Day on which Collections are deposited in the Collection Account.

"Deposit Report" is defined in Section 4.1 of the Base Indenture.

"Depository" is defined in Section 2.10 of the Base Indenture.

"Depository Agreement" means, with respect to a Series of Notes having Book-Entry Notes, unless otherwise provided in the related Indenture Supplement, the agreement among the Issuer, the Indenture Trustee and the Clearing Agency.

"Determination Date" means the last day of each Monthly Period.

"Dollar" and the symbol "$" mean the lawful currency of the United States.

"E-Sign Authentication Documents" means the documents which have been generated, collected, verified and issued in accordance with the E-Sign Policy.

"E-Sign Loan" means any Loan for which the signature or record of agreement of the Obligor thereof is obtained through the use and capture of electronic signatures, click-through consents or other electronically recorded assents.

"E-Sign Policy" means the OnDeck E-Sign Policy and Reference Materials, as such policy and materials may be amended, supplemented or modified from time to time.

"Eligible Account" means (a) a segregated identifiable trust account established in the trust department of a Qualified Trust Institution or (b) a separately identifiable deposit account established in the deposit taking department of a Qualified Institution or a separately identifiable securities account established with a Qualified Institution.

"Eligible Deposit Account" means (a) a segregated identifiable trust account established in the trust department of a Qualified Trust Institution or (b) a separately identifiable deposit account established in the deposit taking department of a Qualified Institution.

"Eligible Loan" means a Loan that satisfied each of the following criteria as of the Transfer Date for such Loan:

(a) such Loan represents a legal, valid and binding obligation of the related Obligor and related Guarantor, enforceable against such Obligor and related Guarantor, in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability;

(b) such Loan was originated in the ordinary course of the Seller's or the Credit Sponsor's business;

(c) such Loan was underwritten and originated in accordance with the Credit Policies;

(d) such Loan was originated in all material respects in accordance with, and complies in all material respects with, all applicable Requirements of Law, including any applicable usury laws and credit protection laws;

(e) such Loan is due from an Eligible Obligor;

(f) all obligations under such Loan are guaranteed pursuant to an unconditional personal guaranty by the related Guarantor;

(g) such Loan satisfies each of the Amortization Requirements in effect on such Transfer Date;

(h) such Loan satisfies each of the Scheduled Payment Requirements in effect on such Transfer Date;

(i) the Obligor thereof submitted no fewer than the Minimum Bank Account Statements in respect of its business banking account to the Seller in connection with its application for such Loan;

(j) such Loan is a Daily Pay Loan ~~or~~, a Weekly Pay Loan or a Monthly Pay Loan;

(k) such Loan is denominated and payable in Dollars;

(l) such Loan is an ACH Loan and is ~~otherwise payable~~being paid by the direct debit of Payments from the operating bank account of the Obligor thereof;

(m) ~~such Loan has been fully disbursed, the Obligor thereof has no additional right to further fundings under the related~~ the Loan Agreement ~~and the~~ related to such Loan ~~Agreement~~ requires that the Loan proceeds be used for business purposes and not for personal, family or household purposes, and such Loan (other than LOC Loans) has been fully disbursed and the obligor thereof has no additional right to further fundings under the related Loan Agreement;

(n) the proceeds of such Loan were not used to satisfy, in whole or part, any Indebtedness owed or owing by the Obligor thereof to the Seller, a Credit Sponsor, the Issuer or any Affiliate of the Seller, except for any refinancing of an existing Loan if all Payments under such existing Loan were contractually current prior to its refinancing and at least the Minimum Payment Percentage in effect on such Transfer Date of all Payments due and payable at the time of origination under such existing Loan were paid at the time of its refinancing;

(o) such Loan (i) is not subject to any defense (including any defense arising out of violations of usury laws), counterclaim, right of set off or right of rescission (or any such right of rescission has expired in accordance with applicable law) and (ii) is due from an Obligor that has not asserted any defense, counterclaim, right of set off or right of rescission with respect to such Loan;

(p) such Loan was originated by the Seller or a Credit Sponsor without fraud on the part of any Person, including, without limitation, the Obligor thereof or any other party involved in its origination;

(q) such Loan is not a Charged-Off Loan and has not been Re-Aged;

(r) (i) if such Loan is a Daily Pay Loan, as of the Loan Determination Date in effect for such Transfer Date, at least one Payment had been received on such Loan, such Loan was not a Delinquent Loan and the Seller had no actual knowledge of the existence of any default, breach, violation or other event permitting the acceleration of the maturity of such Loan under the terms of the related Loan Agreement or that with notice or the lapse of time would permit acceleration of such Loan under the terms of the related Loan Agreement or (ii) if such Loan is a Weekly Pay Loan or a Monthly Pay Loan, as of the Loan Determination Date in effect for such Transfer Date, such Loan was not a Delinquent Loan and the Seller had no actual knowledge of the existence of any default, breach, violation or other event permitting the acceleration of the maturity of such Loan under the terms of the related Loan Agreement or that with notice or the lapse of time would permit acceleration of such Loan under the terms of the related Loan Agreement;

(s) such Loan has an original principal ~~balance~~amount, or, in the case of a LOC Loan for which there has been a Subsequent LOC Advance, an Outstanding Principal Balance as of the date of the most recent Subsequent LOC Advance in respect of such Loan, that does not exceed the Maximum Initial Principal Balance in effect on such Transfer Date;

(t) such Loan has an original term, or with respect to a LOC Loan, an "applicable amortization period", that does not exceed the Maximum Original Term in effect on such Transfer Date;

(u) such Loan has a Loan Yield greater than or equal to 10.0% per annum;

(v) such Loan is due from an Obligor that was assigned an OnDeck Score® greater than 441 as of the date of its underwriting;

(w) such Loan is guaranteed by at least one Guarantor that had a FICO® score of 500 or greater as of the date of its underwriting;

(x) such Loan has been serviced by ~~OnDeck~~the Servicer since origination in all material respects in accordance with the Servicing Standard;

(y) none of the terms, conditions or provisions of such Loan or the related Loan Agreement has been amended, modified, restructured or waived except (i) in accordance with the Credit Policies~~;~~ and (ii) solely in the case of a LOC Loan, (x) in connection with an Automatic LOC Payment Modification, (y) for changes to the applicable Loan Agreement consistent with the changes reflected in a successor form of Loan Agreement approved in accordance with the terms of the Loan Purchase Agreement, or (z) solely with respect to changes to the "credit limit", the "applicable APR" or the "applicable amortization period" of such LOC Loan, in each case made pursuant to and in accordance with the express terms of such Loan Agreement;

(z) such Loan constitutes an "account" (as defined in the UCC), a "payment intangible" (as defined in the UCC) or proceeds thereof and is not Chattel Paper;

(aa) if such Loan was originated by the Seller, it was originated in, and is governed by the laws of, a Permitted State;

(ab) if such Loan was originated by a Credit Sponsor, (i) such Credit Sponsor underwrote, approved, processed and disbursed the proceeds of such Loan out of an office or branch of such Credit Sponsor in a jurisdiction where such Credit Sponsor is authorized to do business and (ii) such Loan is governed

by the laws of a jurisdiction where such Credit Sponsor is authorized to do business;

(ac) immediately prior to the sale or contribution of such Loan to the Issuer pursuant to the Loan Purchase Agreement, the Seller had good and marketable title to such Loan, free and clear of all Liens (other than any Lien which has been or will be terminated concurrently with such sale or contribution to the Issuer);

(ad) under the related Loan Agreement such Loan is freely assignable and does not require the consent of the Obligor thereof or any other Person as a condition to any transfer, sale or assignment of any rights thereunder to or by the Issuer;

(ae) when sold or contributed to the Issuer by the Seller pursuant to the Loan Purchase Agreement, such Loan will be owned by the Issuer, free and clear of all Liens (other than Permitted Liens);

(af) the Seller has caused its master computer records relating to such Loan to be clearly and unambiguously marked to show that such Loan has been sold and/or contributed by the Seller to the Issuer pursuant to the Loan Purchase Agreement and pledged by the Issuer to the Indenture Trustee pursuant to the Base Indenture;

(ag) (i) to the extent required by the Credit Policies, the Seller has filed a UCC-1 Financing Statement against the Obligor of such Loan describing such Loan and the Related Security and naming such Obligor, as debtor, and the Seller or the UCC Agent (or a wholly owned Subsidiary of the UCC Agent), as secured party, and (ii) if such UCC-1 Financing Statement names the UCC Agent (or a wholly owned Subsidiary of the UCC Agent) as secured party, (x) the Agency Agreement is in full force and effect and (y) the related Loan Agreement states that the Seller may file UCC Financing Statements against the Obligor thereof which names the Seller or its secured party representative as the secured party thereon;

(ah) copies (or electronic copies) of each of the documents required by, and listed in, the Document Checklist attached to the Custodial Agreement are included in the Loan File with respect to such Loan and such Loan File has been delivered to and accepted by the Custodian in accordance with Section 2.2(~~b)(~~ic) of the Custodial Agreement;

(ai) if such Loan is an E-Sign Loan, it was originated in accordance with all applicable laws governing the collection of electronic signatures or records; and

(aj) such Loan was selected from all Loans owned by the Seller or, in the case of the initial Transfer Date, all Loans owned by the Seller or one of the Seller's Subsidiaries, in each case satisfying each of the aforesaid criteria as of such Transfer Date using no selection procedures known to be or intended to be adverse to the Issuer or the Noteholders~~;~~.

provided that for purposes of determining the eligibility of any LOC Loan as of any date of determination, for any of the foregoing criteria that reference OnDeck Scores®, FICO® score or any other metric determined by OnDeck at the time of underwriting (including reference to the then current Credit Policies), such metric with respect to any LOC Loan shall be measured as of the date of original underwriting of such LOC Loan by OnDeck; *provided further* that if such LOC Loan has been re-underwritten, such metric shall be measured as the date of most recent re-underwriting.

"Eligible Obligor" means an Obligor that satisfied each of the following criteria as of the Transfer Date for the related Loan:

(a) such Obligor is domiciled in the United States (or a territory thereof);

(b) such Obligor is not a Governmental Authority;

(c) such Obligor is not subject to any proceedings under the Bankruptcy Code or under any other applicable bankruptcy, insolvency or similar law now or hereafter in effect;

(d) such Obligor is not an employee or Affiliate of the Issuer or the Seller or an employee of an Affiliate of the Issuer or the Seller;

(e) such Obligor is not a natural Person (other than in the case of a sole proprietorship);

(f) each Guarantor with respect to such Obligor is a natural person and is a legal U.S. resident;

(g) such Obligor has not closed or sold its business;

(h) such Obligor does not operate in a prohibited industry as described in the Credit Policies; and

(i) such Obligor is a business that has been operating for at least one year.

"Enhancement Provider" means, with respect to any Series of Notes, the Person, if any, designated as such in the related Indenture Supplement.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, in each case as in effect from time to time. References to sections of ERISA also refer to any successor sections.

"Event of Default" is defined in Section 9.1 of the Base Indenture.

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

"Excluded Additional Servicer Default" means, with respect to any Series of Notes, any event designated as such in the related Indenture Supplement.

"FDIC" means the Federal Deposit Insurance Corporation.

"GAAP" means the generally accepted accounting principles in the United States of America as in effect from time to time.

"Global Note" is defined in Section 2.12 of the Base Indenture.

"Governmental Authority" means the United States of America, any state or other political subdivision thereof and any entity validly exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Guarantor" means with respect to any Obligor, (a) each holder of the Capital Stock (or equivalent ownership or beneficial interest) of such Obligor in the case of an Obligor which is a corporation, partnership, limited liability company, trust or equivalent entity, who has agreed to unconditionally guarantee all of the obligations of the related Obligor under the related Loan Documents or (b) the natural person operating as the Obligor, if the Obligor is a sole proprietor.

"Holder" means the Person in whose name a Note is registered in the Note Register.

"Hot Backup Servicer Trigger Event" means, with respect to any Series of Notes, each event, if any, specified as a "Series[#] Hot Backup Servicer Trigger Event" in the related Indenture Supplement.

"Indebtedness" means, as applied to any Person, ~~means,~~ without duplication, (a) all indebtedness for borrowed money, (b) that portion of obligations with respect to any lease of any property (whether real, personal or mixed) that is properly classified as a liability on a balance sheet in conformity with GAAP, (c) notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money, (d) any obligation owed for all or any part of the deferred purchase price for property or services, which purchase price is (i) due more

than six months from the date of the incurrence of the obligation in respect thereof or (ii) evidenced by a note or similar written instrument, (e) all indebtedness secured by any Lien on any property or asset owned by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is nonrecourse to the credit of that Person, and (f) without duplicating any of the foregoing, all Contingent Obligations of such Person in respect of any of the foregoing.

"Indenture" means the Base Indenture and all Supplements thereto, including any Indenture Supplement.

"Indenture Supplement" means, with respect to any Series of Notes, a supplement to the Base Indenture complying with the terms of Section 2.2 of the Base Indenture, executed in conjunction with any issuance of any Series of Notes (or, in the case of the issuance of Notes on the Initial Closing Date, the supplement executed in connection with the issuance of such Notes).

"Indenture Trustee" means the party named as such in the Indenture until a successor replaces it in accordance with the applicable provisions of the Indenture and thereafter means the successor serving thereunder.

"Independent" means, when used with respect to any specified Person, that the person (a) is in fact independent of the Issuer, any other obligor upon the Notes, the Seller and any Affiliate of any of the foregoing persons, (b) does not have any direct financial interest or any material indirect financial interest in the Issuer, any such other obligor, the Seller or any Affiliate of any of the foregoing Persons and (c) is not connected with the Issuer, any such other obligor, the Seller or any Affiliate of any of the foregoing Persons as an officer, employee, promoter, underwriter, trustee, partner, director or Person performing similar functions.

"Independent Certificate" means a certificate or opinion to be delivered to the Indenture Trustee under the circumstances described in, and otherwise complying with, the applicable requirements of Section 13.1 of the Base Indenture made by an Independent appraiser or other expert appointed by the Issuer, and such opinion or certificate shall state that the signer has read the definition of "Independent" herein and that the signer is Independent within the meaning thereof.

"Independent Manager" is defined in the Issuer Limited Liability Company Agreement.

"Initial Closing Date" means May 17, 2016.

"Initial Invested Amount" means, with respect to any Series of Notes, the amount specified as the "Series [#] Initial Invested Amount" in the related Indenture Supplement.

"Insolvency Event" shall be deemed to have occurred with respect to a Person if:

(a) a case or other proceeding shall be commenced, without the application or consent of such Person, in any court, seeking the liquidation, reorganization, debt arrangement, dissolution, winding up, or composition or readjustment of debts of such Person, the appointment of a trustee, receiver, custodian, liquidator, assignee, sequestrator or the like for such Person or all or any substantial part of its assets, or any similar action with respect to such Person under any law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, and such case or proceeding shall continue undismissed, or unstayed and in effect, for a period of 60 consecutive days; or an order for relief in respect of such Person shall be entered in an involuntary case under the Bankruptcy Code or any applicable bankruptcy, insolvency or other similar laws now or hereafter in effect; or

(b) such Person shall commence a voluntary case or other proceeding under the Bankruptcy Code or any applicable bankruptcy, insolvency, reorganization, debt arrangement, dissolution or other similar law now or hereafter in effect, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) for such Person or for any substantial part of its property, or shall make any general assignment for the benefit of creditors; or

(c) the board of directors of such Person (if such Person is a corporation or similar entity) shall vote to implement any of the actions set forth in clause (b) above.

"Interest Period" means, with respect to any Series of Notes, the period specified in the related Indenture Supplement.

"Invested Amount" means, with respect to any Series of Notes, the amount specified as the "Series [#] Invested Amount" in the related Indenture Supplement.

"Invested Percentage" means, with respect to any Series of Notes, the percentage specified as the "Series [#] Invested Percentage" in the related Indenture Supplement.

"Investment Company Act" means the Investment Company Act of 1940, as amended.

"Issuer" means OnDeck Asset Securitization Trust II LLC, a Delaware limited liability company and its permitted successors and assigns.

"Issuer Accounts" means the Collection Account, the Lockbox Account and each Series Account.

"Issuer Assets" means all assets of the Issuer, including, among other things, the Pooled Loans, the Loan Documents and the other Related Security with respect to the Pooled Loans, the Collection Account, the Lockbox Account, the Transaction Documents and all proceeds of the foregoing.

"Issuer Certificate of Formation" means the Certificate of Formation of the Issuer, dated as of April 4, 2016.

"Issuer Limited Liability Company Agreement" means the Limited Liability Company Agreement of the Issuer, dated as of April 20, 2016, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Issuer Obligations" means all principal and interest, at any time and from time to time, owing by the Issuer on the Notes and all costs, fees and expenses payable by, or obligations of, the Issuer under the Base Indenture, each Indenture Supplement, and each other Transaction Document to which it is a party.

"Issuer Order" and "Issuer Request" means a written order or request signed in the name of the Issuer by any one of its Authorized Officers and delivered to the Indenture Trustee.

"Legal Final Payment Date" means, with respect to any Series of Notes, the date, if any, stated in the related Indenture Supplement as the date on which such Series of Notes is required to be paid in full.

"Lien" means, when used with respect to any Person, any interest in any real or personal property, asset or other right held, owned or being purchased or acquired by such Person which secures payment or performance of any obligation, and shall include any mortgage, lien, pledge, encumbrance, charge, retained security title of a conditional vendor or lessor, or other security interest of any kind, whether arising under a security agreement, mortgage, lease, deed of trust, chattel mortgage, assignment, pledge, retention or security title, financing or similar statement, or notice or arising as a matter of law, judicial process or otherwise (including, without limitation, arising under or established in connection with, Title IV of ERISA).

"Loan" means any (i) loan or similar contract or (ii) "payment intangible" (as defined in the UCC) representing a fully disbursed portion of an OnDeck LOC, in each case, with an Obligor pursuant to which the Seller or the Credit Sponsor extends credit to such Obligor pursuant to a Loan Agreement, including all rights under any and all security documents or supporting obligations related thereto, including the applicable Loan Documents.

"Loan Agreement" means, collectively, with respect to any (i) Loan (other than a LOC Loan), a Business Loan and Security Agreement, substantially in the form of Exhibit D-1 to the Loan Purchase Agreement, as such form may be amended, supplemented or otherwise modified from time to time in accordance with Section 4.08 of the Loan Purchase Agreement, and a Business Loan and Security Agreement Supplement, substantially in the forms of Exhibit D-2 ~~and Exhibit D-3~~ to the Loan Purchase Agreement, as such forms may be amended, supplemented or otherwise modified from time to time in accordance with Section 4.08 of the Loan Purchase Agreement~~.~~ and (ii) LOC Loan, a Business Line of Credit Agreement, or a Business Line of Credit Agreement Supplement, in each case, substantially in the forms of Exhibit D-3 and Exhibit D-4, as such forms may be amended, supplemented or modified from time to time in accordance with Section 4.08 of the Loan Purchase Agreement.

"Loan Determination Date" means, on any date of determination, for any Transfer Date, the Series Loan Determination Date with the least number of Business Days prior to such Transfer Date with respect to any Series of Outstanding Notes.

"Loan Documents" means, collectively, with respect to any Loan, the Loan Agreement and the Authorization Agreement for Direct Deposit (ACH Credit) and Direct Payments (ACH Debit), in substantially the forms attached as Exhibit E-1 ~~and Exhibit E-2~~ to the Loan Purchase Agreement, as such forms may be amended, supplemented or otherwise modified from time to time in accordance with Section 4.08 of the Loan Purchase Agreement and the other documents related thereto to which the Obligor thereof is a party.

"Loan File" means, with respect to any Loan, (i) copies of each applicable document listed in the definition of "Loan Documents," (ii) other than with respect to a LOC Loan, the UCC financing statement, if any, filed against the Obligor thereof in connection with the origination of such Loan and (iii) copies of each of the documents required by, and listed in, the Document Checklist attached to the Custodial Agreement, each of which may be in electronic form.

"Loan Payment Date" means, with respect to any Loan, the date a scheduled payment is due in accordance with the Loan Agreement with respect to such Loan as in effect as of the date of determination.

"Loan Program Agreement" means the (i) the Amended and Restated Business Loan Marketing, Servicing and Purchase Agreement, dated as of ~~June 6~~September 30, 201~~4~~6, between the Seller and Celtic Bank Corporation, a Utah industrial bank, including all amendments, supplements or modifications thereto, and (ii~~) the Master Business Loan Marketing Agreement, dated as of July 19, 2012, between the Seller and BofI Federal Bank, a federal savings institution and (iii~~) any other agreement between the Seller and a Credit Sponsor pursuant to which the Seller may refer applicants for small business loans conforming to the Credit Policies to such Credit Sponsor and

such Credit Sponsor has the discretion to fund or not fund a loan to such applicant based on its own evaluation of such applicant and containing those provisions as are reasonably necessary to ensure that the transfer of small business loans by such Credit Sponsor to the Seller thereunder are treated as absolute sales.

"Loan Purchase Agreement" means that certain Loan Purchase Agreement dated as of the Initial Closing Date, by and between the Issuer and the Seller, whereby the Seller has agreed to sell and the Issuer has agreed to purchase Eligible Loans from the Seller from time to time.

"Loan Yield" means, with respect to any Loan, the imputed interest rate that is calculated on the basis of ~~the~~an expected aggregate annualized rate of return (calculated inclusive of all interest and fees (other than any Upfront Fees or maintenance fees with respect to LOC Loans)) of such Loan over the life of such Loan (assuming in the case of a Loan that is a Daily Pay Loan, 252 Loan Payment Dates per annum, ~~and,~~ assuming in the case of a Loan that is a Weekly Pay Loan, 52 Loan Payment Dates per annum and, assuming in the case of a Loan that is a Monthly Pay Loan, 12 Loan Payment Dates per annum).

"LOC Loan" means a Pooled Loan representing an advance under an OnDeck LOC offered to the related Obligor, together with the monthly maintenance fees under such OnDeck LOC, in each case, as modified from time to time pursuant to all Automatic LOC Payment Modifications with respect to such LOC Loan made in accordance with the terms of the applicable Loan Agreement in connection with each Subsequent LOC Advance under such LOC Loan; *provided, however*, that notwithstanding the foregoing, with respect to any OnDeck LOC and any advance thereunder, "LOC Loan" shall only include the Seller's rights, title, interests, remedies, powers and privileges and obligation, if any, to receive payment and/or enforce remedies under such OnDeck LOC with regard to the fully disbursed portion of such OnDeck LOC represented by such advance and shall exclude the Seller's rights, title, interests, remedies, powers and privileges to (i) make future advances under the OnDeck LOC under which such LOC Loan was originated and (ii) any subsequently disbursed portion of such OnDeck LOC unless and until transferred pursuant to the Loan Purchase Agreement.

"Lockbox Account" means deposit account no. 1370001910 maintained by MB Financial Bank, N.A. in the name of the Issuer pursuant to the Lockbox Account Control Agreement or any successor deposit account maintained pursuant to the Lockbox Account Control Agreement.

"Lockbox Account Control Agreement" means the agreement among the Issuer, the Lockbox Account Depository, and the Indenture Trustee, dated as of the Initial

Closing Date, relating to the Lockbox Account, or any successor agreement among the Issuer, the Lockbox Account Depository and the Indenture Trustee relating to the Lockbox Account.

"Lockbox Account Depository" means MB Financial Bank, N.A. or any other depository institution that maintains the Lockbox Account pursuant to the Lockbox Account Control Agreement.

"Majority in Interest" has the meaning specified, with respect to any Series of Notes, in the applicable Indenture Supplement.

"Material Adverse Effect" means, with respect to any event or circumstance and any Person, a material adverse effect on:

(i) the business, assets, financial condition or results of operations of such Person and its consolidated Subsidiaries, if any, taken as a whole;
(ii) the ability of such Person to perform its material obligations under the Transaction Documents;
(iii) the validity or enforceability of any Transaction Document to which such Person is a party; or
(iv) the existence, perfection, priority or enforceability of any security interest in a material amount of the Collateral granted to the Indenture Trustee pursuant to the Base Indenture.

"Maximum Invested Amount" means, with respect to each Series of Notes, the amount, if any, specified in the related Indenture Supplement.

"Maximum Original Term" means, on any date of determination, the lowest Series Maximum Original Term with respect to any Series of Outstanding Notes.

"Maximum Initial Principal Balance" means, on any date of determination, the lowest Series Maximum Initial Principal Balance with respect to any Series of Outstanding Notes.

"Minimum Bank Account Statements" means, on any date of determination, the highest Series Minimum Bank Account Statements with respect to any Series of Outstanding Notes.

"Minimum Payment Percentage" means, on any date of determination, the highest Series Minimum Payment Percentage with respect to any Series of Outstanding Notes.

"Missed Payment Factor" means, in respect of any Loan, the sum of (a) the amount equal to (i) the total past due amount of scheduled loan payments in respect of such Loan, divided by (ii) the required daily ~~or~~, weekly or monthly scheduled loan payment in respect of such Loan as set forth in the related Loan Agreement, determined without giving effect to any temporary modifications of such required scheduled loan payment then applicable to such Loan and (b) the number of Loan Payment Dates, if any, past the maturity date of such Loan on which a scheduled loan payment was due but not received.

"Monthly Pay Loan" means, any Loan the Loan Payment Date for which is one identified business day (subject to adjustment in accordance with the applicable Loan Agreement) per calendar month.

"Monthly Period" means the period from and including the first day of a calendar month to and including the last day of such calendar month, *provided*, *however*, that the initial Monthly Period ~~will~~shall commence on the Initial Closing Date and end on the last day of the calendar month in which the Initial Closing Date occurs.

"Monthly Reporting Date" means the Business Day prior to each Payment Date.

"Monthly Settlement Statement" means, with respect to each Series of Notes Outstanding, the settlement statement specified in, or substantially in the form attached to, the related Indenture Supplement.

"Moody's" means Moody's Investors Service, Inc. and its permitted successors and assigns.

"Noteholder" means the Person in whose name a Note is registered in the Note Register.

"Note Rate" means, with respect to the Notes of any Series and any Class thereof, the annual rate at which interest accrues on such Notes (or the formula on the basis of which such rate shall be determined) as stated in the related Indenture Supplement.

"Note Register" means the register maintained pursuant to Section 2.4(a) of the Base Indenture, providing for the registration of the Notes and transfers and exchanges thereof.

"Notes" means any Series of Notes issued pursuant to an Indenture Supplement.

"Notice of Acceleration" is defined in Section 9.2 of the Base Indenture.

"Obligor" means with respect to any Loan, the Person or Persons obligated to make payments with respect to such Loan, excluding any Guarantor referred to in clause (a) of the definition of "Guarantor."

"Officer's Certificate" means a certificate signed by an Authorized Officer of the Issuer, the Seller, or the Servicer, as the case may be.

"OnDeck" means On Deck Capital, Inc., a Delaware Corporation.

"OnDeck LOC" means the "Line of Credit (LOC)" product, under which the Seller or the Credit Sponsor provides a revolving line of credit to an Obligor pursuant to a Loan Agreement that meets the criteria specified with respect to such product in the Credit Policies.

"OnDeck Score®" means that numerical value that represents the Seller's evaluation of the creditworthiness of a business and its likelihood of default on a commercial loan or other similar credit arrangement generated by a proprietary methodology developed and maintained by the Seller, as such methodology is applied in accordance with the other aspects of the Credit Policies, as such methodology may be revised and updated from time to time in accordance with Section 4.08 and Section 4.14 of the Loan Purchase Agreement; *provided, however*, that, for purposes of the Transaction Documents, the OnDeck Score® of each Loan shall not be determined by the Seller or the Servicer using any version of the Seller's proprietary risk scoring model other than version 5 thereof without satisfying the Rating Agency Condition with respect to each Series of Notes Outstanding with respect to such other version.

"Opinion of Counsel" means a written opinion from legal counsel who is acceptable to the Indenture Trustee. The counsel may be an employee of or counsel to the Issuer, the Seller, the Servicer, or any Affiliate thereof, as the case may be.

"Organizational Documents" means (a) with respect to any corporation, its certificate or articles of incorporation or organization and its by-laws, (b) with respect to any limited partnership, its certificate of limited partnership and its partnership agreement, (c) with respect to any general partnership, its partnership agreement and (d) with respect to any limited liability company, its articles of organization or certificate of formation and its operating agreement.

"Original Outstanding Principal Balance" means, with respect to any (i) Loan (other than a LOC Loan), the unpaid principal balance of such Loan as set forth on the Servicer's books and records as of the Transfer Date with respect to such Loan, and (ii) LOC Loan, the aggregate unpaid principal balance of all advances under the related OnDeck LOC made to the related Obligor as set forth on the Servicer's books and records as of the Transfer Date for each such advance.

"Outstanding" has the meaning, with respect to any Series of Notes, set forth in the related Indenture Supplement.

"Outstanding Principal Balance" means, as of any date with respect to any (i) Loan that is not a LOC Loan, the unpaid principal balance of such Loan as set forth on the Servicer's books and records as of the close of business on the immediately preceding Business Day and (ii) LOC Loan, the Combined LOC OPB of such LOC Loan (without duplication); *provided, however*, that the Outstanding Principal Balance of any ~~Pooled~~ Loan that has become a Charged-Off Loan ~~will~~shall be zero.

"Overpayment Amounts" means, as of any date with respect to any Pooled Loan, any amounts collected as a result of overpayment or similar error by the related Obligor*; provided,* that, no such amounts collected from an Obligor ~~will~~shall constitute Overpayment Amounts unless such amounts are returned to the related Obligor.

"Paying Agent" means any paying agent appointed pursuant to Section 2.6 of the Base Indenture.

"Payment" means, with respect to any Loan, any amount due thereon, as set forth in the related Loan Agreement.

"Payment Date" means, with respect to any Series of Notes, the payment date specified in the related Indenture Supplement.

"PBGC" means the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA.

"Pension Plan" means any "employee pension benefit plan", as such term is defined in ERISA, that is subject to Title IV of ERISA (other than a "multiemployer plan", as defined in Section 4001 of ERISA) and to which any company in the Controlled Group has liability, including any liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA for any time within the preceding five years or by reason of being deemed to be a contributing sponsor under Section 4069 of ERISA.

"Permitted Investments" means, subject to Section 8.27 of the Base Indenture, negotiable instruments or securities, payable in Dollars, issued by a Person organized under the laws of the United States of America and represented by instruments in bearer or registered or in book-entry form which evidence (excluding any security with the "r" symbol attached to its rating):

(i) obligations the full and timely payment of which are to be made by or is fully guaranteed by the United States of America other than financial contracts whose value depends on the values or indices of asset values;

(ii) demand deposits of, time deposits in, or certificates of deposit issued by, any depositary institution or trust company incorporated under the laws of the United States of America or any state thereof whose short-term debt is rated P-1 or higher by Moody's and "A-1+" or higher by Standard & Poor's and subject to supervision and examination by Federal or state banking or depositary institution authorities; *provided*, however, that at the earlier of (x) the time of the investment and (y) the time of the contractual commitment to invest therein, the long-term unsecured debt obligations (other than such obligation whose rating is based on collateral or on the credit of a Person other than such institution or trust company) of such depositary institution or trust company shall have a credit rating from Standard & Poor's of not lower than "AA";

(iii) commercial paper having, at the earlier of (x) the time of the investment and (y) the time of the contractual commitment to invest therein, a rating from Moody's of "P-1" and Standard & Poor's of "A-1+";

(iv) bankers' acceptances issued by any depositary institution or trust company described in clause (ii) above;

(v) Eurodollar time deposits having a credit rating from Moody's of "P-1" and Standard & Poor's of "A-1+"; and

(vi) any other instruments or securities, if the Rating Agencies confirm in writing that the investment in such instruments or securities ~~will~~shall not adversely affect any ratings with respect to any Series of Notes.

provided; that for as long as any Series of Notes Outstanding is rated by S&P, any temporary investment (a) must have a fixed principal amount due at its maturity and may only include a call option, put option or convertible option if the full payment of principal is paid in cash upon the exercise of such option and (b) if such temporary investment is rated by S&P, it must have an unqualified rating with the exception of (X) ratings with regulatory indicators, such as the (sf) subscript or (Y) unsolicited ratings.

"Permitted Liens" means (i) Liens for current taxes not delinquent or for taxes being contested in good faith and by appropriate proceedings, and with respect to which adequate reserves have been established, and are being maintained, in accordance with GAAP, (ii) mechanics', materialmen's, landlords', warehousemen's and carrier's Liens, and other Liens imposed by law, securing obligations arising in the ordinary course of business that are not more than thirty days past due or are being contested in good faith and by appropriate proceedings and with respect to which adequate reserves have been established, and are being maintained, in accordance with GAAP and (iii) Liens in favor of the Indenture Trustee for the benefit of the Noteholders.

"Permitted Loan Repurchase" means any ~~re~~purchase by the Seller of Loans so long as, after giving effect to such ~~re~~purchase, (a) the aggregate Original Outstanding Principal Balance of the Loans so ~~re~~purchased on the date of such ~~re~~purchase does not exceed 10% of the aggregate Original Outstanding Principal Balance of the Loans held by the Issuer on such date immediately prior to giving effect to such ~~Re~~purchase, (b) the aggregate Original Outstanding Principal Balance of the Loans of such Seller so ~~re~~purchased on such date, together with the aggregate Original Outstanding Principal Balance of all Loans previously ~~re~~purchased by the Seller pursuant to a Permitted Loan Repurchase, does not exceed 10% of the aggregate Original Outstanding Principal Balance of all Loans acquired by the Issuer from the Seller on or prior to the date of such ~~Re~~purchase, (c) the aggregate Original Outstanding Principal Balance of the Loans so ~~re~~purchased on the date of such ~~re~~purchase does not exceed 10% of the aggregate Original Outstanding Principal Balance of the Loans held by the Issuer on the first day of such calendar month, and (d) the aggregate Original Outstanding Principal Balance of the Loans so ~~re~~purchased on the date of such ~~re~~purchase, together with aggregate Original Outstanding Principal Balance of the Loans ~~re~~purchased by the Seller during the twelve (12) months preceding such date does not exceed 10% of the aggregate Original Outstanding Principal Balance of all Loans acquired by the Issuer from the Seller in such preceding twelve (12) month period; provided, that the percentages set forth in this definition may, from time to time, be increased in the event that an Opinion of Counsel (from nationally recognized counsel) shall have been delivered in connection with such increase with respect to "true sale" and "nonconsolidation" matters and the Rating Agency Condition shall have been satisfied in connection with such increase.

"Permitted State" means (i) Virginia and (ii) any other state selected by OnDeck that satisfies the Rating Agency Condition.

"Person" means any natural person, corporation, business trust, joint venture, association, limited liability company, partnership, joint stock company, corporation, trust, unincorporated organization or Governmental Authority.

"Pledged Equity Collateral Agent" means any trustee or collateral agent acting on behalf of any Pledged Equity Secured Party with respect to any of the SPV Issuer Equity.

"Pledged Equity Lender" means any Person who is a lender with respect to indebtedness of OnDeck where such indebtedness is secured by any of the SPV Issuer Equity.

"Pledged Equity Secured Party" means any Person who is (i) a secured party under a Pledged Equity Security Agreement or (ii) a Pledged Equity Lender.

"Pledged Equity Security Agreement" means any security agreement or intercreditor agreement with respect to any indebtedness of OnDeck where such indebtedness is secured by any of the SPV Issuer Equity.

"Pool Outstanding Principal Balance" means, as of any date of determination, the sum of the Outstanding Principal Balances for all Pooled Loans as of such date.

"Pooled Loan" means each Loan purchased by the Issuer from the Seller or contributed to the Issuer by the Seller on the Initial Closing Date pursuant to the Loan Purchase Agreement or purchased by the Issuer from the Seller or contributed to the Issuer by the Seller on any subsequent Transfer Date pursuant to the Loan Purchase Agreement and which has not (x) become a Warranty Repurchase Loan or a Charged-Off Loan or (y) been released from the Collateral pursuant to the Base Indenture. Each Pooled Loan shall be listed on the Schedule of Pooled Loans maintained by the Servicer.

"Potential Amortization Event" means any occurrence or event which, with the giving of notice, the passage of time or both, would constitute an Amortization Event.

"Potential Event of Default" means any occurrence or event which, with the giving of notice, the passage of time or both, would constitute an Event of Default.

"Potential Servicer Default" means any occurrence or event which, with the giving of notice, the passage of time or both, would constitute a Servicer Default.

"Prepayment Amount" means, with respect to any Series of Notes, the amount specified as the "Series [#] Prepayment Amount" in the related Indenture Supplement.

"Principal Terms" is defined in Section 2.2(c) of the Base Indenture.

"Qualified Institution" means a depository institution organized under the laws of the United States of America or any State thereof or incorporated under the laws of a foreign jurisdiction with a branch or agency located in the United States of America or any State thereof and subject to supervision and examination by federal or state banking authorities which at all times has the Required Rating and, in the case of any such institution organized under the laws of the United States of America, whose deposits are insured by the FDIC.

"Qualified Trust Institution" means an institution organized under the laws of the United States of America or any State thereof or incorporated under the laws of a foreign jurisdiction with a branch or agency located in the United States of America or

any State thereof and subject to supervision and examination by federal or state banking authorities which at all times (i) is authorized under such laws to act as a trustee or in any other fiduciary capacity and (ii) has a long term ~~deposits~~issue credit rating of not less than "BBB+" by Standard & Poor's and a long term deposits rating of not less than "Baa1" by Moody's.

"Rating Agency" means, with respect to each Series of Notes, the rating agency or agencies, if any, specified in the related Indenture Supplement; *provided,* that, if a Rating Agency ceases to rate the Notes of any Series, such Rating Agency shall be deemed to no longer constitute a Rating Agency for all purposes with respect to such Series for so long as such Rating Agency does not rate such Notes.

"Rating Agency Condition" means, unless otherwise specified in the related Indenture Supplement for any Outstanding Class of any Series of Notes, with respect to any action subject to such condition, (i) the notification in writing by each Rating Agency then rating any Outstanding Class of any Series of Notes (which notification may be in the form of e-mail, facsimile, press release, posting to its internet website or other such means then considered industry standard as determined by the applicable Rating Agency) that a proposed action will not result in a reduction or withdrawal by such Rating Agency of the rating of such Class, or (ii) if a Rating Agency then rating any Outstanding Class of any Series of Notes has informed the Issuer that such Rating Agency does not provide such written notifications for actions of the type being proposed, then as to such Rating Agency the Issuer shall deliver written (including in the form of e-mail) notice of the proposed action to such Rating Agency or Rating Agencies at least ten (10) Business Days prior to the effective date of such action (or such shorter notice period if specified in the Base Indenture or the applicable Indenture Supplement with respect to any specific action, or if ten (10) Business Days prior notice is impractical, such advance notice as is practicable).

"Re-Aged" means returning a delinquent, open-end account to current status without collecting the total amount of principal, interest, and fees that are contractually due; *provided that* no Loan shall be considered Re-Aged due to a Material Modification made in accordance with the Servicing Agreement and the Credit Policies.

"Record Date" means, with respect to each Series of Notes, the dates specified in the related Indenture Supplement.

"Records" means all Loan Files and all other documents, books, records and other information, including, without limitation, computer programs, discs, data processing software and related property and rights maintained by the Seller or the Servicer or any of their respective Affiliates with respect to such Loan Files, the related Loans and the related Obligors and Guarantors.

"Registered Notes" is defined in Section 2.1 of the Base Indenture.

"Related Security" means with respect to any Loan, (i) the related Loan Documents and each document contained in the Loan File related to such Loan, and all rights, remedies, powers and privileges thereunder, (ii) all security interests or Liens and property subject thereto from time to time purporting to secure payment of such Loan and all contract rights, rights to payment of money and insurance claims related to such Loan, (iii) all other agreements or arrangements of whatever character (including, without limitation, guaranties, letters of credit, letter-of-credit rights, supporting obligations or other credit support) from time to time supporting or securing payment of such Loan and all rights under warranties or indemnities thereunder, (iv) any UCC financing statements filed by a Credit Sponsor, the Seller or the UCC Agent (or a wholly owned Subsidiary of the UCC Agent) against the related Obligor, (v) all products and proceeds (including "proceeds" as defined in the UCC) of such Loan and (vi) all products and proceeds of any of the foregoing (items (i) through (v)) ~~.~~; *provided, however,* that notwithstanding the foregoing, with respect to any LOC Loan, "Related Security" shall only include the Seller's rights, title, interests, remedies, powers and privileges to receive payment and/or enforce remedies under such LOC Loan and shall exclude the Seller's rights, title, interests, remedies, powers, privileges and obligations, if any, to make future advances under the OnDeck LOC under which such LOC Loan was originated.

"Repurchase Payment" means, with respect to a Warranty Repurchase Loan, a payment equal to the Outstanding Principal Balance of such Warranty Repurchase Loan plus accrued and unpaid interest thereon as of the date of the ~~re~~purchase thereof by the Seller.

"Repurchased Loans" means, any Loans ~~re~~purchased by the Seller of Loans through a Permitted Loan Repurchase.

"Required Asset Amount" means, with respect to any Series of Notes, the amount specified as the "Series [#] Required Asset Amount" in the related Indenture Supplement.

"Required Noteholders" means, with respect to an amendment, waiver or other modification, Noteholders materially and adversely affected thereby (as determined by an Officer's Certificate of the Issuer to such effect) holding not less than 66⅔% of the sum of (a) the aggregate Invested Amount of Notes held by all Noteholders materially and adversely affected thereby and (b) the sum of the unutilized purchase commitments of all Committed Purchasers materially and adversely affected thereby (excluding, for the purposes of making the foregoing calculation, any Notes held by any Affiliate of the Seller (other than an Affiliate Issuer)); *provided, however,* that, upon the occurrence and during the continuance of an Amortization Event with respect to any Series of Notes held by a Committed Purchaser, the unutilized purchase commitment of such Committed Purchaser with respect to such Series shall be deemed to be zero.

"Required Rating" means a long-term unsecured debt rating of not less than "A3" by Moody's and "A-" by Standard & Poor's.

"Required Standstill Provisions" means with respect to any Pledged Equity Security Agreement and with respect to any Pledged Equity Secured Party and Pledged Equity Collateral Agent thereunder, terms pursuant to which such Pledged Equity Secured Party and Pledged Equity Collateral Agent agree substantially to the effect that:

(a) prior to the date that is one year and one day after the payment in full of all of the Issuer Obligations,

(i) such Pledged Equity Collateral Agent and each Pledged Equity Secured Party shall not be entitled at any time to (A) institute against, or join any other person in instituting against, the Issuer any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding or other similar proceeding under the laws of the United States or any State thereof or of any foreign jurisdiction, (B) transfer and register any of the SPV Issuer Equity in the name of such Pledged Equity Collateral Agent or a Pledged Equity Secured Party or any designee or nominee thereof, (C) foreclose such security interest regardless of the bankruptcy or insolvency of OnDeck or any of its Subsidiaries, (D) exercise any voting rights granted or appurtenant to such SPV Issuer Equity or (E) enforce any right that the holder such SPV Issuer Equity might otherwise have to liquidate, consolidate, combine, collapse or disregard the entity status of the Issuer, and

(ii) each of such Pledged Equity Collateral Agent and each other Pledged Equity Secured Party waives and releases any right to (A) require that the Issuer be in any manner merged, combined, collapsed or consolidated with or into OnDeck or any of its Subsidiaries, including by way of substantive consolidation in a bankruptcy case or similar proceeding, (B) require that the status of the Issuer as a separate entity be in any respect disregarded or (C) contest or challenge, or join any other Person in contesting or challenging, the transfers of any Loans and related assets from OnDeck or any of its Subsidiaries to the Issuer, whether on grounds that such transfers were disguised financings, preferential transfers, fraudulent conveyances or otherwise or a transfer other than a "true sale" or a "true contribution";

(b) upon the transfer by OnDeck or any of its Subsidiaries (other than the Issuer or any other special purpose subsidiary of OnDeck) of Loans and related assets to the Issuer or any other such special purpose subsidiary in a securitization as permitted under such Pledged Equity Security Agreement, any

liens with respect to such Loans and related assets arising under the loan and security documentation with respect to such Pledged Equity Security Agreement shall automatically be released (and the Pledged Equity Collateral Agent is authorized to execute and enter into any such releases and other documents as OnDeck may reasonably request in order to give effect thereto);

(c) each of such Pledged Equity Collateral Agent and each Pledged Equity Secured Party shall take no action related to any SPV Issuer Equity that would cause the Issuer to breach any of its covenants in its certificate of formation, limited liability company agreement or in any other Transaction Document or to be unable to make any representation in any such document;

(d) each of such Pledged Equity Collateral Agent and each Pledged Equity Secured Party acknowledges that it has no interest in, and ~~will~~shall not assert any interest in, the assets owned by the Issuer other than, following a transfer of any pledged SPV Issuer Equity to the Pledged Equity Collateral Agent in connection with any exercise of remedies pursuant to such Pledged Equity Security Agreement, the right to receive lawful dividends or other distributions when paid by the Issuer from lawful sources and in accordance with the Transaction Documents and the rights of a common member of the Issuer; and

(e) each such Pledged Equity Collateral Agent and each Pledged Equity Secured Party agree and acknowledge that: (i) each of the Indenture Trustee and any other agent and/or trustee acting on behalf of the Noteholders is an express third party beneficiary with respect to the provisions set forth in clause (a) above and (ii) each of the Indenture Trustee and any other agent and/or trustee acting on behalf of the Noteholders shall have the right to enforce compliance by the Pledged Equity Collateral Agent and each Pledged Equity Secured Party with respect to any of the foregoing clauses (a) through (d).

"Requirements of Law" means, with respect to any Person or any of its property, the certificate of incorporation or articles of association and by-laws or other organizational or governing documents of such Person or any of its property, and any law, treaty, rule or regulation, or determination of any arbitrator or Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject, whether federal, state or local (including, without limitation, usury laws, the Federal Truth in Lending Act and retail installment sales acts).

"Requisite Noteholders" means Noteholders holding in excess of 50% of the sum of (a) the Aggregate Invested Amount and (b) the sum of the unutilized purchase commitments of the Committed Purchasers (excluding, for the purposes of making the foregoing calculation, any Notes held by any Affiliate of the Seller (other than an Affiliate Issuer)); *provided, however,* that, upon the occurrence and during the

continuance of an Amortization Event with respect to any Series of Notes held by a Committed Purchaser, the unutilized purchase commitment of such Committed Purchaser with respect to such Series shall be deemed to be zero.

"Responsible Officer" means, with respect to the Indenture Trustee, any officer within the Corporate Trust Office, including any vice president, assistant secretary, senior associate, associate, trust officer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by any Person who at the time shall be an above-designated officer and having direct responsibility for administration of the Indenture and the applicable Indenture Supplement and also any particular officer to whom any corporate trust matter is referred because of such officer's knowledge of and familiarity with the particular subject, in each case who, at the time shall be an above-designated officer and shall have direct responsibility for administration of the Indenture and the applicable Indenture Supplement.

"Retention Undertaking Letter" means the letter, dated as of April 17, 2018, between, among others, OnDeck and the Trustee, pursuant to which OnDeck will make certain undertakings and agreements in respect of the EU risk retention requirements, and any other letter specified as a "Series [#] Retention Undertaking Letter" in the related Indenture Supplement.

"Revolving Period" means, with respect to any Series of Notes, the period specified as the "Series [#] Revolving Period" in the related Indenture Supplement.

"S&P" or "Standard & Poor's" means Standard & Poor's Ratings Service, a Standard & Poor's Financial Services LLC business and its permitted successors and assigns.

"Schedule of Pooled Loans" is defined in the Servicing Agreement.

"Scheduled Payment Requirements" means, on any date of determination, each of the Series Scheduled Payment Requirements for each Series of Outstanding Notes.

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

"Seller" means OnDeck.

"Series" means any Series of Notes, which may include within any such Series a Class or Classes of Notes subordinate to another such Class or Classes of Notes.

"Series Account" means any account or accounts established pursuant to an Indenture Supplement for the benefit of a Series of Notes.

"Series Adjusted Invested Amount" means, with respect to any Series of Notes, the amount specified as the "Series [#] Adjusted Invested Amount" in the related Indenture Supplement.

"Series Amortization Requirements" means, with respect to any Series of Notes, the "Series [#] Amortization Requirements" in the related Indenture Supplement.

"Series Asset Amount Deficiency" means, with respect to any Series of Notes, the amount specified as the "Series [#] Asset Amount Deficiency" in the related Indenture Supplement.

"Series Average Balance Maximum Amount" means, with respect to any Series of Notes, the "Series [#] Average Balance Maximum Amount" in the related Indenture Supplement.

"Series Closing Date" means, with respect to any Series of Notes, the initial date of issuance of such Series of Notes, as specified as the "Series [#] Closing Date" in the related Indenture Supplement.

"Series Loan Determination Date" means, with respect to any Series of Notes, the number of Business Days set forth in "Series [#] Loan Determination Date" in the related Indenture Supplement.

"Series Maximum Original Term" means, with respect to any Series of Notes, the "Series [#] Maximum Original Term" in the related Indenture Supplement.

"Series Maximum Initial Principal Balance" means, with respect to any Series of Notes, the "Series [#] Maximum Initial Principal Balance" in the related Indenture Supplement.

"Series Minimum Bank Account Statements" means, with respect to any Series of Notes, the "Series [#] Minimum Bank Account Statements" in the related Indenture Supplement.

"Series Minimum Payment Percentage" means, with respect to any Series of Notes, the "Series [#] Minimum Payment Percentage" in the related Indenture Supplement.

"Series Required Asset Amount" means, with respect to any Series of Notes, the amount specified as the "Series [#] Required Asset Amount" in the related Indenture Supplement.

"Series Required Enhancement Amount" means, as of any date of determination, with respect to each Series of Notes, the amount specified as the "Series

[#] Required Enhancement Amount" in the related Indenture Supplement, calculated as of such date.

"Series Scheduled Payment Requirements" means, with respect to any Series of Notes, the "Series [#] Scheduled Payment Requirements" in the related Indenture Supplement.

"Series Servicing Fee" means, with respect to any Series of Notes, the amount specified as the "Series [#] Servicing Fee" in the related Indenture Supplement.

"Series Successor Servicing Fee" means, with respect to any Series of Notes, the amount specified as the "Series [#] Successor Servicing Fee" in the related Indenture Supplement.

"Series Termination Date" means, with respect to any Series of Notes, the date specified as the "Series [#] Termination Date" in the related Indenture Supplement.

"Servicer" means OnDeck in its capacity as servicer under the Servicing Agreement and its permitted successors or assigns.

"Servicer Default" means the occurrence of a "Servicer Default" as defined in the Servicing Agreement.

"Servicing Agreement" means the Servicing Agreement dated as of the Initial Closing Date among the Issuer, the Servicer and the Indenture Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms, and, after the appointment of any Successor Servicer, the Successor Servicing Agreement to which such Successor Servicer is a party, as it may be amended, restated or otherwise modified from time to time.

"Servicing Fee" is defined in the Servicing Agreement.

"Servicing Standard" is defined in the Servicing Agreement.

"Servicing Transfer Date" is defined in the Backup Servicing Agreement.

"Settlement Statement" is defined in Section 4.1 of the Base Indenture.

"SPV Issuer Equity" is defined in Section 7.17 of the Base Indenture

"Subsequent LOC Advance" means, with respect to any LOC Loan relating to a particular OnDeck LOC offered to the related Obligor, an additional LOC Loan representing a subsequent advance under such OnDeck LOC.

"Successor Servicer" is defined in the Servicing Agreement.

"Successor Servicing Agreement" shall have the meaning attributed to such term in the Servicing Agreement.

"Successor Servicing Fee" is defined in the Successor Servicing Agreement.

"Subsidiary" means, with respect to any Person (herein referred to as the "parent"), any corporation, partnership, association or other business entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, owned, controlled or held by the parent or (b) that is, at the time any determination is being made, otherwise controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Supplement" means a supplement to the Base Indenture complying (to the extent applicable) with the terms of Article 12 of the Base Indenture.

"Tax Opinion" means an opinion of a nationally recognized tax counsel to be delivered in connection with the issuance of a new Series of Notes to the effect that, for United States federal income tax purposes, (i) the issuance of such new Series of Notes will not affect adversely the United States federal income tax characterization of any Series of Notes Outstanding or Class thereof that was (based upon an opinion of counsel) characterized as debt at the time of their issuance and (ii) the Issuer will not be classified as an association or a publicly traded partnership taxable as a corporation.

"TIA" means the Trust Indenture Act of 1939 as in force on the date hereof, unless otherwise specifically provided.

"Third Party Reimbursable Items" is defined in the Successor Servicing Agreement.

"Transaction Documents" means the Base Indenture, any Indenture Supplement, the Notes, any agreements relating to the issuance or the purchase of any of the Notes, the Issuer Limited Liability Company Agreement, the Loan Purchase Agreement, the Servicing Agreement, the Backup Servicing Agreement, the Lockbox Account Control Agreement, the Collection Account Control Agreement, the Custodial Agreement and ~~the~~any Retention Undertaking Letter.

"Transfer Agent and Registrar" is defined in Section 2.4 of the Base Indenture.

"Transfer Date" has the meaning assigned to such term in the Loan Purchase Agreement.

"Transfer Schedule" has the meaning assigned to such term in the Loan Purchase Agreement.

"UCC" means the Uniform Commercial Code as in effect from time to time in the applicable jurisdiction.

"UCC Agent"~~,~~ means Corporation Service Company, a Delaware corporation, in its capacity as agent for the Seller under the Agency Agreement, or other entity providing secured party representation services to the Seller.

"United States" or "U.S." means the United States of America, its fifty States and the District of Columbia.

"Upfront Fees" means, with respect to any Loan, the sum of any fees charged by the Seller or the Credit Sponsor, as the case may be, to an Obligor in connection with the disbursement of such Loan, as set forth in the related Loan Agreement, that are deducted from the initial amount disbursed to such Obligor, including the "Origination Fee" set forth on the related Loan Agreement.

"U.S. Government Obligations" means direct obligations of the United States, or any agency or instrumentality thereof for the payment of which the full faith and credit of the United States of America is pledged as to full and timely payment of such obligations.

"U.S. Risk Retention Rules" means, SEC's credit risk retention rules, 17 C.F.R. Part 246.

"Warm Backup Servicer Trigger Event" means, with respect to any Series of Notes, each event, if any, specified as a "Series[#] Warm Backup Servicer Trigger Event" in the related Indenture Supplement.

"Warranty Repurchase Loan" means a Pooled Loan that the Seller has become obligated to ~~re~~purchase pursuant to Section 3.01(e) of the Loan Purchase Agreement.

"Weekly Pay Loan" means any Loan the Loan Payment Date for which is one identified weekday (subject to adjustment in accordance with the applicable Loan Agreement).

"written" or "in writing" means any form of written communication, including, without limitation, by means of telex, telecopier device, telegraph or cable.

Exhibit 10.18

ONDECK ASSET SECURITIZATION TRUST II LLC,
as Issuer

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Indenture Trustee

SERIES 2019-1 INDENTURE SUPPLEMENT

dated as of November 15, 2019

to

BASE INDENTURE

dated as of May 17, 2016

Up to $400,000,000
of
Asset Backed Notes

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EXHIBITS

Exhibit 10.18

SERIES 2019-1 SUPPLEMENT, dated as of November 15, 2019 (as amended, supplemented, restated or otherwise modified from time to time, this "Indenture Supplement") between ONDECK ASSET SECURITIZATION TRUST II LLC, a special purpose limited liability company established under the laws of Delaware (the "Issuer"), and DEUTSCHE BANK TRUST COMPANY AMERICAS, a New York banking corporation, in its capacity as Indenture Trustee (together with its successors in trust thereunder as provided in the Base Indenture referred to below, the "Indenture Trustee"), to the Base Indenture, dated as of May 17, 2016, between the Issuer and the Indenture Trustee (as amended, modified, restated or supplemented from time to time, exclusive of Indenture Supplements creating new Series of Notes, the "Base Indenture").

PRELIMINARY STATEMENT

WHEREAS, Sections 2.2 and 12.1 of the Base Indenture provide, among other things, that the Issuer and the Indenture Trustee may at any time and from time to time enter into an Indenture Supplement to the Base Indenture for the purpose of authorizing the issuance of one or more Series of Notes.

NOW, THEREFORE, the parties hereto agree as follows:

DESIGNATION

There is hereby created a Series of Notes to be issued pursuant to the Base Indenture and this Indenture Supplement and such Series of Notes shall be designated generally as Series 2019-1 Asset Backed Notes.

The Series 2019-1 Notes shall be issued in five (5) classes: the first of which shall be designated as Series 2019-1 Asset Backed Notes, Class A, and referred to herein as the Class A Notes, the second of which shall be designated as Series 2019-1 Asset Backed Notes, Class B, and referred to herein as the Class B Notes, the third of which shall be designated as the Series 2019-1 Asset Backed Notes, Class C, and referred to herein as the Class C Notes, the fourth of which shall be designated as the Series 2019-1 Asset Backed Notes, Class D, and referred to herein as the Class D Notes, and the fifth of which shall be designated as the Series 2019-1 Asset Backed Notes, Class E, and referred to herein as the Class E Notes. The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes are referred to herein collectively as the "Series 2019-1 Notes".

The Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes shall be issued in minimum denominations of $100,000 and integral multiples of $1,000 in excess thereof. The Class E Notes shall be issued in minimum denominations of $250,000 and integral multiples of $1,000 in excess thereof.

The net proceeds from the sale of the Series 2019-1 Notes shall be applied in accordance with Section 2.4(a).

ARTICLE I

DEFINITIONS

(a) All capitalized terms not otherwise defined herein are defined in the Definitions List attached to the Base Indenture as Schedule 1 thereto. All Article, Section or Subsection references herein shall refer to Articles, Sections or Subsections of this Indenture Supplement, except as otherwise provided herein. Unless otherwise stated herein, as the context otherwise requires or if such term is otherwise defined in the Base Indenture, each capitalized term used or defined herein shall relate only to the Series 2019-1 Notes and not to any other Series of Notes issued by the Issuer.

(b) The following words and phrases shall have the following meanings with respect to the Series 2019-1 Notes and the definitions of such terms are applicable to the singular as well as the plural form of such terms and to the masculine as well as the feminine and neuter genders of such terms:

"Additional Series 2019-1 Notes" is defined in Section 6.1(b).

"Additional Servicer Default" is defined in Section 3.2.

"Adjusted Pool Outstanding Principal Balance" means, on any date of determination, the amount by which the sum of the Outstanding Principal Balances for all Pooled Loans exceeds the sum of the Outstanding Principal Balances for all 30 MPF Pooled Loans.

"Aggregate Excess Concentration Amount" means, on any date of determination, the sum of (i) the Series 2019-1 Aggregate Excess Concentration Amount and (ii) the sum of the aggregate excess concentration amounts for all other Series of Notes.

"Amendment No. 1 to the Custodial Agreement" means that certain amendment, dated as of November 15, 2019, to the Custodial Agreement, by and among Deutsche Bank Trust Company Americas, as the custodian and the Indenture Trustee, On Deck Capital, Inc., as the Servicer, and the Issuer, and substantially in the form of Exhibit K-1 hereto.

"Amendment No. 2 to the Base Indenture" means that certain amendment, dated as of November 15, 2019, to the Base Indenture, by and between the Issuer and the Indenture Trustee, and substantially in the form of Exhibit K-2 hereto.

"Amendment No. 2 to the Loan Purchase Agreement" means that certain amendment, dated as of November 15, 2019, to the Loan Purchase Agreement, by and between On Deck Capital, Inc., as Seller, and the Issuer, as Purchaser, and substantially in the form of Exhibit K-3 hereto.

"Amortization Event" is defined in Article III.

"Annual Backup Servicer Fee Limit" means, for any Payment Date, an amount equal to the excess, if any, of (x) $200,000 over (y) the aggregate amount of the Series 2019-1 Backup Servicing Fees paid to the Backup Servicer pursuant to clause (iv) of Section 2.5(b) on the eleven (11) Payment Dates preceding such Payment Date (or, such lesser number of Payment Dates as shall have occurred since the Series 2019-1 Closing Date).

"Annual Custodian Fee Limit" means, for any Payment Date, an amount equal to the excess, if any, of (x) $15,000 over (y) the aggregate amount of fees, expenses and indemnities paid to the Custodian pursuant to clause (i) of Section 2.5(b) on the eleven (11) Payment Dates preceding such Payment Date (or, such lesser number of Payment Dates as shall have occurred since the Series 2019-1 Closing Date).

"Annual Indenture Trustee Fee Limit" means, for any Payment Date, an amount equal to the excess, if any, of (x) $135,000 over (y) the aggregate amount of fees, expenses and indemnities paid to the Indenture Trustee pursuant to clause (i) of Section 2.5(b) on the eleven (11) Payment Dates preceding such Payment Date (or, such lesser number of Payment Dates as shall have occurred since the Series 2019-1 Closing Date).

"Annual Successor Servicer Reimbursement Limit" means for any Payment Date, an amount equal to the excess, if any, of (x) $175,000 over (y) the aggregate amount of Series 2019-1 Third Party Reimbursable Items paid to the Successor Servicer pursuant to clause (ii) of Section 2.5(b) on the eleven (11) Payment Dates preceding such Payment Date (or, such lesser number of Payment Dates as shall have occurred since the Series 2019-1 Closing Date).

"Applicable Procedures" is defined in Section 6.5(c).

"Cash" means money, currency or a credit balance in any demand, securities account or deposit account; *provided, however*, that notwithstanding anything to the contrary contained herein, "Cash" shall exclude any amounts that would not be considered "cash" under GAAP or "cash" as recorded on the books of OnDeck and its Subsidiaries.

"Cash Equivalents" means, as of any day, (a) marketable securities (i) issued or directly and unconditionally guaranteed as to interest and principal by the United States Government or (ii) issued by any agency of the United States the obligations of which are backed by the full faith and credit of the United States, in each case maturing within one (1) year after such day; (b) marketable direct obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof, in each case maturing within one (1) year after such day and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody's; (c) commercial paper maturing no more than one (1) year from the date of creation thereof and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody's; (d) certificates of deposit or bankers' acceptances maturing within one (1) year after such day and issued or accepted by any commercial bank

organized under the laws of the United States or any state thereof or the District of Columbia that (i) is at least "adequately capitalized" (as defined in the regulations of its primary Federal banking regulator) and (ii) has Tier 1 capital (as defined in such regulations) of not less than $100,000,000; and (e) shares of any money market mutual fund that (i) has substantially all of its assets invested continuously in the types of investments referred to in clauses (a) and (b) above, (ii) has net assets of not less than $500,000,000 and (iii) has the highest rating obtainable from either S&P or Moody's.

"Class A Adjusted Invested Amount" means, on any date of determination, the excess, if any, of (a) the Class A Invested Amount on such date over (b) the amount of cash and Permitted Investments on deposit in the Series 2019-1 Collection Account (after giving effect to any withdrawals therefrom on such date pursuant to Section 2.4(c)) on such date.

"Class A Initial Invested Amount" means, as of any date of determination, the sum of (i) the aggregate initial principal amount of the Class A Notes, which is $86,300,000 and (ii) the aggregate initial principal amount of any Class A Additional Series 2019-1 Notes issued prior to such date, if any.

"Class A Interest Payment" means (a) for the initial Payment Date after the Series 2019-1 Closing Date (or, in the case of an additional issuance of a Class A Note after the Series 2019-1 Closing Date, the date of such issuance), the product of (i) 1/360 of the Class A Note Rate, (ii) the number of days from and including the Series 2019-1 Closing Date (or date of issuance) to and excluding the 17th day of the calendar month in which the initial (or, as applicable, next) Payment Date occurs (calculated on the basis of a 360-day year consisting of twelve 30-day months) and (iii) the Class A Initial Invested Amount and (b) for any subsequent Payment Date, the sum of (i) the product of (x) one-twelfth of the Class A Note Rate and (y) the Class A Invested Amount on the immediately preceding Payment Date (after giving effect to all payments of principal of the Class A Notes on such immediately preceding Payment Date) and (ii) the portion, if any, of the Class A Interest Payment for the immediately preceding Payment Date that was not paid on such Payment Date, together with interest thereon (to the extent permitted by law) at the Class A Note Rate.

"Class A Invested Amount" means, as of any date of determination, an amount equal to (a) the Class A Initial Invested Amount minus (b) the amount of principal payments made to the Class A Noteholders on or prior to such date.

"Class A Note Owner" means, with respect to the Series 2019-1 Global Note that is a Class A Note, the Person who is the beneficial owner of an interest in such Series 2019-1 Global Note, as reflected on the books of DTC, or on the books of a Person maintaining an account with DTC (directly as a Clearing Agency Participant or as an indirect participant, in each case in accordance with the rules of DTC).

"Class A Note Rate" means 2.65% per annum.

"Class A Noteholder" means the Person in whose name a Class A Note is registered in the Note Register.

"Class A Notes" means any one of the Series 2019-1 Asset Backed Notes, Class A, executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit A-1, A-2 or A-3. Definitive Class A Notes shall have such insertions and deletions as are necessary to give effect to the provisions of Section 2.11 of the Base Indenture.

"Class A Required Enhancement Amount" means, on any date, an amount equal to the product of (a) the Class A Required Enhancement Percentage and (b) the Class A Adjusted Invested Amount on such date; provided, however, that, after the declaration or occurrence of an Amortization Event with respect to the Series 2019-1 Notes, the Class A Required Enhancement Amount shall equal the Class A Required Enhancement Amount on the date of the declaration or occurrence of such Amortization Event.

"Class A Required Enhancement Percentage" means 52.491%.

"Class A/B Adjusted Invested Amount" means, on any day, an amount equal to the sum of the Class A Adjusted Invested Amount and the Class B Adjusted Invested Amount, in each case as of such day.

"Class A/B/C Adjusted Invested Amount" means, on any day, an amount equal to the sum of the Class A Adjusted Invested Amount, the Class B Adjusted Invested Amount and the Class C Adjusted Invested Amount, in each case as of such day.

"Class A/B/C/D Adjusted Invested Amount" means, on any day, an amount equal to the sum of the Class A Adjusted Invested Amount, the Class B Adjusted Invested Amount, the Class C Adjusted Invested Amount and the Class D Adjusted Invested Amount, in each case as of such day.

"Class B Adjusted Invested Amount" means, on any date of determination, the excess, if any, of (a) the Class B Invested Amount on such date over (b) the excess, if any, of (x) the amount of cash and Permitted Investments on deposit in the Series 2019-1 Collection Account (after giving effect to any withdrawals therefrom on such date pursuant to Section 2.4(c)) on such date over (y) the Class A Invested Amount on such date.

"Class B Initial Invested Amount" means, as of any date of determination, the sum of (i) the aggregate initial principal amount of the Class B Notes, which is $8,200,000 and (ii) the aggregate initial principal amount of any Class B Additional Series 2019-1 Notes issued prior to such date, if any.

"Class B Interest Payment" means (a) for the initial Payment Date after the Series 2019-1 Closing Date (or, in the case of an additional issuance of a Class B Note after the Series 2019-1 Closing Date, the date of such issuance), the product of (i) 1/360 of the

Class B Note Rate, (ii) the number of days from and including the Series 2019-1 Closing Date (or date of issuance) to and excluding the 17th day of the calendar month in which the initial (or, as applicable, next) Payment Date occurs (calculated on the basis of a 360-day year consisting of twelve 30-day months) and (iii) the Class B Initial Invested Amount and (b) for any subsequent Payment Date, the sum of (i) the product of (x) one-twelfth of the Class B Note Rate and (y) the Class B Invested Amount on the immediately preceding Payment Date (after giving effect to all payments of principal of the Class B Notes on such immediately preceding Payment Date) and (ii) the portion, if any, of the Class B Interest Payment for the immediately preceding Payment Date that was not paid on such Payment Date, together with interest thereon (to the extent permitted by law) at the Class B Note Rate.

"Class B Invested Amount" means, as of any date of determination, an amount equal to (a) the Class B Initial Invested Amount minus (b) the amount of principal payments made to the Class B Noteholders on or prior to such date.

"Class B Note Owner" means, with respect to a Series 2019-1 Global Note that is a Class B Note, the Person who is the beneficial owner of an interest in such Series 2019-1 Global Note, as reflected on the books of DTC, or on the books of a Person maintaining an account with DTC (directly as a Clearing Agency Participant or as an indirect participant, in each case in accordance with the rules of DTC).

"Class B Note Rate" means 3.14% per annum.

"Class B Noteholder" means the Person in whose name a Class B Note is registered in the Note Register.

"Class B Notes" means any one of the Series 2019-1 Asset Backed Notes, Class B, executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B-1, B-2 or B-3. Definitive Class B Notes shall have such insertions and deletions as are necessary to give effect to the provisions of Section 2.11 of the Base Indenture.

"Class B Required Enhancement Amount" means, on any date, an amount equal to the product of (a) the Class B Required Enhancement Percentage and (b) the Class A/B Adjusted Invested Amount on such date; provided, however, that, after the declaration or occurrence of an Amortization Event with respect to the Series 2019-1 Notes, the Class B Required Enhancement Amount shall equal the Class B Required Enhancement Amount on the date of the declaration or occurrence of such Amortization Event.

"Class B Required Enhancement Percentage" means 39.259%.

"Class C Adjusted Invested Amount" means, on any date of determination, the excess, if any, of (a) the Class C Invested Amount on such date over (b) the excess, if any, of (x) the amount of cash and Permitted Investments on deposit in the Series 2019-1 Collection Account (after giving effect to any withdrawals therefrom on such date

pursuant to Section 2.4(c)) on such date over (y) the sum of the Class A Invested Amount and the Class B Invested Amount on such date.

"Class C Initial Invested Amount" means, as of any date of determination, the sum of (i) the aggregate initial principal amount of the Class C Notes, which is $9,300,000 and (ii) the aggregate initial principal amount of any Class C Additional Series 2019-1 Notes issued prior to such date, if any.

"Class C Interest Payment" means (a) for the initial Payment Date after the Series 2019-1 Closing Date (or, in the case of an additional issuance of a Class C Note after the Series 2019-1 Closing Date, the date of such issuance), the product of (i) 1/360 of the Class C Note Rate, (ii) the number of days from and including the Series 2019-1 Closing Date (or date of issuance) to and excluding the 17th day of the calendar month in which the initial (or, as applicable, next) Payment Date occurs (calculated on the basis of a 360-day year consisting of twelve 30-day months) and (iii) the Class C Initial Invested Amount and (b) for any subsequent Payment Date, the sum of (i) the product of (x) one-twelfth of the Class C Note Rate and (y) the Class C Invested Amount on the immediately preceding Payment Date (after giving effect to all payments of principal of the Class C Notes on such immediately preceding Payment Date) and (ii) the portion, if any, of the Class C Interest Payment for the immediately preceding Payment Date that was not paid on such Payment Date, together with interest thereon (to the extent permitted by law) at the Class C Note Rate.

"Class C Invested Amount" means, as of any date of determination, an amount equal to (a) the Class C Initial Invested Amount minus (b) the amount of principal payments made to the Class C Noteholders on or prior to such date.

"Class C Note Owner" means, with respect to a Series 2019-1 Global Note that is a Class C Note, the Person who is the beneficial owner of an interest in such Series 2019-1 Global Note, as reflected on the books of DTC, or on the books of a Person maintaining an account with DTC (directly as a Clearing Agency Participant or as an indirect participant, in each case in accordance with the rules of DTC).

"Class C Note Rate" means 3.33% per annum.

"Class C Noteholder" means the Person in whose name a Class C Note is registered in the Note Register.

"Class C Notes" means any one of the Series 2019-1 Asset Backed Notes, Class C, executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit C-1, C-2 or C-3. Definitive Class C Notes shall have such insertions and deletions as are necessary to give effect to the provisions of Section 2.11 of the Base Indenture.

"Class C Required Enhancement Amount" means, on any date, an amount equal to the product of (a) the Class C Required Enhancement Percentage and (b) the Class A/

B/C Adjusted Invested Amount on such date; provided, however, that, after the declaration or occurrence of an Amortization Event with respect to the Series 2019-1 Notes, the Class C Required Enhancement Amount shall equal the Class C Required Enhancement Amount on the date of the declaration or occurrence of such Amortization Event.

"Class C Required Enhancement Percentage" means 26.782%.

"Class D Adjusted Invested Amount" means, on any date of determination, the excess, if any, of (a) the Class D Invested Amount on such date over (b) the excess, if any, of (x) the amount of cash and Permitted Investments on deposit in the Series 2019-1 Collection Account (after giving effect to any withdrawals therefrom on such date pursuant to Section 2.4(c)) on such date over (y) the sum of the Class A Invested Amount, the Class B Invested Amount and the Class C Invested Amount on such date.

"Class D Initial Invested Amount" means, as of any date of determination, the sum of (i) the aggregate initial principal amount of the Class D Notes, which is $13,300,000 and (ii) the aggregate initial principal amount of any Class D Additional Series 2019-1 Notes issued prior to such date, if any.

"Class D Interest Payment" means (a) for the initial Payment Date after the Series 2019-1 Closing Date (or, in the case of an additional issuance of a Class D Note after the Series 2019-1 Closing Date, the date of such issuance), the product of (i) 1/360 of the Class D Note Rate, (ii) the number of days from and including the Series 2019-1 Closing Date (or date of issuance) to and excluding the 17th day of the calendar month in which the initial (or, as applicable, next) Payment Date occurs (calculated on the basis of a 360-day year consisting of twelve 30-day months) and (iii) the Class D Initial Invested Amount and (b) for any subsequent Payment Date, the sum of (i) the product of (x) one-twelfth of the Class D Note Rate and (y) the Class D Invested Amount on the immediately preceding Payment Date (after giving effect to all payments of principal of the Class D Notes on such immediately preceding Payment Date) and (ii) the portion, if any, of the Class D Interest Payment for the immediately preceding Payment Date that was not paid on such Payment Date, together with interest thereon (to the extent permitted by law) at the Class D Note Rate.

"Class D Invested Amount" means, as of any date of determination, an amount equal to (a) the Class D Initial Invested Amount minus (b) the amount of principal payments made to the Class D Noteholders on or prior to such date.

"Class D Note Owner" means, with respect to a Series 2019-1 Global Note that is a Class D Note, the Person who is the beneficial owner of an interest in such Series 2019-1 Global Note, as reflected on the books of DTC, or on the books of a Person maintaining an account with DTC (directly as a Clearing Agency Participant or as an indirect participant, in each case in accordance with the rules of DTC).

"Class D Note Rate" means 4.02% per annum.

"Class D Noteholder" means the Person in whose name a Class D Note is registered in the Note Register.

"Class D Notes" means any one of the Series 2019-1 Asset Backed Notes, Class D, executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit D-1, D-2 or D-3. Definitive Class D Notes shall have such insertions and deletions as are necessary to give effect to the provisions of Section 2.11 of the Base Indenture.

"Class D Required Enhancement Amount" means, on any date, an amount equal to the product of (a) the Class D Required Enhancement Percentage and (b) the Class A/B/C/D Adjusted Invested Amount on such date; provided, however, that, after the declaration or occurrence of an Amortization Event with respect to the Series 2019-1 Notes, the Class D Required Enhancement Amount shall equal the Class D Required Enhancement Amount on the date of the declaration or occurrence of such Amortization Event.

"Class D Required Enhancement Percentage" means 12.382%.

"Class E Adjusted Invested Amount" means, on any date of determination, the excess, if any, of (a) the Class E Invested Amount on such date over (b) the excess, if any, of (x) the amount of cash and Permitted Investments on deposit in the Series 2019-1 Collection Account (after giving effect to any withdrawals therefrom on such date pursuant to Section 2.4(c)) on such date over (y) the sum of the Class A Invested Amount, the Class B Invested Amount, the Class C Invested Amount and the Class D Invested Amount on such date.

"Class E Initial Invested Amount" means, as of any date of determination, the sum of (i) the aggregate initial principal amount of the Class E Notes, which is $7,900,000 and (ii) the aggregate initial principal amount of any Class E Additional Series 2019-1 Notes issued prior to such date, if any.

"Class E Interest Payment" means (a) for the initial Payment Date after the Series 2019-1 Closing Date (or, in the case of an additional issuance of a Class E Note after the Series 2019-1 Closing Date, the date of such issuance), the product of (i) 1/360 of the Class E Note Rate, (ii) the number of days from and including the Series 2019-1 Closing Date (or date of issuance) to and excluding the 17th day of the calendar month in which the initial (or, as applicable, next) Payment Date occurs (calculated on the basis of a 360-day year consisting of twelve 30-day months) and (iii) the Class E Initial Invested Amount and (b) for any subsequent Payment Date, the sum of (i) the product of (x) one-twelfth of the Class E Note Rate and (y) the Class E Invested Amount on the immediately preceding Payment Date (after giving effect to all payments of principal of the Class E Notes on such immediately preceding Payment Date) and (ii) the portion, if any, of the Class E Interest Payment for the immediately preceding Payment Date that was not paid on such Payment Date, together with interest thereon (to the extent permitted by law) at the Class E Note Rate.

"Class E Invested Amount" means, as of any date of determination, an amount equal to (a) the Class E Initial Invested Amount minus (b) the amount of principal payments made to the Class E Noteholders on or prior to such date.

"Class E Note Owner" means, with respect to a Series 2019-1 Global Note that is a Class E Note, the Person who is the beneficial owner of an interest in such Series 2019-1 Global Note, as reflected on the books of DTC, or on the books of a Person maintaining an account with DTC (directly as a Clearing Agency Participant or as an indirect participant, in each case in accordance with the rules of DTC).

"Class E Note Rate" means 5.15% per annum.

"Class E Noteholder" means the Person in whose name a Class E Note is registered in the Note Register.

"Class E Notes" means any one of the Series 2019-1 Asset Backed Notes, Class E, executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit E. Definitive Class E Notes shall have such insertions and deletions as are necessary to give effect to the provisions of Section 2.11 of the Base Indenture.

"Class E Required Enhancement Amount" means, on any date, an amount equal to the product of (a) the Class E Required Enhancement Percentage and (b) the Series 2019-1 Adjusted Invested Amount on such date; provided, however, that, after the declaration or occurrence of an Amortization Event with respect to the Series 2019-1 Notes, the Class E Required Enhancement Amount shall equal the Class E Required Enhancement Amount on the date of the declaration or occurrence of such Amortization Event.

"Class E Required Enhancement Percentage" means 5.280%.

"Clearstream" is defined in Section 6.3.

"Confidential Information" means information delivered to the Indenture Trustee or any Series 2019-1 Noteholder by or on behalf of the Issuer or OnDeck in connection with and relating to the transactions contemplated by or otherwise pursuant to the Indenture and the Transaction Documents, but will not include information that: (i) was publicly known or otherwise known to the Indenture Trustee or the Series 2019-1 Noteholder prior to the time of such disclosure; (ii) subsequently becomes publicly known through no act or omission by the Indenture Trustee, any Series 2019-1 Noteholder or any Person acting on behalf of the Indenture Trustee or any Series 2019-1 Noteholder; (iii) otherwise is known or becomes known to the Indenture Trustee or any Series 2019-1 Noteholder other than (x) through disclosure by the Issuer or OnDeck or (y) as a result of a breach of fiduciary duty to the Issuer or a contractual duty to the Issuer; or (iv) is allowed to be treated as non-confidential by consent of the Issuer and OnDeck.

"Consolidated Liquidity" means, as of any day, an amount determined for OnDeck and its Subsidiaries, on a consolidated basis, equal to the sum of (i) unrestricted Cash and Cash Equivalents of OnDeck and its Subsidiaries, as of such day, and (ii) the aggregate amount of all unused and available credit commitments under any credit facilities of OnDeck and its Subsidiaries, as of such day; *provided*, that, as of such day, all of the conditions to funding such amounts have been fully satisfied (other than delivery of prior notice of funding and pre-funding notices, opinions and certificates that are reasonably capable of delivery as of such day) and no lender under such credit facilities shall have refused to make a loan or other advance thereunder at any time after a request for a loan was made thereunder.

"Consolidated Total Debt" means, as of any day, the aggregate stated balance sheet amount of all Indebtedness of OnDeck and its Subsidiaries determined on a consolidated basis in accordance with GAAP, including all accrued and unpaid interest on the foregoing, *provided*, that accounts payable, accrued expenses, liabilities for leasehold improvements and deferred revenue of OnDeck and its Subsidiaries shall not be included in any determination of Consolidated Total Debt.

"Convertible Indebtedness" means any Indebtedness of OnDeck that (a) is convertible to equity, including convertible preferred stock, (b) requires no payment of principal thereof or interest thereon and (c) is fully subordinated to all indebtedness for borrowed money of OnDeck, as to right and time of payment and as to any other rights and remedies thereunder, including, an agreement on the part of the holders of such Indebtedness that the maturity of such Indebtedness cannot be accelerated prior to the maturity date of such indebtedness for borrowed money.

"DBRS" means DBRS, Inc. and any successor thereto.

"Deficiency" is defined in Section 2.2(c)(i).

"Delinquency Ratio" means, as of any Determination Date, the percentage equivalent of a fraction (a) the numerator of which is the aggregate Outstanding Principal Balance of all Pooled Loans that had a Missed Payment Factor of (i) with respect to Daily Pay Loans, fifteen (15) or higher as of such Determination Date, (ii) with respect to Weekly Pay Loans, three (3) or higher as of such Determination Date or (iii) with respect to Monthly Pay Loans, 0.75 or higher as of such Determination Date and (b) the denominator of which is the Pool Outstanding Principal Balance as of such Determination Date.

"DTC" means The Depository Trust Company or its successor, as the Clearing Agency for the Series 2019-1 Notes.

"DTC Custodian" means the Indenture Trustee, in its capacity as custodian for DTC and any successor thereto in such capacity.

"Euroclear" is defined in Section 6.3.

"EU Retention Requirements" means such requirement for an originator, sponsor or original lender to retain on an ongoing basis of a material net economic interest which, in any event, shall not be less than 5%, determined in accordance with Article 6 of the EU Securitization Regulation, and to disclose the risk retention, as would be sufficient to enable verification by an institutional investor (as defined under the EU Securitization Regulation) in accordance with Article 5(1)(d) of the EU Securitization Regulation.

"EU Securitization Regulation" means Regulation (EU) 2017/2402 of the European Parliament and of the Council of December 12, 2017.

"EU Securitization Rules" means the EU Securitization Regulation, together with any relevant regulatory and/or implementing technical standards adopted by the European Commission in relation thereto, any relevant regulatory and/or implementing technical standards applicable in relation thereto pursuant to any transitional arrangements made pursuant to the EU Securitization Regulation, and, in each case, any relevant official guidance published in relation thereto.

"FAP Loan" means a Loan originated through a third-party broker that is part of the Seller's "Funding Advisor Program" channel.

"Financial Assets" is defined in Section 2.3(b)(i).

"Fiscal Quarter" means a fiscal quarter of any Fiscal Year.

"Fiscal Year" means the fiscal year of OnDeck and its Subsidiaries ending on December 31 of each calendar year.

"Highest Concentration Industry Code" means, on any date of determination, the Industry Code shared by Obligors of Pooled Loans having the highest aggregate Outstanding Principal Balance.

"Highest Concentration State" means, on any date of determination, the state among California, Florida, Georgia, Illinois, New Jersey, New York, Pennsylvania and Texas, which has the highest concentration of Obligors of Pooled Loans by aggregate Outstanding Principal Balance.

"Highest Four Concentration Industry Codes" means, on any date of determination, the four (4) Industry Codes shared by Obligors of Pooled Loans having the four (4) highest aggregate Outstanding Principal Balances.

"Highest Four Concentration States" means, on any date of determination, the four (4) states among California, Florida, Georgia, Illinois, New Jersey, New York, Pennsylvania and Texas, which have the four (4) highest concentrations of Obligors of Pooled Loans by aggregate Outstanding Principal Balance.

"Highest Three Concentration Industry Codes" means, on any date of determination, the three (3) Industry Codes shared by Obligors of Pooled Loans having the three (3) highest aggregate Outstanding Principal Balances.

"Highest Three Concentration States" means, on any date of determination, the three (3) states among California, Florida, Georgia, Illinois, New Jersey, New York, Pennsylvania and Texas, which have the three (3) highest concentrations of Obligors of Pooled Loans by aggregate Outstanding Principal Balance.

"Highest Two Concentration Industry Codes" means, on any date of determination, the two (2) Industry Codes shared by Obligors of Pooled Loans having the two (2) highest aggregate Outstanding Principal Balances.

"Highest Two Concentration States" means, on any date of determination, the two (2) states among California, Florida, Georgia, Illinois, New Jersey, New York, Pennsylvania and Texas, which have the two (2) highest concentrations of Obligors of Pooled Loans by aggregate Outstanding Principal Balance.

"IAI" means, a person that is an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act or any entity in which all of the equity owners come within such paragraphs.

"Industry Code" means, with respect to any Obligor of a Pooled Loan, the industry code listed on Exhibit J under which the business of such Obligor has been classified by OnDeck.

"Intangible Assets" means assets that are considered to be intangible assets under GAAP, including customer lists, goodwill, computer software, copyrights, trade names, trademarks, patents, franchises, licenses, unamortized deferred charges, unamortized debt discount and capitalized research and development costs.

"Interest and Expense Amount" means, for any Payment Date, an amount equal to the sum of (x) the Interest Payment for such Payment Date and (y) the amounts to be distributed from the Series 2019-1 Settlement Account pursuant to paragraphs (i) through (iv) of Section 2.5(b) on such Payment Date.

"Interest Payment" means, for any Payment Date, the sum of the Class A Interest Payment, the Class B Interest Payment, the Class C Interest Payment, the Class D Interest Payment and the Class E Interest Payment.

"Legal Final Payment Date" means the November 2024 Payment Date.

"Leverage Ratio" means the ratio as of any day of (a) Consolidated Total Debt, excluding Subordinated Debt and Convertible Indebtedness, as of such day, to (b) the sum of (i) OnDeck's total stockholders' equity as of such day, (ii) Warrant Liability as of

such day and (iii) the sum of Subordinated Debt and Convertible Indebtedness as of such day.

"Majority in Interest" means (a) so long as the Class A Notes are Outstanding, Class A Noteholders holding more than 50% of the Class A Invested Amount (excluding any Class A Notes held by the Issuer or any Affiliate of the Issuer), (b) so long as the Class B Notes are Outstanding and no Class A Notes are Outstanding, Class B Noteholders holding more than 50% of the Class B Invested Amount (excluding any Class B Notes held by the Issuer or any Affiliate of the Issuer), (c) so long as the Class C Notes are Outstanding and no Class A Notes or Class B Notes are Outstanding, Class C Noteholders holding more than 50% of the Class C Invested Amount (excluding any Class C Notes held by the Issuer or any Affiliate of the Issuer), (d) so long as the Class D Notes are Outstanding and no Class A Notes, Class B Notes or Class C Notes are Outstanding, Class D Noteholders holding more than 50% of the Class D Invested Amount (excluding any Class D Notes held by the Issuer or any Affiliate of the Issuer), and (e) so long as the Class E Notes are Outstanding and no Class A Notes, Class B Notes, Class C Notes or Class D Notes are Outstanding, Class E Noteholders holding more than 50% of the Class E Invested Amount.

"Material Modification" means, with respect to any Loan, (a) a reduction in the interest rate, an extension of the term, a reduction in, or change in frequency of, any required Payment or an extension of a Loan Payment Date, in each case other than a temporary holds or temporary modification made in accordance with the Credit Policies, or (b) a reduction in the Outstanding Principal Balance; *provided that* with respect to any LOC Loan, none of the following modifications shall constitute a Material Modification: (i) an Automatic LOC Payment Modification, (ii) changes to the "credit limit", the "applicable APR" or the "applicable amortization period" set forth in the applicable Loan Agreement that are effective as of the immediately following Subsequent LOC Advance, or (iii) changes to the applicable Loan Agreement consistent with changes reflected in a successor form of Loan Agreement approved in accordance with the Loan Purchase Agreement.

"New York UCC" is defined in Section 2.3(b)(i).

"Note Rate" means the Class A Note Rate, the Class B Note Rate, the Class C Note Rate, the Class D Note Rate or the Class E Note Rate, as the context may require.

"One Year Equivalent" means, (i) with respect to any Loan that is not a LOC Loan, (a) with respect to any Loan that is a Daily Pay Loan, 252 Loan Payment Dates, (b) with respect to any Loan that is a Weekly Pay Loan, 52 Loan Payment Dates, and (c) with respect to any Loan that is a Monthly Pay Loan, 12 Loan Payment Dates, and (ii) with respect to LOC Loans, the "applicable amortization period" set forth in the related Loan Agreement of (y) with respect to a Loan that is a Weekly Pay Loan, 52 full weeks and (z) with respect to a Loan that is a Monthly Pay Loan, 12 months, in each case, following the date of the last advance made thereunder.

"Outstanding" means, with respect to the Series 2019-1 Notes, all Series 2019-1 Notes theretofore authenticated and delivered under the Indenture, except (a) Series 2019-1 Notes theretofore canceled or delivered to the Transfer Agent and Registrar for cancellation, (b) Series 2019-1 Notes which have not been presented for payment but funds for the payment of which are on deposit in the Series 2019-1 Note Distribution Account and are available for payment of such Series 2019-1 Notes, and Series 2019-1 Notes which are considered paid pursuant to Section 11.1 of the Base Indenture, or (c) Series 2019-1 Notes in exchange for or in lieu of other Series 2019-1 Notes which have been authenticated and delivered pursuant to the Indenture unless proof satisfactory to the Indenture Trustee is presented that any such Series 2019-1 Notes are held by a purchaser for value.

"Outstanding Principal Balance Decline" means, for any Payment Date, (a)(i) with respect to any Pooled Loan that first became a 30 MPF Pooled Loan during the related Monthly Period, the Outstanding Principal Balance of such Pooled Loan on the date such Pooled Loan became a 30 MPF Pooled Loan, (ii) with respect to any Pooled Loan other than any Pooled Loan included in clause (i) that became a Charged-Off Loan during the related Monthly Period, the Outstanding Principal Balance of such Pooled Loan on the date such Pooled Loan became a Charged-Off Loan and (iii) with respect to any Pooled Loan that became a Warranty Repurchase Loan during the related Monthly Period, the Outstanding Principal Balance of such Pooled Loan on the date such Pooled Loan became a Warranty Repurchase Loan, and (b) with respect to any Pooled Loan other than any Pooled Loans included in clause (a), all Collections received during the related Monthly Period that were applied by the Servicer to reduce the Outstanding Principal Balance of the Pooled Loans in accordance with the Servicing Agreement.

"Payment Date" means the 17th day of each month, or if such date is not a Business Day, the next succeeding Business Day, commencing December 17, 2019.

"Permanent Global Notes" is defined in Section 6.3.

"Prepayment Date" is defined in Article IV.

"Principal Payment Amount" means, for any Payment Date, the sum of the Outstanding Principal Balance Declines with respect to each Pooled Loan for such Payment Date.

"Purchase Agreement" is defined in Section 6.1(a).

"QIBs" is defined in Section 6.1(a).

"Rating Agency" means, with respect to the Series 2019-1 Notes, DBRS, and any other nationally recognized rating agency rating the Series 2019-1 Notes at the request of the Issuer.

"Rating Agency Condition" means, with respect to the Series 2019-1 Notes with respect to any action subject to such condition, the delivery by the Issuer of written (including in the form of e-mail) notice of the proposed action to the Rating Agency with respect to the Series 2019-1 Notes at least ten (10) Business Days prior to the effective date of such action (or such shorter notice period if specified in the Base Indenture or this Indenture Supplement with respect to any specific action, or if ten (10) Business Days prior notice is impractical, such advance notice as is practicable).

"Record Date" means, with respect to each Payment Date, the immediately preceding Business Day.

"Regulation RR" means 17 C.F.R Section 246.

"Regulation S" means Regulation S promulgated under the Securities Act.

"Renewal Loan" means a Loan the proceeds of which were used to satisfy in full an existing Loan.

"Required Seller's Interest Amount" means, the Required Seller's Interest Percentage of the aggregate Invested Amount of all Series of Notes outstanding (excluding any Notes held for the life of such Notes by OnDeck or any of its wholly-owned affiliates).

"Required Seller's Interest Percentage" means, 5% of the aggregate unpaid principal balance of all notes issued or to be issued by the Issuer (excluding any Notes held for the life of such Notes by OnDeck or any of its wholly-owned affiliates).

"Restricted Global Notes" is defined in Section 6.2.

"Restricted Notes" means the Restricted Global Notes and all other Series 2019-1 Notes evidencing the obligations, or any portion of the obligations, initially evidenced by the Restricted Global Notes, other than certificates transferred or exchanged upon certification as provided in Section 6.5.

"Restricted Period" means the period commencing on the Series 2019-1 Closing Date and ending on the 40th day after the Series 2019-1 Closing Date.

"Rule 144A" means Rule 144A promulgated under the Securities Act.

"Securities Intermediary" is defined in Section 2.3(a).

"Seller's Interest Measurement Date" means (a) the Series 2019-1 Closing Date, (b) the date of issuance of any Additional Series 2019-1 Notes and (c) any Payment Date after giving effect to the application of the amounts available in accordance with Section 2.5(b).

"Seller's Interest Amount" means an amount equal to the excess, if any, of (i) the excess of (A) the Adjusted Pool Outstanding Principal Balance over (B) the Aggregate Excess Concentration Amount over (ii) the aggregate Invested Amount of all Series of Notes Outstanding (excluding any Notes held for the life of such Notes by OnDeck or any of its wholly-owned affiliates).

"Series 2019-1" means Series 2019-1, the Principal Terms of which are set forth in this Indenture Supplement.

"Series 2019-1 Adjusted Invested Amount" means, on any date of determination, the sum of the Class A Adjusted Invested Amount, the Class B Adjusted Invested Amount, the Class C Adjusted Invested Amount, the Class D Adjusted Invested Amount and the Class E Adjusted Invested Amount, in each case as of such date.

"Series 2019-1 Aggregate Excess Concentration Amount" means, on any date of determination, an amount equal to the product of (x) the Series 2019-1 Invested Percentage on such date and (y) the sum, without duplication, on such date of:

(i) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) the Obligors of which are located in the Highest Concentration State exceeds 20.00% of the Adjusted Pool Outstanding Principal Balance;

(ii) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) the Obligors of which are located in the Highest Two Concentration States exceeds 35.00% of the Adjusted Pool Outstanding Principal Balance;

(iii) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) the Obligors of which are located in the Highest Three Concentration States exceeds 50.00% of the Adjusted Pool Outstanding Principal Balance;

(iv) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) the Obligors of which are located in the Highest Four Concentration States exceeds 65.00% of the Adjusted Pool Outstanding Principal Balance;

(v) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) the Obligors of which are located in any single state (other than the Highest Four Concentration States) exceeds 10.00% of the Adjusted Pool Outstanding Principal Balance;

(vi) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) the Obligors of which

share the Highest Concentration Industry Code exceeds 17.50% of the Adjusted Pool Outstanding Principal Balance;

(vii) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) the Obligors of which share the Highest Two Concentration Industry Codes exceeds 35.00% of the Adjusted Pool Outstanding Principal Balance;

(viii) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) the Obligors of which share the Highest Three Concentration Industry Codes exceeds 47.50% of the Adjusted Pool Outstanding Principal Balance;

(ix) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) the Obligors of which share the Highest Four Concentration Industry Codes exceeds 60.00% of the Adjusted Pool Outstanding Principal Balance;

(x) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) the Obligors of which share any single Industry Code (other than the Highest Four Concentration Industry Codes) exceeds 10.00% of the Adjusted Pool Outstanding Principal Balance;

(xi) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) having a number of Loan Payment Dates at origination (or "applicable amortization periods" in the case of a LOC Loan) which is more than the One Year Equivalent with respect to such Loan exceeds 47.50% of the Adjusted Pool Outstanding Principal Balance;

(xii) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) having a number of Loan Payment Dates at origination (or "applicable amortization periods" in the case of a LOC Loan) which is more than the One Year Equivalent with respect to such Loan and the Obligors of which had OnDeck Scores® at origination of less than 470 exceeds 0.00% of the Adjusted Pool Outstanding Principal Balance;

(xiii) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) having a number of Loan Payment Dates at origination (or "applicable amortization periods" in the case of a LOC Loan) which is more than the One Year Equivalent with respect to such Loan and the Obligors of which had OnDeck Scores® at origination of less than 500 exceeds 2.50% of the Adjusted Pool Outstanding Principal Balance;

(xiv) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) having a number of

Loan Payment Dates at origination (or "applicable amortization periods" in the case of a LOC Loan) which is more than the One Year Equivalent with respect to such Loan and the Obligors of which had OnDeck Scores® at origination of less than 530 exceeds 22.50% of the Adjusted Pool Outstanding Principal Balance);

(xv) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) having a number of Loan Payment Dates at origination (or "applicable amortization periods" in the case of a LOC Loan) which is more than the One Year Equivalent with respect to such Loan and the Obligors of which had OnDeck Scores® at origination of less than 560 exceeds 37.50% of the Adjusted Pool Outstanding Principal Balance);

(xvi) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) having an Outstanding Principal Balance in excess of $75,000 exceeds 60.00% of the Adjusted Pool Outstanding Principal Balance;

(xvii) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) having an Outstanding Principal Balance in excess of $125,000 exceeds 30.00% of the Adjusted Pool Outstanding Principal Balance;

(xviii) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) having an Outstanding Principal Balance in excess of $200,000 exceeds 10.00% of the Adjusted Pool Outstanding Principal Balance;

(xix) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) having an Outstanding Principal Balance in excess of $75,000 the Obligors of which had OnDeck Scores® at origination of less than 560 exceeds 50.00% of the Adjusted Pool Outstanding Principal Balance;

(xx) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) having an Outstanding Principal Balance in excess of $200,000 and the Obligors of which had OnDeck Scores® at origination of less than 500 exceeds 0.00% of the Adjusted Pool Outstanding Principal Balance;

(xxi) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) the Obligors of which had OnDeck Scores® at origination of less than 470 exceeds 2.50% of the Adjusted Pool Outstanding Principal Balance;

(xxii) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) the Obligors of which

had OnDeck Scores® at origination of less than 500 exceeds 12.50% of the Adjusted Pool Outstanding Principal Balance;

(xxiii) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) the Obligors of which had OnDeck Scores® at origination of less than 530 exceeds 40.00% of the Adjusted Pool Outstanding Principal Balance;

(xxiv) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) the Obligors of which had OnDeck Scores® at origination of less than 560 exceeds 75.00% of the Adjusted Pool Outstanding Principal Balance;

(xxv) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) the Obligors of which have been in business for less than two (2) years exceeds 10.00% of the Adjusted Pool Outstanding Principal Balance;

(xxvi) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) the Obligors of which have been in business for less than five (5) years exceeds 40.00% of the Adjusted Pool Outstanding Principal Balance;

(xxvii) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) that have been the subject of Material Modifications exceeds 5.00% of the Adjusted Pool Outstanding Principal Balance;

(xxviii) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) that are not Renewal Loans exceeds 65.00% of the Adjusted Pool Outstanding Principal Balance;

(xxix) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans (excluding all 30 MPF Pooled Loans) that are FAP Loans and that are not Renewal Loans exceeds 25.00% of the Adjusted Pool Outstanding Principal Balance; and

(xxx) the amount by which the aggregate Outstanding Principal Balance of all Pooled Loans that are LOC Loans exceeds 10.00% of the Adjusted Pool Outstanding Principal Balance;

provided that as of any date of determination, for any of the foregoing concentration limits with respect to LOC Loans that reference number of years in business, OnDeck Scores® or any other metric determined by OnDeck at the time of underwriting, such metric with respect to any LOC Loan will be measured as of the date of original underwriting of

such LOC Loan by OnDeck; *provided further* that if such LOC Loan has been re-underwritten, such metric will be measured as the date of the most recent re-underwriting.

"Series 2019-1 Amortization Period" means the period beginning at the earlier of (a) the close of business on the Business Day immediately preceding the day on which an Amortization Event is deemed to have occurred with respect to the Series 2019-1 Notes and (b) the close of business on October 31, 2021 and ending on the date when the Series 2019-1 Notes are fully paid.

"Series 2019-1 Amortization Requirements" means with respect to a Loan, that such Loan is fully amortizing over its term, or with respect to a LOC Loan, its "applicable amortization period" with an Outstanding Principal Balance that amortizes each day Payments are received thereunder.

"Series 2019-1 Asset Amount" means, on any date of determination, the product of (a) the Adjusted Pool Outstanding Principal Balance and (b) the percentage equivalent of a fraction the numerator of which is the Series 2019-1 Required Asset Amount on such date and the denominator of which is the sum of (x) the Series 2019-1 Required Asset Amount and (y) the aggregate Required Asset Amounts with respect to each other Series of Notes on such date.

"Series 2019-1 Asset Amount Deficiency" means, on any date of determination, the amount, if any, by which the Series 2019-1 Asset Amount is less than the Series 2019-1 Required Asset Amount on such date.

"Series 2019-1 Average Balance Maximum Amount" means $55,000.

"Series 2019-1 Backup Servicing Fee" means, for any Payment Date, an amount equal to the Series 2019-1 Percentage on the immediately preceding Payment Date of the Backup Servicing Fee payable by the Issuer to the Backup Servicer pursuant to the Backup Servicing Agreement on such Payment Date.

"Series 2019-1 Charged-Off Loan Percentage" means, with respect to any Business Day, the percentage equivalent (which percentage shall never exceed 100%) of a fraction the numerator of which shall be equal to the Series 2019-1 Required Asset Amount as of the end of the immediately preceding Business Day and the denominator of which is the sum of the numerators used to determine the Charged-Off Loan Percentages for all Series of Notes on such Business Day.

"Series 2019-1 Closing Date" means November 15, 2019.

"Series 2019-1 Collateral" means the Collateral and the Series 2019-1 Series Account Collateral.

"Series 2019-1 Collection Account" is defined in Section 2.1(a).

"Series 2019-1 Excluded Additional Servicer Default" means the occurrence of any Additional Servicer Default with respect to the Series 2019-1 Notes set forth in Section 3.2.

"Series 2019-1 Global Notes" means a Temporary Global Note, a Restricted Global Note or a Permanent Global Note.

"Series 2019-1 Hot Backup Servicer Trigger Event" means the occurrence of either of the following events on any Payment Date:

(a) the Three-Month Weighted Average Excess Spread on such Payment Date is less than 12.00%; or

(b) the Three-Month Average Delinquency Ratio on such Payment Date is greater than 12.50%.

"Series 2019-1 Interest and Expense Account" is defined in Section 2.1(a).

"Series 2019-1 Invested Amount" means, on any date of determination, the sum of the Class A Invested Amount, the Class B Invested Amount, the Class C Invested Amount, the Class D Invested Amount and the Class E Invested Amount, in each case as of such date.

"Series 2019-1 Invested Percentage" means, with respect to any Business Day (i) during the Series 2019-1 Revolving Period, the percentage equivalent of a fraction the numerator of which shall be equal to the Series 2019-1 Required Asset Amount as of the close of business on the immediately preceding Business Day and the denominator of which is the sum of the numerators used to determine the Invested Percentages for allocations for all Series of Notes as of the close of business on the immediately preceding Business Day or (ii) during the Series 2019-1 Amortization Period, the percentage equivalent of a fraction the numerator of which shall be equal to the Series 2019-1 Required Asset Amount as of the close of business on the last Business Day of the Series 2019-1 Revolving Period, and the denominator of which is the sum of the numerators used to determine the Invested Percentages for allocations for all Series of Notes as of the end of the immediately preceding Business Day.

"Series 2019-1 Loan Determination Date" means, for any Transfer Date, at least two (2) Business Days prior to such Transfer Date.

"Series 2019-1 Maximum Original Term" means, (i) with respect to a Daily Pay Loan, 504 Loan Payment Dates, (ii) with respect to a Weekly Pay Loan, 104 Loan Payment Dates, and (iii) with respect to a Monthly Pay Loan, 24 Loan Payment Dates.

"Series 2019-1 Maximum Initial Principal Balance" means $500,000.

"Series 2019-1 Maximum Principal Amount" means (a) with respect to the Class A Notes, $276,160,000, (b) with respect to the Class B Notes, $26,240,000, (c) with

respect to the Class C Notes, $29,760,000, (d) with respect to the Class D Notes, $42,560,000 and (e) with respect to the Class E Notes, $25,280,000.

"Series 2019-1 Minimum Bank Statements" means three (3) bank account statements (or similar electronic bank information).

"Series 2019-1 Minimum Payment Percentage" means the percentage set forth in the Credit Policy on the applicable Transfer Date.

"Series 2019-1 Note Distribution Account" is defined in Section 2.1(a).

"Series 2019-1 Note Owners" means, collectively, the Class A Note Owners, the Class B Note Owners, the Class C Note Owners, the Class D Note Owners and the Class E Note Owners.

"Series 2019-1 Noteholders" means, collectively, the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders.

"Series 2019-1 Notes" means, collectively, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, including, in each case, any Additional Series 2019-1 Notes.

"Series 2019-1 Notes Invested Amount" means, as of any day, the sum of the Class A Invested Amount, the Class B Invested Amount, the Class C Invested Amount, the Class D Invested Amount and the Class E Invested Amount, in each case as of such day.

"Series 2019-1 Notes Principal Payment Amount" means, for any Payment Date, the lesser of (I) the sum of (a) the product of (i) the average daily Series 2019-1 Invested Percentage during the related Monthly Period and (ii) the Principal Payment Amount for such Payment Date plus, (b) in the case of the Payment Date on December 17, 2021, the amount described in clause (b)(i) of the definition of Total Available Collections Amount for such Payment Date and (II) the Series 2019-1 Notes Invested Amount on such Payment Date; *provided, however*, that, if an Amortization Event with respect to the Series 2019-1 Notes shall have occurred or been declared on or prior to such Payment Date, the Series 2019-1 Notes Principal Payment Amount for such Payment Date will equal the lesser of (x) the portion of the Total Available Amount remaining after the distributions described in clauses (i) through (v) of Section 2.5(b) and (y) the Series 2019-1 Notes Invested Amount on such Payment Date and; *provided, further*, that, if, during the Series 2019-1 Amortization Period, the sum of (A) the Total Available Collections Amount for a Payment Date and (B) the Series 2019-1 Reserve Account Amount on such Payment Date is greater than or equal to the sum of (x) the Interest Payment for such Payment Date, (y) all fees, expenses and indemnities payable to the Indenture Trustee, the Custodian, the Servicer, any Successor Servicer and the Backup Servicer pursuant to Section 2.5(b) on such Payment Date and (z) the Series 2019-1

Notes Invested Amount (before any payments of principal of the Series 2019-1 Notes on such Payment Date), the Series 2019-1 Notes Principal Payment Amount shall equal the Series 2019-1 Notes Invested Amount (before any payments of principal of the Series 2019-1 Notes on that Payment Date) on such Payment Date.

"Series 2019-1 Percentage" means, as of any date of determination, a fraction, expressed as a percentage, the numerator of which is the Series 2019-1 Invested Amount as of such date and the denominator of which is the Aggregate Invested Amount as of such date.

"Series 2019-1 Prepayment Amount" is defined in Article IV.

"Series 2019-1 Permitted Prepayment Date" means any date on or after May 1, 2021.

"Series 2019-1 Required Asset Amount" means, on any date of determination, the sum of (a) the Series 2019-1 Aggregate Excess Concentration Amount on such date and (b) the greatest of (v) the sum of (i) the Class A Adjusted Invested Amount on such date and (ii) the Class A Required Enhancement Amount on such date, (w) the sum of (i) the Class A/B Adjusted Invested Amount on such date and (ii) the Class B Required Enhancement Amount on such date, (x) the sum of (i) the Class A/B/C Adjusted Invested Amount on such date and (ii) the Class C Required Enhancement Amount on such date, (y) the sum of (i) the Class A/B/C/D Adjusted Invested Amount on such date and (ii) the Class D Required Enhancement Amount on such date, and (z) the sum of (i) the Series 2019-1 Adjusted Invested Amount on such date and (ii) the Class E Required Enhancement Amount on such date; *provided* that, commencing on the first date on or after December 17, 2021 on which the Series 2019-1 Asset Amount on such date equals or exceeds the Series 2019-1 Stepped-Up Required Asset Amount as of such date, the Series 2019-1 Required Asset Amount as of any date of determination thereafter will mean the Series 2019-1 Stepped-Up Required Asset Amount as of such date thereafter.

"Series 2019-1 Required Reserve Account Amount" means, as of any date of determination, the sum of (i) $987,000 and (ii) an amount equal to 0.75% of the increase, if any, in the Series 2019-1 Required Asset Amount as a result of each issuance of Additional Series 2019-1 Notes occurring on or prior to such date, or any higher amount designated by the Issuer in its sole and absolute discretion; *provided* that on any Payment Date after the occurrence of an Amortization Event with respect to the Series 2019-1 Notes, means zero.

"Series 2019-1 Reserve Account" is defined in Section 2.1(a).

"Series 2019-1 Reserve Account Amount" means, on any date of determination, the amount on deposit in the Series 2019-1 Reserve Account and available for withdrawal therefrom.

"Series 2019-1 Reserve Account Deficiency" means, on any date of determination, the amount, if any, by which the Series 2019-1 Reserve Account Amount is less than the Series 2019-1 Required Reserve Account Amount.

"Series 2019-1 Reserve Account Surplus" means, on any date of determination, the amount, if any, by which the Series 2019-1 Reserve Account Amount exceeds the Series 2019-1 Required Reserve Account Amount.

"Series 2019-1 Retention Undertaking Letter" means the letter, dated as of November 15, 2019, between, among others, OnDeck and the Indenture Trustee, pursuant to which OnDeck makes certain undertakings and agreements in respect of the EU Retention Requirements and certain other EU Securitization Rules.

"Series 2019-1 Revolving Period" means the period from and including the Series 2019-1 Closing Date to but excluding the commencement of the Series 2019-1 Amortization Period.

"Series 2019-1 Scheduled Payment Requirements" means, with respect to a Loan, that scheduled loan payments are due and payable under such loan in equal installments, a portion of which is applied thereunder to the payment of interest and a portion of which is applied thereunder to the payment of principal.

"Series 2019-1 Series Account Collateral" is defined in Section 2.1(c).

"Series 2019-1 Series Accounts" is defined in Section 2.1(a).

"Series 2019-1 Serviced Portfolio Balance" means, on any date of determination, the product of (a) the Pool Outstanding Principal Balance and (b) the percentage equivalent of a fraction the numerator of which is the Series 2019-1 Required Asset Amount on such date and the denominator of which is the sum of (x) the Series 2019-1 Required Asset Amount and (y) the aggregate Required Asset Amounts with respect to each other Series of Notes Outstanding on such date.

"Series 2019-1 Servicing Fee" is defined in Section 5.1.

"Series 2019-1 Servicing Fee Percentage" is defined in Section 5.1.

"Series 2019-1 Settlement Account" is defined in Section 2.1(a).

"Series 2019-1 Stepped-Up Required Asset Amount" means, on any date of determination, the sum of (a) the Series 2019-1 Aggregate Excess Concentration Amount on such day, (b) the Series 2019-1 Adjusted Invested Amount on such day and (c) 8.00% of the Series 2019-1 Adjusted Invested Amount on such day.

"Series 2019-1 Successor Servicing Fee" is defined in Section 5.2.

"Series 2019-1 Termination Date" means the date on which the Series 2019-1 Notes are fully paid.

"Series 2019-1 Third Party Reimbursable Items" means, for any Payment Date, an amount equal to the Series 2019-1 Percentage on the immediately preceding Payment Date of the Third Party Reimbursable Items payable by the Issuer to the Successor Servicer pursuant to the Successor Servicing Agreement on such Payment Date.

"Series 2019-1 Warm Backup Servicer Trigger Event" means the occurrence of both of the following events on any Payment Date:

(a) the Three-Month Weighted Average Excess Spread on such Payment Date is greater than 15.50%; and

(b) the Three-Month Average Delinquency Ratio on such Payment Date is less than 10.50%.

"Subordinated Indebtedness" means any Indebtedness of OnDeck that is fully subordinated to all senior indebtedness for borrowed money of OnDeck, as to right and time of payment and as to any other rights and remedies thereunder, including, an agreement on the part of the holders of such Indebtedness that the maturity of such Indebtedness cannot be accelerated prior to the maturity date of such senior indebtedness for borrowed money.

"Tangible Net Worth" means, as of any day, the total of (a) OnDeck's total stockholders' equity, minus (b) all Intangible Assets of OnDeck, minus (c) all amounts due to OnDeck from its Affiliates, plus (d) any Convertible Indebtedness, plus (e) any Warrant Liability.

"Temporary Global Notes" is defined in Section 6.3.

"Three-Month Average Delinquency Ratio" means, on any Payment Date, the average of the Delinquency Ratios as of the three (3) Determination Dates immediately preceding such Payment Date.

"Three-Month Weighted Average Excess Spread" means, on any Payment Date, the average of the Weighted Average Excess Spreads as of the three (3) Determination Dates immediately preceding such Payment Date.

"Three-Month Weighted Average Loan Yield" means, on any Payment Date, the average of the Weighted Average Loan Yields as of the three (3) Determination Dates immediately preceding such Payment Date.

"Total Available Amount" means, for any Payment Date, an amount equal to the sum of (a) the Total Available Collections Amount for such Payment Date and (b) the amount to be withdrawn from the Series 2019-1 Reserve Account and deposited into the

2019-1 Settlement Account pursuant to Sections 2.2(c)(i), (d) or (e) on such Payment Date.

"Total Available Collections Amount" means, for any Payment Date, the sum of (a) the excess, if any, of (i) the sum of (A) the aggregate amount of Collections allocated to the Series 2019-1 Collection Account pursuant to Section 2.4(b) during the related Monthly Period, (B) the investment income on amounts on deposit in the Series 2019-1 Collection Account during such Monthly Period and (C) the investment income on amounts on deposit in the Series 2019-1 Interest and Expense Account during such Monthly Period transferred to the Series 2019-1 Collection Account on such Payment Date pursuant to Section 2.1(b) over (ii) the amount withdrawn from the Series 2019-1 Collection Account during such Monthly Period pursuant to Section 2.2(a) and Section 2.4(c), plus, (b)(i) in the case of the Payment Date on December 17, 2021 so long as no Amortization Event with respect to the Series 2019-1 Notes has occurred prior to such Payment Date, the lesser of (x) any amounts on deposit in the Series 2019-1 Collection Account at the close of business on the last day of November 2021 that are attributable to Collections that were allocated to the Series 2019-1 Notes prior to November 1, 2021 and (y) the amount, if any, by which the Series 2019-1 Required Asset Amount on that Payment Date, calculated without taking into account any such amounts on deposit in the Series 2019-1 Collection Account and after giving effect to the application of the amounts available in accordance with Section 2.5(b)(vi) to pay the Series 2019-1 Notes Principal Payment Amount for that Payment Date, exceeds the Series 2019-1 Asset Amount on that Payment Date, or (ii) on the first Payment Date following the occurrence of an Amortization Event with respect to the Series 2019-1 Notes, the amount, if any, by which the amount on deposit in the Series 2019-1 Collection Account at the close of business on the last day of the related Monthly Period was greater than the amount described in clause (a) above.

"Trigger Event" means the occurrence of any of the following events on any Payment Date:

(a) the Three-Month Weighted Average Loan Yield on such Payment Date is less than 40.00%;

(b) the Three-Month Weighted Average Excess Spread on such Payment Date is less than 9.00%; or

(c) the Three-Month Average Delinquency Ratio on such Payment Date is greater than 16.00%.

"Warrant Liability" means, as of any day, the aggregate stated balance sheet fair value of all outstanding warrants exercisable for redeemable convertible preferred shares of OnDeck determined in accordance with GAAP.

"Weighted Average Excess Spread" means, as of any Determination Date, an amount equal to 12 times the percentage equivalent of a fraction:

(a) the numerator of which is the excess, if any, of

(i) an amount equal to all Collections received during the related Monthly Period in respect of Loans that were not applied by the Servicer to reduce the Outstanding Principal Balances of such Loans in accordance with Section 2(a)(i) of the Servicing Agreement, including all recoveries with respect to Charged-Off Loans (net of amounts, if any, retained by any third party collection agent) allocated to the Series 2019-1 Collection Account pursuant to Section 2.4(b);

over

(ii) the sum of:

(A) the sum of the Interest Payment for the Payment Date immediately succeeding such Determination Date;

(B) the sum of the Series 2019-1 Servicing Fee payable to the Servicer pursuant to Section 2.5(b)(iii), the Series 2019-1 Successor Servicing Fee payable to the Successor Servicer pursuant to Section 2.5(b)(iv), and the portion of the Series 2019-1 Backup Servicing Fee payable to the Backup Servicer pursuant to Section 2.5(b)(iv), in each case, on the Payment Date immediately succeeding such Determination Date;

(C) the Series 2019-1 Third Party Reimbursable Items payable to the Successor Servicer pursuant to Section 2.5(b)(ii), prior to the payment of interest on the Series 2019-1 Notes on the Payment Date immediately succeeding such Determination Date;

(D) the aggregate amount of accrued and unpaid fees, expenses and indemnities due and payable to the Indenture Trustee and the Custodian pursuant to Section 2.5(b)(i) on the Payment Date immediately succeeding such Determination Date; and

(E) the product of (x) the daily average of the Series 2019-1 Charged-Off Loan Percentage with respect to each Business Day during the related Monthly Period and (y) the aggregate Outstanding Principal Balance of all Pooled Loans that became Charged-Off Loans during such Monthly Period;

and

(b) the denominator of which is the average daily Series 2019-1 Asset Amount during such Monthly Period.

"Weighted Average Loan Yield" means, as of any Determination Date, the quotient, expressed as a percentage, obtained by dividing (a) the sum, for all Pooled Loans (excluding 30 MPF Pooled Loans), of the product of (i) the Loan Yield for each Pooled Loan (excluding 30 MPF Pooled Loans) multiplied by (ii) the Outstanding Principal Balance of such Loan as of such Determination Date, by (b) the Adjusted Pool Outstanding Principal Balance as of such Determination Date.

"Withdrawal Request" means a written request, substantially in the form of Exhibit I, from an Authorized Officer of the Issuer, requesting the withdrawal of an amount set forth therein from the Series 2019-1 Collection Account and certifying that no Series 2019-1 Asset Amount Deficiency or other Amortization Event with respect to the Series 2019-1 Notes will result from such withdrawal or will be existing immediately thereafter.

ARTICLE II

ARTICLE 5 OF THE BASE INDENTURE

Sections 5.1 through 5.3 of the Base Indenture and each other Section of Article 5 of the Indenture relating to another Series shall read in their entirety as provided in the Base Indenture or any applicable Indenture Supplement. Article 5 of the Indenture (except for Sections 5.1 through 5.3 thereof and any portion thereof relating to another Series) shall read in its entirety as follows and shall be exclusively applicable to the Series 2019-1 Notes:

Section 2.1 Establishment of Series 2019-1 Accounts.

(a) The Issuer shall establish and maintain in the name of the Indenture Trustee for the benefit of the Series 2019-1 Noteholders five (5) securities accounts: (i) the Series 2019-1 Collection Account (such account, the "Series 2019-1 Collection Account"); (ii) the Series 2019-1 Interest and Expense Account (such account, the "Series 2019-1 Interest and Expense Account"); (iii) the Series 2019-1 Settlement Account (such account, the "Series 2019-1 Settlement Account"); (iv) the Series 2019-1 Reserve Account (such account, the "Series 2019-1 Reserve Account") and (v) the Series 2019-1 Note Distribution Account (such account, the "Series 2019-1 Note Distribution Account" and, together with the Series 2019-1 Collection Account, the Series 2019-1 Interest and Expense Account, the Series 2019-1 Settlement Account and the Series 2019-1 Reserve Account, the "Series 2019-1 Series Accounts"). Each Series 2019-1 Account shall bear a designation indicating that the funds deposited therein are held for the benefit of the Series 2019-1 Noteholders. Each Series 2019-1 Series Account shall be an Eligible Account. If a Series 2019-1 Series Account is at any time no longer an Eligible Account, the Issuer shall, within ten (10) Business Days of obtaining knowledge that such Series 2019-1 Series Account is no longer an Eligible Account, establish a new Series 2019-1 Series Account that is an Eligible Account. If a new Series 2019-1 Series Account is established, the Issuer shall instruct the Indenture Trustee in writing to transfer all cash and investments from the non-qualifying Series 2019-1 Series Account into the new Series 2019-1 Series Account. Initially, each of the Series 2019-1 Series Accounts will be established with Deutsche Bank Trust Company Americas.

(b) The Issuer may instruct (by standing instructions or otherwise) the institution maintaining each of the Series 2019-1 Collection Account, the Series 2019-1 Interest and Expense Account and the Series 2019-1 Reserve Account to invest funds on deposit in such Series 2019-1 Series Account from time to time in Permitted Investments; *provided, however*, that (x) any such investment in the Series 2019-1 Collection Account shall mature, or be payable or redeemable upon demand of the holder thereof, not later than (1) in the case of any such investment made during the Series 2019-1 Revolving Period, the Business Day following the date on which such funds were received (including funds received upon a payment in respect of a Permitted Investment made with funds on deposit in the Series 2019-1 Collection Account) or (2) in the case of any such investment made during the Series 2019-1 Amortization Period, the Business Day prior to the first Payment Date following the date on which such funds were received (including funds received upon a payment in respect of a Permitted Investment made with funds on deposit in the Series 2019-1 Collection Account), unless any such Permitted Investment is held with the Indenture Trustee, then such investment may mature on such Payment Date so long as such funds shall be available for withdrawal on or prior to such Payment Date and (y) any such investment in the Series 2019-1 Interest and Expense Account and the Series 2019-1 Reserve Account shall mature, or be payable or redeemable upon demand of the holder thereof, not later than the Business Day prior to the first Payment Date following the date on which such funds were received (including funds received upon a payment in respect of a Permitted Investment made with funds on deposit in the Series 2019-1 Interest and Expense Account or the Series 2019-1 Reserve Account), unless any such Permitted Investment is held with the Indenture Trustee, then such investment may mature on such Payment Date so long as such funds shall be available for withdrawal on or prior to such Payment Date. The Issuer shall not direct the Indenture Trustee to dispose of (or permit the disposal of) any Permitted Investments prior to the maturity thereof to the extent such disposal would result in a loss of the initial purchase price of such Permitted Investment. Funds on deposit in the Series 2019-1 Settlement Account and the Series 2019-1 Note Distribution Account shall remain uninvested. In the absence of written investment instructions hereunder, funds on deposit in the Series 2019-1 Collection Account, the Series 2019-1 Interest and Expense Account and the Series 2019-1 Reserve Account shall remain uninvested. On each Payment Date, all interest and other investment earnings (net of losses and investment expenses) on funds deposited in the Series 2019-1 Interest and Expense Account shall be deposited in the Series 2019-1 Collection Account. All interest and earnings (net of losses and investment expenses) paid on funds on deposit in the Series 2019-1 Collection Account and the Series 2019-1 Reserve Account shall be deemed to be on deposit therein and available for distribution.

(c) In order to secure and provide for the repayment and payment of the Issuer Obligations with respect to the Series 2019-1 Notes, the Issuer hereby grants a security interest in and assigns, pledges, grants, transfers and sets over to the Indenture Trustee, for the benefit of the Series 2019-1 Noteholders, all of the Issuer's right, title and interest in and to the following (whether now or hereafter existing or acquired): (i) the Series 2019-1 Series Accounts, including any security entitlement thereto; (ii) all funds on deposit therein from time to time; (iii) all certificates and instruments, if any, representing or evidencing any or all of the Series 2019-1 Series Accounts or the funds on deposit therein from time to time; (iv) all

investments made at any time and from time to time with monies in the Series 2019-1 Series Accounts, whether constituting securities, instruments, general intangibles, investment property, financial assets or other property; (v) all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for the Series 2019-1 Series Accounts, the funds on deposit therein from time to time or the investments made with such funds; and (vi) all proceeds of any and all of the foregoing, including cash (the items in the foregoing clauses (i) through (vi) are referred to, collectively, as the "Series 2019-1 Series Account Collateral").

Section 2.2 Series 2019-1 Reserve Account

(a) Absent the occurrence of an Amortization Event, on any Business Day on which there is a Series 2019-1 Reserve Account Deficiency, the Issuer shall direct the Indenture Trustee in writing by 1:00 P.M., New York City time, on such Business Day to withdraw from the Series 2019-1 Collection Account and deposit in the Series 2019-1 Reserve Account an amount equal to the lesser of such Series 2019-1 Reserve Account Deficiency and the amount then on deposit in the Series 2019-1 Collection Account.

(b) Absent the occurrence of an Amortization Event, if there is a Series 2019-1 Reserve Account Surplus on any Payment Date, the Issuer may direct the Indenture Trustee to withdraw from the Series 2019-1 Reserve Account and pay to the Issuer, and the Indenture Trustee shall withdraw from the Series 2019-1 Reserve Account and pay to the Issuer, the lesser of (i) such Series 2019-1 Reserve Account Surplus on such Payment Date and (ii) the Series 2019-1 Reserve Account Amount on such Payment Date so long as, after giving effect to such withdrawal, no Series 2019-1 Asset Amount Deficiency would result therefrom.

(c) Absent the occurrence of an Amortization Event, (i) if the Issuer determines that the aggregate amount distributable from the Series 2019-1 Settlement Account pursuant to paragraphs (i) through (v) of Section 2.5(b) on any Payment Date exceeds the Total Available Collections Amount for such Payment Date (the "Deficiency"), the Issuer shall direct the Indenture Trustee in writing at or before 2:00 P.M., New York City time, on the Business Day immediately preceding such Payment Date, and the Indenture Trustee shall, in accordance with such direction, by 11:00 A.M., New York City time, on such Payment Date, withdraw from the Series 2019-1 Reserve Account and deposit in the Series 2019-1 Settlement Account an amount equal to the lesser of (x) the Deficiency and (y) the Series 2019-1 Reserve Account Amount.

(ii) If the Issuer determines that the amount to be deposited in the Series 2019-1 Note Distribution Account pursuant to paragraphs (vi) and (xii) of Section 2.5(b) and paid to the Series 2019-1 Noteholders pursuant to Section 2.7 on the Legal Final Payment Date is less than the Series 2019-1 Invested Amount, the Issuer shall direct the Indenture Trustee in writing at or before Noon, New York City time, on the Business Day immediately preceding the Legal Final Payment Date, and the Indenture Trustee shall, in accordance with such direction, by 11:00 A.M., New York City time, on such Payment Date, withdraw from the Series 2019-1 Reserve Account and deposit in the Series 2019-1 Note Distribution Account an amount equal to the lesser of such

insufficiency and the Series 2019-1 Reserve Account Amount (after giving effect to any withdrawal therefrom pursuant to Section 2.2(c)(i) on such Payment Date).

(d) Absent the occurrence of an Amortization Event, if the Issuer determines during the Series 2019-1 Amortization Period that the sum of (i) the Total Available Amount for a Payment Date and (ii) the Series 2019-1 Reserve Account Amount on such Payment Date is greater than or equal to the sum of (x) the Interest Payment for such Payment Date, (y) all fees, expenses and indemnities payable to the Indenture Trustee, the Custodian, the Servicer, any Successor Servicer and the Backup Servicer pursuant to Section 2.5(b) on such Payment Date and (z) the Series 2019-1 Notes Invested Amount (before any payments of principal of the Series 2019-1 Notes on such Payment Date), the Issuer shall direct the Indenture Trustee in writing at or before 2:00 P.M., New York City time, on the Business Day immediately preceding such Payment Date, and the Indenture Trustee shall, in accordance with such direction, by 11:00 A.M., New York City time, on such Payment Date, withdraw from the Series 2019-1 Reserve Account and deposit in the Series 2019-1 Settlement Account an amount equal to the Series 2019-1 Reserve Account Amount on such Payment Date.

(e) On the first Payment Date following the occurrence of an Amortization Event with respect to the Series 2019-1 Notes, the Issuer shall direct the Indenture Trustee in writing by 1:00 P.M., New York City time, on such Business Day to withdraw from the Series 2019-1 Reserve Account and deposit in the Series 2019-1 Note Distribution Account on such Payment Date for payment of principal of the Series 2019-1 Notes the amount on deposit in the Series 2019-1 Reserve Account and available for withdrawal.

(f) On any date on or after the Series 2019-1 Termination Date, the Indenture Trustee, acting in accordance with the written instructions of the Issuer shall withdraw from the Series 2019-1 Reserve Account all amounts on deposit therein and pay them to the Issuer.

Section 2.3 Indenture Trustee As Securities Intermediary.

(a) The Indenture Trustee or other Person holding a Series 2019-1 Series Account shall be the "Securities Intermediary". If the Securities Intermediary in respect of any Series 2019-1 Series Account is not the Indenture Trustee, the Issuer shall obtain the express agreement of such Person to the obligations of the Securities Intermediary set forth in this Section 2.3.

(b) The Securities Intermediary agrees that:

(i) The Series 2019-1 Series Accounts are accounts to which "financial assets" within the meaning of Section 8-102(a)(9) ("Financial Assets") of the UCC in effect in the State of New York (the "New York UCC") will be credited;

(ii) All securities or other property underlying any Financial Assets credited to any Series 2019-1 Series Account shall be registered in the name of the Securities Intermediary, indorsed to the Securities Intermediary or in blank or credited to another securities account maintained in the name of the Securities

Intermediary and in no case will any Financial Asset credited to any Series 2019-1 Series Account be registered in the name of the Issuer, payable to the order of the Issuer or specially endorsed to the Issuer;

(iii) All property delivered to the Securities Intermediary pursuant to this Indenture Supplement will be promptly credited to the appropriate Series 2019-1 Series Account;

(iv) Each item of property (whether investment property, security, instrument or cash) credited to a Series 2019-1 Series Account shall be treated as a Financial Asset;

(v) If at any time the Securities Intermediary shall receive any order from the Indenture Trustee directing transfer or redemption of any Financial Asset relating to the Series 2019-1 Series Accounts, the Securities Intermediary shall comply with such entitlement order without further consent by the Issuer;

(vi) The Series 2019-1 Series Accounts shall be governed by the laws of the State of New York, regardless of any provision of any other agreement. For purposes of the UCC, New York shall be deemed to the Securities Intermediary's jurisdiction and the Series 2019-1 Series Accounts (as well as the "securities entitlements" (as defined in Section 8-102(a)(17) of the New York UCC) related thereto) shall be governed by the laws of the State of New York;

(vii) The Securities Intermediary has not entered into, and until termination of this Indenture Supplement, will not enter into, any agreement with any other Person relating to the Series 2019-1 Series Accounts and/or any Financial Assets credited thereto pursuant to which it has agreed to comply with entitlement orders (as defined in Section 8-102(a)(8) of the New York UCC) of such other Person and the Securities Intermediary has not entered into, and until the termination of this Indenture Supplement will not enter into, any agreement with the Issuer purporting to limit or condition the obligation of the Securities Intermediary to comply with entitlement orders as set forth in Section 2.3(b)(v) of this Indenture Supplement; and

(viii) Except for the claims and interest of the Indenture Trustee and the Issuer in the Series 2019-1 Series Accounts, the Securities Intermediary knows of no claim to, or interest, in the Series 2019-1 Series Accounts or in any Financial Asset credited thereto. If the Securities Intermediary has actual knowledge of the assertion by any other person of any lien, encumbrance, or adverse claim (including any writ, garnishment, judgment, warrant of attachment, execution or similar process) against any Series 2019-1 Series Account or in any Financial Asset carried therein, the Securities Intermediary will promptly notify the Indenture Trustee and the Issuer thereof.

(c) The Indenture Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Series 2019-1 Series Accounts and in all proceeds thereof, and shall be the only person authorized to originate entitlement orders in respect of the Series 2019-1 Series Accounts.

(d) The Securities Intermediary will promptly send copies of all statements for each of the Series 2019-1 Series Accounts, which statements shall reflect any financial assets credited thereto, simultaneously to each of the Issuer and the Indenture Trustee at the addresses set forth in Section 13.4 of the Base Indenture.

(e) Notwithstanding anything in this Section 2.3 to the contrary, with respect to any Series 2019-1 Series Account and any credit balances not constituting Financial Assets credited thereto, the Securities Intermediary shall be acting as a bank (as defined in Section 9-102(a)(8) of the New York UCC) if such Series 2019-1 Series Account is deemed not to constitute a securities account.

Section 2.4 Allocations with Respect to the Series 2019-1 Notes.

(a) On the Series 2019-1 Closing Date, the Issuer shall cause $124,995,645.48, the net proceeds from the sale of the Series 2019-1 Notes to be deposited into the Series 2019-1 Collection Account and the Indenture Trustee shall, at the written direction of the Issuer, apply such net proceeds as follows: (i) deposit $987,000 in the Series 2019-1 Reserve Account, (ii) pay certain expenses of the Issuer with respect to the issuance of the Series 2019-1 Notes, and (iii) use the remainder, if any, at the written direction of the Seller, to purchase additional Loans pursuant to the Loan Purchase Agreement. On each date of issuance of Additional Series 2019-1 Notes, the Issuer shall cause the net proceeds from the sale of such Additional Series 2019-1 Notes to be deposited into the Series 2019-1 Collection Account and the Indenture Trustee shall, at the written direction of the Issuer, apply such net proceeds as follows: (i) deposit from such proceeds an amount at least equal to the amount, if any, by which the Series 2019-1 Reserve Account Amount is less than the Series 2019-1 Required Reserve Account Amount, calculated after giving effect to the issuance of such Additional Series 2019-1 Notes, (ii) pay certain expenses of the Issuer with respect to the issuance of the Additional Series 2019-1 Notes, and (iii) use the remainder, if any, to purchase additional Loans pursuant to the Loan Purchase Agreement, if so directed in writing by the Seller, or for any other purpose not otherwise prohibited by any provision of the Transaction Documents.

(b) Prior to 3:00 P.M., New York City time, on each Deposit Date during a Monthly Period, the Issuer shall direct in writing the Indenture Trustee to allocate to the Series 2019-1 Noteholders and deposit in the Series 2019-1 Collection Account an amount equal to the product of the Series 2019-1 Invested Percentage on such Deposit Date and the Collections deposited into the Collection Account on such Deposit Date and thereafter to deposit into the Series 2019-1 Interest and Expense Account the lesser of such amount and the amount necessary to cause the aggregate amount so deposited into the Series 2019-1 Interest and Expense Account during such Monthly Period to equal the Interest and Expense Amount for the related Payment Date.

(c) During the Series 2019-1 Revolving Period, the Issuer may direct the Indenture Trustee by delivering a Withdrawal Request to the Indenture Trustee by 1:00 P.M., New York City time, on any Business Day to withdraw amounts then on deposit in the Series 2019-1 Collection Account (after giving effect to any withdrawal therefrom on such Business Day pursuant to Section 2.2(a)) for either of the following purposes:

(i) if such Business Day is a Transfer Date, to fund all or a portion of the purchase price of Loans being acquired by the Issuer on such Transfer Date pursuant to the Loan Purchase Agreement; or

(ii) to reduce the Invested Amount of any other Series of Outstanding Notes;

provided, *however*, that such application of funds may only be made if no Series 2019-1 Asset Amount Deficiency or other Amortization Event with respect to the Series 2019-1 Notes would result therefrom or exist immediately thereafter.

(d) The Issuer may direct the Indenture Trustee in writing to allocate to the Series 2019-1 Noteholders and deposit in the Series 2019-1 Note Distribution Account on any Business Day that is also the Prepayment Date any amounts allocated to another Series of Notes that are available under the applicable Indenture Supplement that the Issuer has elected to apply to pay a portion of the Series 2019-1 Prepayment Amount on such Prepayment Date.

(e) The Issuer may direct the Indenture Trustee in writing to deposit in the Series 2019-1 Note Distribution Account on any Business Day that is also the Prepayment Date any amounts on deposit in the other Series 2019-1 Accounts that the Issuer has elected to apply to pay a portion of the Series 2019-1 Prepayment Amount on such Payment Date.

Section 2.5 Monthly Application of Total Available Amount.

(a) Prior to 2:00 P.M., New York City time, on each Monthly Reporting Date, the Issuer shall direct the Indenture Trustee in writing to (i) withdraw from the Series 2019-1 Interest and Expense Account and deposit in the Series 2019-1 Settlement Account, on the immediately succeeding Payment Date, the Interest and Expense Amount for such Payment Date, and (ii) withdraw from the Series 2019-1 Collection Account and deposit in the Series 2019-1 Settlement Account, on the immediately succeeding Payment Date, the Total Available Collections Amount (less the Interest and Expense Amount for such Payment Date) for such Payment Date.

(b) On each Payment Date, based solely on the information contained in the Monthly Settlement Statement with respect to Series 2019-1 Notes, the Indenture Trustee shall apply the Total Available Amount for such Payment Date on deposit in the Series 2019-1 Settlement Account in the following order of priority:

(i) first, on a pro rata basis, to the extent of the Total Available Amount, (A) to the Indenture Trustee, an amount equal to the sum of (1) all

accrued and unpaid fees, expenses and indemnities then due to it that relate directly to the Series 2019-1 Notes and (2) the Series 2019-1 Percentage on the immediately preceding Payment Date of all accrued and unpaid fees, expenses and indemnities then due to it that do not relate directly to any Series of Notes, but, so long as no Event of Default has occurred, and the maturity of the Series 2019-1 Notes has not been accelerated, only to the extent that, after giving effect thereto, the Annual Indenture Trustee Fee Limit for such Payment Date shall have not been exceeded, and (B) to the Custodian, an amount equal to the sum of (1) any accrued and unpaid fees, expenses and indemnities then due to it that relate directly to the Series 2019-1 Notes and (2) the Series 2019-1 Percentage on the immediately preceding Payment Date of any accrued and unpaid fees, expenses and indemnities then due to it that do not relate directly to any Series of Notes, but, so long as no Event of Default has occurred, and the maturity of the Series 2019-1 Notes has not been accelerated, only to the extent that after giving effect thereto the Annual Custodian Fee Limit for such Payment Date shall have not been exceeded;

(ii) second, if a Successor Servicer has been appointed, to the Successor Servicer to the extent of the Total Available Amount (as such amount has been reduced by the distributions described in clause (i) above), an amount equal to the Series 2019-1 Third Party Reimbursable Items, but only to the extent that after giving effect thereto the Annual Successor Servicer Reimbursement Limit for such Payment Date shall have not been exceeded;

(iii) third, (A) if OnDeck is the Servicer, to the Servicer, to the extent of the Total Available Amount (as such amount has been reduced by the distributions described in clauses (i) and (ii) above) an amount equal to the Series 2019-1 Servicing Fee for the related Monthly Period and (B) if a Successor Servicer is the Servicer, to the Successor Servicer, to the extent of the Total Available Amount (as such amount has been reduced by the distributions described in clauses (i) and (ii) above) an amount equal to the Series 2019-1 Successor Servicing Fee for the related Monthly Period;

(iv) fourth, to the Backup Servicer, to the extent of the Total Available Amount (as such amount has been reduced by the distributions described in clauses (i) through (iii) above) an amount equal to the Series 2019-1 Backup Servicing Fee for such Payment Date, but only to the extent that after giving effect thereto the Annual Backup Servicer Fee Limit for such Payment Date shall have not been exceeded;

(v) fifth, to the Series 2019-1 Note Distribution Account, to the extent of the Total Available Amount (as such amount has been reduced by the distributions described in clauses (i) through (iv) above), an amount equal to the sum of the Interest Payment for such Payment Date;

(vi) sixth, (A) on any Payment Date immediately succeeding a Monthly Period falling in the Series 2019-1 Revolving Period, to the Series 2019-1 Collection Account, to the extent of the Total Available Amount (as such amount has been reduced by the distributions described in clauses (i) through (v) above), an amount equal to the Series 2019-1 Asset Amount Deficiency, if any, on such Payment Date, and (B) on the earlier of (x) December 17, 2021 or (y) the first Payment Date following the occurrence of an Amortization Event with respect to the Series 2019-1 Notes, to the Series 2019-1 Note Distribution Account, to the extent of the Total Available Amount (as such amount has been reduced by the distributions described in clauses (i) through (v) above), an amount equal to the Series 2019-1 Notes Principal Payment Amount for such Payment Date;

(vii) seventh, to the Series 2019-1 Reserve Account, to the extent of the Total Available Amount (as such amount has been reduced by the distributions described in clauses (i) through (vi) above), an amount equal to the Series 2019-1 Reserve Account Deficiency, if any, on such Payment Date (after giving effect to any withdrawals on such Payment Date);

(viii) eighth, absent the occurrence of an Amortization Event with respect to the Series 2019-1 Notes and to the extent of the Total Available Amount (as such amount has been reduced by the distributions described in clauses (i) through (vii) above), on any Payment Date on or after December 17, 2021, to the Series 2019-1 Note Distribution Account for the payment of principal of the Series 2019-1 Notes, the amount, if any, by which the Series 2019-1 Stepped-Up Required Asset Amount exceeds the Series 2019-1 Asset Amount, in each case, on that Payment Date,

(ix) ninth, on a pro rata basis, to the extent of the Total Available Amount (as such amount has been reduced by the distributions described in clauses (i) through (viii) above), to (A) the Indenture Trustee, an amount equal to the fees, expenses and indemnities not otherwise paid to the Indenture Trustee pursuant to clause (i) above due to the operation of the Annual Indenture Trustee Fee Limit, (B) the Custodian, an amount equal to the fees, expenses and indemnities not otherwise paid to the Custodian pursuant to clause (i) above due to the operation of the Annual Custodian Fee Limit;

(x) tenth, on a pro rata basis, to the extent of the Total Available Amount (as such amount has been reduced by the distributions described in clauses (i) through (ix) above), (A) to the Backup Servicer, any portion of the Series 2019-1 Backup Servicing Fee for such Payment Date not otherwise paid to the Backup Servicer pursuant to clause (iv) above due to the operation of the Annual Backup Servicer Fee Limit and (B) the Successor Servicer, if applicable, any portion of the Series 2019-1 Third Party Reimbursable Items not otherwise paid to the Successor Servicer pursuant to clause (ii) above due to the operation of the Annual Successor Servicer Reimbursement Limit; and

(xi) eleventh, to, or at the written direction of, the Issuer, an amount equal to the balance remaining in the Series 2019-1 Settlement Account, if any.

Section 2.6 Distribution of Interest Payments and Principal Payments.

(a) On each Payment Date, based solely on the information contained in the Monthly Settlement Statement with respect to the Series 2019-1 Notes, the Indenture Trustee shall, in accordance with Section 6.1 of the Base Indenture, distribute from the Series 2019-1 Note Distribution Account the Interest Payment for such Payment Date in the following order of priority to the extent of the amount deposited in the Series 2019-1 Note Distribution Account for the payment of interest pursuant to Section 2.5(b)(v) on such Payment Date:

(i) pro rata to each Class A Noteholder, an amount equal to the Class A Interest Payment for such Payment Date;

(ii) pro rata to each Class B Noteholder, an amount equal to the Class B Interest Payment for such Payment Date;

(iii) pro rata to each Class C Noteholder, an amount equal to the Class C Interest Payment for such Payment Date;

(iv) pro rata to each Class D Noteholder, an amount equal to the Class D Interest Payment for such Payment Date; and

(v) pro rata to each Class E Noteholder, an amount equal to the Class E Interest Payment for such Payment Date;

(b) On the earlier of (x) December 17, 2021 or (y) the first Payment Date following the date of the occurrence of an Amortization Event with respect to the Series 2019-1 Notes and on each Payment Date thereafter, based solely on the information contained in the Monthly Settlement Statement with respect to the Series 2019-1 Notes, the Indenture Trustee shall, in accordance with Section 6.1 of the Base Indenture, distribute from the Series 2019-1 Note Distribution Account the amount deposited therein pursuant to Sections 2.5(b)(vi) and 2.5(b)(viii) and any amounts withdrawn from the Series 2019-1 Reserve Account and deposited therein pursuant to Sections 2.2(c)(ii) and 2.2(e) on such Payment Date in the following order of priority:

(i) pro rata to each Class A Noteholder until the Class A Invested Amount is reduced to zero;

(ii) pro rata to each Class B Noteholder until the Class B Invested Amount is reduced to zero;

(iii) pro rata to each Class C Noteholder until the Class C Invested Amount is reduced to zero;

(iv) pro rata to each Class D Noteholder until the Class D Invested Amount is reduced to zero; and

(v) pro rata to each Class E Noteholder until the Class E Invested Amount is reduced to zero.

(c) The principal amount of the Series 2019-1 Notes shall be due and payable on the Legal Final Payment Date.

(d) The Indenture Trustee shall notify the Person in whose name a Series 2019-1 Note is registered at the close of business on the Record Date preceding the Payment Date on which the Issuer expects that the final installment of principal of and interest on such Series 2019-1 Note will be paid. Such notice shall be made at the expense of the Issuer and shall be mailed within three (3) Business Days of receipt of a Monthly Settlement Statement indicating that such final payment will be made and shall specify that such final installment will be payable only upon presentation and surrender of such Series 2019-1 Note and shall specify the place where such Series 2019-1 Note may be presented and surrendered for payment of such installment. Notices in connection with payments of Series 2019-1 Notes shall be (i) transmitted by facsimile to Series 2019-1 Noteholders holding Global Notes and (ii) sent by registered mail to Series 2019-1 Noteholders holding Definitive Notes and shall specify that such final installment will be payable only upon presentation and surrender of such Series 2019-1 Note and shall specify the place where such Series 2019-1 Note may be presented and surrendered for payment of such installment.

ARTICLE III

AMORTIZATION EVENTS; SERVICER DEFAULTS

Section 3.1 Amortization Events. If any one of the following events shall occur with respect to the Series 2019-1 Notes (each, an "Amortization Event"):

(a) any Trigger Event shall occur;

(b) a Series 2019-1 Asset Amount Deficiency shall occur and continue for at least three (3) Business Days;

(c) a Series 2019-1 Reserve Account Deficiency shall occur and continue for at least five (5) Business Days;

(d) any Servicer Default shall occur;

(e) any Event of Default with respect to the Series 2019-1 Notes shall occur;

(f) an Insolvency Event shall occur with respect to the Seller or the Servicer;

(g) the aggregate amount of cash and Permitted Investments on deposit in the Series 2019-1 Collection Account, the Series 2019-1 Reserve Account and any other Series

Accounts on any Payment Date, after giving effect to all deposits and withdrawals to be made therein or therefrom on such Payment Date in accordance with this Indenture Supplement or the applicable Indenture Supplement, shall exceed the Pool Outstanding Principal Balance on such Payment Date;

(h) failure on the part of the Issuer (i) to make any payment or deposit required by the terms of the Base Indenture or this Indenture Supplement (other than any failure to make a payment of interest on or principal of any Series 2019-1 Notes) which failure continues unremedied for at least five (5) Business Days after the date such payment or deposit is required to be made or (ii) to duly observe or perform any other covenants or agreements of the Issuer set forth in the Base Indenture or this Indenture Supplement, which failure materially and adversely affects the interests of the Series 2019-1 Noteholders, and which failure shall continue or not be cured for a period of thirty (30) days after which there shall have been given to the Issuer by the Indenture Trustee or the Issuer and the Indenture Trustee by a Majority in Interest, written notice specifying such default and requiring it to be remedied;

(i) any representation or warranty made by the Issuer in the Base Indenture or this Indenture Supplement, or any information required to be delivered by the Issuer thereunder or hereunder to the Indenture Trustee shall prove to have been incorrect when made or when delivered, which incorrect representation or warranty or information materially and adversely affects the interests of the Series 2019-1 Noteholders and continues to be incorrect for a period of thirty (30) days after which there shall have been given to the Issuer by the Indenture Trustee or the Issuer and the Indenture Trustee by a Majority in Interest, written notice thereof;

(j) failure on the part of the Seller (i) to make any payment required by the terms of the Loan Purchase Agreement (or within the applicable grace period which shall not exceed five (5) Business Days after the date such payment is required to be made) or (ii) to duly observe or perform any other covenants or agreements of the Seller in the Loan Purchase Agreement, which failure materially and adversely affects the interests of the Series 2019-1 Noteholders, and which failure shall continue unremedied for a period of thirty (30) days after there shall have been given to the Seller by the Indenture Trustee or the Seller and the Indenture Trustee by a Majority in Interest, written notice specifying such failure and requiring it to be remedied;

(k) any representation or warranty made by the Seller in the Loan Purchase Agreement, or any information required to be delivered by the Seller thereunder to the Issuer or the Indenture Trustee shall prove to have been incorrect when made or when delivered, which incorrect representation or warranty or information materially and adversely affects the interests of the Series 2019-1 Noteholders and continues to be incorrect for a period of thirty (30) days after there shall have been given to the Seller by the Indenture Trustee or the Seller and the Indenture Trustee by a Majority in Interest, written notice thereof;

(l) any of the Transaction Documents shall cease, for any reason, to be in full force and effect, other than in accordance with its terms; or

(m) on any Seller's Interest Measurement Date, the Seller's Interest Amount is less than the Required Seller's Interest Amount and remains less than the Required Seller's Interest Amount for thirty (30) days;

then, in the case of any event described in clause (h) through (m) of this Section 3.1, an Amortization Event will be deemed to have occurred with respect to the Series 2019-1 Notes only, if after the applicable grace period, either the Indenture Trustee or the Majority in Interest, declare that an Amortization Event has occurred with respect to the Series 2019-1 Notes**.** In the case of any event described in clauses (a) through (g) of this Section 3.1, an Amortization Event with respect to the Series 2019-1 Notes will be deemed to have occurred without notice or other action on the part of the Indenture Trustee or the Series 2019-1 Noteholders.

Section 3.2 Servicer Defaults. The occurrence of any of the following events shall constitute an "Additional Servicer Default" with respect to the initial Servicer with respect to the Series 2019-1 Notes:

(a) Consolidated Liquidity as of the last day of any Fiscal Quarter is less than $30,000,000;

(b) Tangible Net Worth as of the last day of any Fiscal Quarter is less than $100,000,000;

(c) the Leverage Ratio as of the last day of any Fiscal Quarter is greater than 8:1; or

(d) unrestricted Cash and Cash Equivalents of OnDeck and its Subsidiaries as of the last day of Fiscal Quarter is less than $20,000,000.

ARTICLE IV
OPTIONAL PREPAYMENT

The Issuer shall have the option to prepay the Series 2019-1 Notes in whole but not in part, on any Business Day occurring on or after the Series 2019-1 Permitted Prepayment Date. The Issuer shall give the Indenture Trustee at least three (3) Business Days' prior written notice of the Business Day on which the Issuer intends to exercise such option to prepay (the "Prepayment Date"), and the Indenture Trustee shall (at the direction and expense of the Issuer) give the Series 2019-1 Noteholders written notice of the Prepayment Date within one (1) Business Day of its receipt of such notice. The prepayment price for the Series 2019-1 Notes (the "Series 2019-1 Prepayment Amount") shall equal the Series 2019-1 Invested Amount (determined after giving effect to any payments of principal and interest on such Payment Date), plus accrued and unpaid interest thereon; provided that the amount of interest payable on each Class of Series 2019-1 Notes on the Prepayment Date (other than a Prepayment Date that occurs on a Payment Date), if any, will equal the sum of (A) the product of (i) 1/360 of the applicable Note Rate, (ii) the number of days from and including the immediately preceding Payment Date to and excluding the Prepayment Date and (iii) the outstanding principal amount of the applicable Class of Notes on the immediately preceding Payment Date and (B) the amount of

any unpaid interest on the applicable Class of Notes from prior Payment Dates plus, to the extent permitted by law, interest at the applicable Note Rate. Not later than 11:00 A.M., New York City time, on such Prepayment Date, the Issuer shall deposit, or cause to be deposited pursuant to Sections 2.4(d) and 2.4(e) or otherwise, in the Series 2019-1 Note Distribution Account an amount sufficient to pay the Series 2019-1 Prepayment Amount in immediately available funds. The funds deposited into the Series 2019-1 Note Distribution Account will be paid by the Indenture Trustee to the Series 2019-1 Noteholders on such Prepayment Date. When the Outstanding Principal Balance of the Series 2019-1 Notes have been paid, this Series 2019-1 Indenture Supplement shall cease to be of further effect.

ARTICLE V

SERVICING FEE

Section 5.1 Servicing Fee.

If OnDeck is the Servicer, a portion of the Servicing Fee payable to the Servicer pursuant to the Servicing Agreement shall be payable to the Servicer on each Payment Date for the related Monthly Period in an amount (the "Series 2019-1 Servicing Fee") equal to the product of (a) one-twelfth of 1.00% (the "Series 2019-1 Servicing Fee Percentage") times (b) the daily average of the Series 2019-1 Serviced Portfolio Balance on each day during such Monthly Period; *provided, however*, that, the Series 2019-1 Servicing Fee on the first Payment Date following the Series 2019-1 Closing Date will equal the product of (i) 1/360 of the Series 2019-1 Servicing Fee Percentage, (ii) the number of days in the period from and including the Series 2019-1 Closing Date to and including December 17, 2019 and (iii) the daily average of the Series 2019-1 Serviced Portfolio Balance on each day during the period described in clause (ii). The Series 2019-1 Servicing Fee shall be payable to the Servicer on each Payment Date pursuant to Section 2.5(b)(iii).

Section 5.2 Successor Servicing Fee.

If a Successor Servicer is the Servicer, a portion of the Successor Servicing Fee payable to the Successor Servicer pursuant to the Successor Servicing Agreement shall be payable to the Successor Servicer on each Payment Date for the related Monthly Period in an amount (the "Series 2019-1 Successor Servicing Fee") equal to the greater of (i) $7,500 and (ii) the product of (a) one-twelfth of 1.00% times (b) the daily average of the Series 2019-1 Serviced Portfolio Balance on each day during such Monthly Period. The Series 2019-1 Successor Servicing Fee shall be payable to the Successor Servicer on each Payment Date pursuant to Section 2.5(b)(iii).

ARTICLE VI

FORM OF SERIES 2019-1 NOTES

Section 6.1 Issuance of Series 2019-1 Notes.

(a) Initial Issuance. The Series 2019-1 Notes are being offered and sold by the Issuer pursuant to a Purchase Agreement, dated November 8, 2019 (the "Purchase Agreement"), by and among the Issuer, OnDeck and Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc. and SunTrust Robinson Humphrey Inc. The Series 2019-1 Notes will be reoffered and resold initially only to (1) qualified institutional buyers (as defined in Rule 144A) ("QIBs") in reliance on Rule 144A and (2) in the case of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes only, outside the United States, to Persons other than U.S. Persons (as defined in Regulation S of the Securities Act) in accordance with Rule 903 of Regulation S.

(b) Additional Issuances. At any time during the Series 2019-1 Revolving Period, the Issuer may, in its sole discretion, issue additional Series 2019-1 Notes of any existing class (the "Additional Series 2019-1 Notes") from time to time without the consent of the Series 2019-1 Noteholders. The Additional Series 2019-1 Notes shall be sold by the Issuer pursuant the Purchase Agreement (or such other similar agreement with one or more Initial Purchasers). Each issuance of Additional Series 2019-1 Notes of any Class shall be subject to the following conditions: (i) such issuance does not cause the Series 2019-1 Maximum Principal Amount to be exceeded, (ii) the Rating Agency Condition with respect to the Series 2019-1 Notes is satisfied, (iii) the Issuer and the Loans to be acquired by the Issuer in connection with such issuance satisfy all conditions set forth in the Transaction Documents, (iv) at the time of such issuance, an Amortization Event with respect to the Series 2019-1 Notes has not occurred and is not continuing, and (v) an opinion of counsel with respect to tax matters is delivered to the effect that (I) the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes will be treated as debt for U.S. federal income tax purposes and the Class E Notes should be treated as debt for U.S. federal income tax purposes, (II) the Issuer will not be treated as an association or as a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes and (III) such issuance will not adversely affect the tax characterization of any outstanding notes. At the time of each issuance of Additional Series 2019-1 Notes, the Issuer shall deliver to the Indenture Trustee an officer's certificate stating that the foregoing conditions and all other conditions precedent to the authentication of the Additional Series 2019-1 Notes by the Indenture Trustee have been satisfied. The terms and conditions of the Additional Series 2019-1 Notes of each Class shall be identical to those of the initial Series 2019-1 Notes of that Class (except that the interest due on the Additional Series 2019-1 Notes shall accrue from the issue date of such Additional Series 2019-1 Notes). Interest on the Additional Series 2019-1 Notes shall be payable commencing on the first Payment Date following the issue date of such Additional Series 2019-1 Notes (if issued prior to the applicable Record Date). The Additional Series 2019-1 Notes shall rank *pari passu* in all respects with the initial Series 2019-1 Notes of that Class. Notwithstanding the foregoing, no Additional Series 2019-1 Notes may be issued if, after issuance and sale of such Additional Series 2019-1 Notes, either the EU Retention Requirements or Regulation RR would not be satisfied with respect to the Series 2019-1 Notes.

Section 6.2 Restricted Global Notes.

Each Class of the Series 2019-1 Notes offered and sold in their initial distribution in reliance upon Rule 144A will be issued in the form of a Global Note in fully registered form, without coupons, substantially in the form set forth with respect to the Class A Notes in Exhibit A-1, with respect to the Class B Notes in Exhibit B-1, with respect to the Class C Notes in Exhibit C-1, with respect to the Class D Notes in Exhibit D-1 and, with respect to the Class E Notes in Exhibit E in each case registered in the name of Cede & Co., as nominee of DTC, and deposited with the DTC Custodian (collectively, the "Restricted Global Notes"). The initial principal amount of the Restricted Global Notes may from time to time be increased or decreased by adjustments made on the records of the DTC Custodian in connection with a corresponding decrease or increase in the initial principal amount of the corresponding Class of Temporary Global Notes or the Permanent Global Notes, as hereinafter provided.

Section 6.3 Temporary Global Notes and Permanent Global Notes.

Each of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes offered and sold on the Series 2019-1 Closing Date in reliance upon Regulation S will be issued in the form of a Global Note in fully registered form, without coupons, substantially in the form set forth with respect to the Class A Notes in Exhibit A-2, with respect to the Class B Notes in Exhibit B-2, with respect to the Class C Notes in Exhibit C-2 and with respect to the Class D Notes in Exhibit D-2, in each case which shall be deposited on behalf of the purchasers of the Series 2019-1 Notes represented thereby with the DTC Custodian, and registered in the name of a nominee of DTC for the account of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") or for Clearstream Banking, société anonyme ("Clearstream"), duly executed by the Issuer and authenticated by the Indenture Trustee in the manner set forth in Section 2.3 of the Base Indenture. Until such time as the Restricted Period shall have terminated, such Class A Notes, Class B Notes, Class C Notes and Class D Notes shall be referred to herein collectively as the "Temporary Global Notes". After such time as the Restricted Period shall have terminated with respect to any Series 2019-1 Notes, such Class A Notes, Class B Notes, Class C Notes or Class D Notes, as applicable, as to which the Indenture Trustee has received from Euroclear or Clearstream, as the case may be, a certificate substantially in the form of Exhibit F-4 to the effect that Euroclear or Clearstream, as applicable, has received a certificate substantially in the form of Exhibit F-5, shall be exchanged, in whole or in part, for interests in a permanent global note in registered form without interest coupons, with respect to the Class A Notes, substantially in the form set forth in Exhibit A-3, with respect to the Class B Notes, substantially in the form set forth in Exhibit B-3, with respect to the Class C Notes, substantially in the form set forth in Exhibit C-3 and, with respect to the Class D Notes, substantially in the form set forth in Exhibit D-3 as hereinafter provided (collectively, the "Permanent Global Notes"). The principal amount of the Temporary Global Notes or the Permanent Global Notes may from time to time be increased or decreased by adjustments made on the records of the DTC Custodian in connection with a corresponding decrease or increase of principal amount of the corresponding Class of Restricted Global Notes, as hereinafter provided.

Section 6.4 Definitive Notes.

No Series 2019-1 Note Owner will receive a Definitive Note representing such Series 2019-1 Note Owner's interest in the Series 2019-1 Notes other than in accordance with Section 2.11 of the Base Indenture.

Section 6.5 Transfer Restrictions.

(a) A Series 2019-1 Global Note may not be transferred, in whole or in part, to any Person other than DTC or a nominee thereof, and no such transfer to any such other Person may be registered; *provided, however*, that this Section 6.5(a) shall not prohibit any transfer of a Series 2019-1 Note that is issued in exchange for a Series 2019-1 Global Note but is not itself a Series 2019-1 Global Note and shall not prohibit any transfer of a beneficial interest in a Series 2019-1 Global Note effected in accordance with the other provisions of this Section 6.5.

(b) The transfer by an owner of a beneficial interest in a Restricted Global Note to a Person who wishes to take delivery thereof in the form of a beneficial interest in the same Restricted Global Note shall be made upon the deemed representation of the transferee that it is purchasing for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a QIB, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Issuer as such transferee has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A.

(c) If the owner of a beneficial interest in a Restricted Global Note wishes at any time to exchange its interest in such Restricted Global Note for an interest in a Temporary Global Note, or to transfer such interest to a Person who wishes to take delivery thereof in the form of a beneficial interest in a Temporary Global Note, such exchange or transfer may be effected, subject to the applicable rules and procedures of DTC, Euroclear and Clearstream (the "Applicable Procedures"), only in accordance with the provisions of this Section 6.5(c). Upon receipt by the Transfer Agent and Registrar, at the office of the Transfer Agent and Registrar, of (i) written instructions given in accordance with the Applicable Procedures from a Clearing Agency Participant directing the Transfer Agent and Registrar to credit or cause to be credited to a specified Clearing Agency Participant's account a beneficial interest in the Temporary Global Note, in a principal amount equal to that of the beneficial interest in such Restricted Global Note to be so exchanged or transferred, (ii) a written order given in accordance with the Applicable Procedures containing information regarding the account of the Clearing Agency Participant (and the Euroclear or Clearstream account, as the case may be) to be credited with, and the account of the Clearing Agency Participant to be debited for, such beneficial interest and (iii) a certificate in substantially the form set forth in Exhibit F-1 given by the holder of such beneficial interest in such Restricted Global Note, the Transfer Agent and Registrar, if it is not the Indenture Trustee, shall instruct the DTC Custodian to reduce the principal amount of the Restricted Global Note, and to increase the principal amount of the Temporary Global

Note, by the principal amount of the beneficial interest in such Restricted Global Note to be so exchanged or transferred, and to credit or cause to be credited to the account of the Person specified in such instructions (which shall be the Clearing Agency Participant for Euroclear or Clearstream or both, as the case may be) a beneficial interest in the Temporary Global Note having a principal amount equal to the amount by which the principal amount of the Restricted Global Note was reduced upon such exchange or transfer.

(d) If the owner of a beneficial interest in a Restricted Global Note wishes at any time to exchange its interest in such Restricted Global Note for an interest in the Permanent Global Note, or to transfer such interest to a Person who wishes to take delivery thereof in the form of a beneficial interest in the Permanent Global Note, such exchange or transfer may be effected, subject to the Applicable Procedures, only in accordance with the provisions of this Section 6.5(d). Upon receipt by the Transfer Agent and Registrar, at the office of the Transfer Agent and Registrar, of (A) written instructions given in accordance with the Applicable Procedures from a Clearing Agency Participant directing the Transfer Agent and Registrar to credit or cause to be credited to a specified Clearing Agency Participant's account a beneficial interest in the Permanent Global Note in a principal amount equal to that of the beneficial interest in such Restricted Global Note to be so exchanged or transferred, (ii) a written order given in accordance with the Applicable Procedures containing information regarding the account of the Clearing Agency Participant (and the Euroclear or Clearstream account, as the case may be) to be credited with, and the account of the Clearing Agency Participant to be debited for, such beneficial interest and (iii) a certificate in substantially the form of Exhibit F-2 given by the holder of such beneficial interest in such Restricted Global Note, the Transfer Agent and Registrar, if it is not the Indenture Trustee, shall instruct the DTC Custodian to reduce the principal amount of such Restricted Global Note, and to increase the principal amount of the Permanent Global Note, by the principal amount of the beneficial interest in such Restricted Global Note to be so exchanged or transferred, and to credit or cause to be credited to the account of the Person specified in such instructions (which shall be the Clearing Agency Participant for Euroclear or Clearstream or both, as the case may be) a beneficial interest in the Permanent Global Note having a principal amount equal to the amount by which the principal amount of the Restricted Global Note was reduced upon such exchange or transfer.

(e) If the owner of a beneficial interest in a Temporary Global Note or a Permanent Global Note wishes at any time to exchange its interest in such Temporary Global Note or such Permanent Global Note for an interest in the Restricted Global Note, or to transfer such interest to a Person who wishes to take delivery thereof in the form of a beneficial interest in the Restricted Global Note, such exchange or transfer may be effected, subject to the Applicable Procedures, only in accordance with the provisions of this Section 6.5(e). Upon receipt by the Transfer Agent and Registrar, at the office of the Transfer Agent and Registrar, of (i) written instructions given in accordance with the Applicable Procedures from a Clearing Agency Participant directing the Transfer Agent and Registrar to credit or cause to be credited to a specified Clearing Agency Participant's account a beneficial interest in the Restricted Global Note in a principal amount equal to that of the beneficial interest in such Temporary Global Note or such Permanent Global Note, as the case may be, to be so exchanged or

transferred, (ii) a written order given in accordance with the Applicable Procedures containing information regarding the account of the Clearing Agency Participant (and the Euroclear or Clearstream account, as the case may be) to be credited with, and the account of the Clearing Agency Participant to be debited for, such beneficial interest and (iii) with respect to a transfer of a beneficial interest in such Temporary Global Note (but not such Permanent Global Note), a certificate in substantially the form set forth in Exhibit F-3 given by the holder of such beneficial interest in such Temporary Global Note, the Transfer Agent and Registrar, if it is not the Indenture Trustee, shall instruct the DTC Custodian to reduce the principal amount of such Temporary Global Note or such Permanent Global Note, as the case may be, and to increase the principal amount of the Restricted Global Note, by the principal amount of the beneficial interest in such Temporary Global Note or such Permanent Global Note to be so exchanged or transferred, and to credit or cause to be credited to the account of the Person specified in such instructions (which shall be the Clearing Agency Participant for DTC) a beneficial interest in the Restricted Global Note having a principal amount equal to the amount by which the principal amount of such Temporary Global Note or such Permanent Global Note, as the case may be, was reduced upon such exchange or transfer.

(f) In the event that a Series 2019-1 Global Note or any portion thereof is exchanged for Series 2019-1 Notes other than Series 2019-1 Global Notes, such other Series 2019-1 Notes may in turn be exchanged (upon transfer or otherwise) for Series 2019-1 Notes that are not Series 2019-1 Global Notes or for a beneficial interest in a Series 2019-1 Global Note (if any is then outstanding) only in accordance with such procedures, which shall be substantially consistent with the provisions of Sections 6.5(a) through Section 6.5(e) and Section 6.5(g) (including the certification requirement intended to ensure that transfers and exchanges of beneficial interests in a Series 2019-1 Global Note comply with Rule 144A or Regulation S under the Securities Act, as the case may be) and any Applicable Procedures, as may be adopted from time to time by the Issuer and the Transfer Agent and Registrar.

(g) Until the termination of the Restricted Period, interests in the Temporary Global Notes may be held only through Clearing Agency Participants acting for and on behalf of Euroclear and Clearstream; *provided* that this Section 6.5(g) shall not prohibit any transfer in accordance with Section 6.5(e). After the expiration of the Restricted Period, interests in the Permanent Global Notes may be transferred without requiring any certifications.

(h) Each transferee of a Class E Note and any beneficial interest therein shall deliver a letter of representation substantially in the form of Exhibit G to the Indenture Trustee and the Servicer.

(i) The Series 2019-1 Notes shall bear the following legends to the extent indicated:

(i) The Restricted Global Notes shall bear the following legend:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF AGREES TO

OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A (A "QIB") THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A[, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT] OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE RIGHT OF THE ISSUER, PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (E), TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO IT.

[BY YOUR ACQUISITION OF THIS NOTE OR ANY INTEREST HEREIN, YOU SHALL BE DEEMED TO REPRESENT AND WARRANT THAT EITHER (I) YOU ARE NOT ACQUIRING OR HOLDING AN INTEREST IN THIS NOTE FOR OR ON BEHALF OF, OR WITH THE ASSETS OF (A) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" (AS DEFINED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE")) THAT IS SUBJECT TO SECTION 4975 OF THE CODE, (C) AN ENTITY THAT IS DEEMED TO HOLD THE "ASSETS" OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA), OR (D) A GOVERNMENTAL, NON-U.S., OR CHURCH PLAN WHICH IS SUBJECT TO OTHER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR PROHIBITED TRANSACTION PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW") (EACH OF (A)-(D) REFERRED TO AS A "PLAN"), OR (II) THE PLAN'S ACQUISITION AND HOLDING OF THIS NOTE OR ANY INTEREST HEREIN WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF ANY APPLICABLE SIMILAR LAW.]

(ii) The Temporary Global Notes shall bear the following legend:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. UNTIL 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE ORIGINAL ISSUE DATE OF THE NOTES (THE

"RESTRICTED PERIOD") IN CONNECTION WITH THE OFFERING OF THE NOTES IN THE UNITED STATES AND OUTSIDE OF THE UNITED STATES (THE "OFFERING"), THE SALE, PLEDGE OR TRANSFER OF THIS NOTE IS SUBJECT TO CERTAIN CONDITIONS AND RESTRICTIONS. THE HOLDER HEREOF, BY PURCHASING OR OTHERWISE ACQUIRING THIS NOTE, ACKNOWLEDGES THAT THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS OF THE STATES, TERRITORIES AND POSSESSIONS OF THE UNITED STATES GOVERNING THE OFFER AND SALE OF SECURITIES, AND PRIOR TO THE EXPIRATION OF THE RESTRICTED PERIOD, ONLY (1) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, (2) PURSUANT TO AND IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT OR (3) TO THE ISSUER..

[BY YOUR ACQUISITION OF THIS NOTE OR ANY INTEREST HEREIN, YOU SHALL BE DEEMED TO REPRESENT AND WARRANT THAT EITHER (I) YOU ARE NOT ACQUIRING OR HOLDING AN INTEREST IN THIS NOTE FOR OR ON BEHALF OF, OR WITH THE ASSETS OF (A) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" (AS DEFINED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE")) THAT IS SUBJECT TO SECTION 4975 OF THE CODE, (C) AN ENTITY THAT IS DEEMED TO HOLD THE "ASSETS" OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA), OR (D) A GOVERNMENTAL, NON-U.S., OR CHURCH PLAN WHICH IS SUBJECT TO OTHER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY OR PROHIBITED TRANSACTION PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW") (EACH OF (A)-(D) REFERRED TO AS A "PLAN"), OR (II) THE PLAN'S ACQUISITION AND HOLDING OF THIS NOTE OR ANY INTEREST HEREIN WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF ANY APPLICABLE SIMILAR LAW.]

(iii) All Series 2019-1 Global Notes shall bear the following legend:

"THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY ("DTC"), OR A NOMINEE THEREOF. THIS NOTE MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS NOTE IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN DTC OR A

NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE ISSUER OR THE TRANSFER AGENT AND REGISTRAR, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL BECAUSE THE REGISTERED OWNER, CEDE & CO., HAS AN INTEREST HEREIN."

(iv) All Class E Notes shall bear the following legend:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY STATE SECURITIES LAWS. THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE ONLY (A) TO ONDECK ASSET SECURITIZATION TRUST II LLC ("ODAST") OR (B) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A (A "QIB") THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A.

UNLESS YOU (I) ARE ACQUIRING THIS NOTE FROM ONDECK ASSET SECURITIZATION TRUST II LLC OR THE INTIAL PURCHASER ON THE CLOSING DATE (II) ARE (A) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DEFINED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), THAT IS SUBJECT TO SECTION 4975 OF THE CODE, (C) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (WITHIN THE MEANING OF DEPARTMENT OF LABOR REGULATION 29 C.F.R. 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA (THE "PLAN ASSETS REGULATION")) (THE PLANS AND ENTITIES DESCRIBED IN SUBSECTIONS (A) THROUGH (C), "BENEFIT PLANS") OR (D) A PERSON THAT HAS DISCRETIONARY AUTHORITY OR CONTROL WITH RESPECT TO THE ASSETS OF ONDECK ASSET SECURITIZATION TRUST II LLC OR THAT PROVIDES INVESTMENT ADVICE FOR A FEE (DIRECT OR INDIRECT) WITH RESPECT TO SUCH ASSETS (OR ANY "AFFILIATE" OF SUCH PERSON (AS DEFINED IN THE PLAN ASSETS REGULATION) (SUCH PERSON, A "CONTROLLING PERSON")

AND (III) HAVE DELIVERED A LETTER OF REPRESENTATION IN THE FORM OF EXHIBIT A TO THE OFFERING MEMORANDUM TO THE INDENTURE TRUSTEE AND THE SERVICER, BY YOUR ACQUISITION OF THIS NOTE OR ANY INTEREST HEREIN, YOU SHALL BE DEEMED TO REPRESENT AND WARRANT THAT (I) YOU ARE NOT A BENEFIT PLAN OR CONTROLLING PERSON, (II) YOU WILL NOT TRANSFER THIS NOTE OR ANY INTEREST HEREIN TO A BENEFIT PLAN OR CONTROLLING PERSON AND (III) YOUR ACQUISITION AND HOLDING OF THIS NOTE OR ANY INTEREST HEREIN WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY NON-U.S., FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE.

BY YOUR ACQUISITION OF THIS NOTE OR ANY INTEREST HEREIN, YOU SHALL BE DEEMED TO REPRESENT AND WARRANT TO THE ISSUER, THE SERVICER, ANY PRIOR PURCHASERS AND THE INDENTURE TRUSTEE THAT (I) (A)(1) FOR SO LONG AS YOU HOLD THIS NOTE (OR A BENEFICIAL INTEREST THEREIN), YOU ARE NOT, AND WILL NOT ACQUIRE THIS NOTE OR INTEREST THEREIN ON BEHALF OF, OR WITH THE ASSETS OF, ANY PERSON THAT IS CLASSIFIED FOR U.S. FEDERAL INCOME TAX PURPOSES AS A PARTNERSHIP, SUBCHAPTER S CORPORATION OR GRANTOR TRUST, OR (2)(I) NONE OF THE DIRECT OR INDIRECT BENEFICIAL OWNERS OF ANY INTEREST IN YOU HAVE OR EVER WILL HAVE MORE THAN 50%OF THE VALUE OF ITS INTEREST IN YOU ATTRIBUTABLE TO THE AGGREGATE INTEREST IN YOU IN THE COMBINED VALUE OF THE NOTES AND ANY OTHER INTERESTS OF THE ISSUING ENTITY HELD BY YOU, AND (II) IT IS NOT AND WILL NOT BE A PRINCIPAL PURPOSE OF THE ARRANGEMENT INVOLVING YOUR INVESTMENT IN THE NOTES AND ANY EQUITY INTERESTS OF THE ISSUING ENTITY TO PERMIT ANY PARTNERSHIP TO SATISFY THE 100 PARTNER LIMITATION OF TREASURY REGULATION SECTION 1.7704-1(H)(1)(II), OR (B) YOU HAVE OBTAINED A WRITTEN OPINION OF NATIONALLY RECOGNIZED U.S. TAX COUNSEL THAT SUCH TRANSFER WILL NOT CAUSE THE ISSUING ENTITY TO BE TREATED AS A PUBLICLY TRADED PARTNERSHIP TAXABLE AS A CORPORATION;(II) YOU WILL NOT SELL, TRANSFER, ASSIGN, PARTICIPATE, PLEDGE OR OTHERWISE DISPOSE OF OR CAUSE TO BE MARKETED ANY NOTE OR ANY EQUITY INTEREST IN THE ISSUING ENTITY, (A) ON OR THROUGH AN "ESTABLISHED SECURITIES MARKET" WITHIN THE MEANING OF SECTION 7704(B)(1) OF THE CODE AND TREASURY REGULATION SECTION 1.7704-1(B), INCLUDING WITHOUT LIMITATION, AN INTERDEALER QUOTATION SYSTEM THAT REGULARLY DISSEMINATES FIRM BUY OR SELL QUOTATIONS OR (B) IF SUCH ACQUISITION WOULD CAUSE THE COMBINED NUMBER OF HOLDERS OF NOTES AND ANY EQUITY INTERESTS IN THE ISSUING ENTITY TO BE HELD BY MORE THAN 90 PERSONS; AND (III) YOU ARE, AND WILL NOT ACQUIRE THIS NOTE OR INTEREST THEREIN ON BEHALF OF A PERSON WHO IS NOT, A "UNITED STATES PERSON" WITHIN THE MEANING OF SECTION 7701(A)(30) OF THE INTERNAL REVENUE CODE."

The required legends set forth above shall not be removed from the applicable Series 2019-1 Notes except as provided herein. The legend required for a Restricted Note may be removed from such Restricted Note if there is delivered to the Issuer and the Transfer Agent and Registrar such satisfactory evidence, which may include an Opinion of Counsel as may be reasonably required by the Issuer, the Transfer Agent or the Registrar that neither such legend nor the restrictions on transfer set forth therein are required to ensure that transfers of such Series 2019-1 Note will not violate the registration requirements of the Securities Act. Upon provision of such satisfactory evidence, the Indenture Trustee upon receipt of an Issuer Order shall authenticate and deliver in exchange for such Restricted Note a Series 2019-1 Note having an equal aggregate principal amount that does not bear such legend.

ARTICLE VII

INFORMATION

The Issuer hereby agrees to provide to the Indenture Trustee, by 2:00 P.M., New York City time, on each Monthly Reporting Date, a Monthly Settlement Statement, substantially in the form of Exhibit H, setting forth as of the immediately preceding Determination Date and for the related Monthly Period the information set forth therein, and, on and after the immediately succeeding Payment Date, and such obligation shall be deemed satisfied upon delivery of each such Monthly Settlement Statement to the Indenture Trustee by the Servicer, and the Indenture Trustee shall provide to the Series 2019-1 Note Owners copies of such Monthly Settlement Statement. The Indenture Trustee shall make each Monthly Settlement Statement available each month (as described above) to the Series 2019-1 Note Owners via the Indenture Trustee's internet website. The Indenture Trustee's internet website shall initially be located at https://tss.sfs.db.com/investpublic, which may be accessed by the Note Owners with the use of an assigned password.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Ratification of Indenture.

As supplemented by this Indenture Supplement, the Indenture is in all respects ratified and confirmed and the Indenture as so supplemented by this Indenture Supplement shall be read, taken and construed as one and the same instrument.

Section 8.2 Governing Law.

THIS INDENTURE SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 8.3 Further Assurances.

The Issuer agrees, at the Issuer's expense, from time to time, to do and perform any and all acts and to execute any and all further instruments required or reasonably requested by the Indenture Trustee or the Majority in Interest to more fully effect the purposes of this Indenture Supplement and the sale of the Series 2019-1 Notes hereunder. The Issuer hereby authorizes the Indenture Trustee (without obligation) to file any financing statements or similar documents or notices or continuation statements in order to perfect the Indenture Trustee's security interest in the Series 2019-1 Collateral under the provisions of the UCC or similar legislation of any applicable jurisdiction.

Section 8.4 Exhibits.

The following exhibits attached hereto supplement the exhibits included in the Base Indenture:

Exhibit A-1:	Form of Restricted Global Class A Note
Exhibit A-2:	Form of Temporary Global Class A Note
Exhibit A-3:	Form of Permanent Global Class A Note
Exhibit B-1:	Form of Restricted Global Class B Note
Exhibit B-2:	Form of Temporary Global Class B Note
Exhibit B-3:	Form of Permanent Global Class B Note
Exhibit C-1:	Form of Restricted Global Class C Note
Exhibit C-2:	Form of Temporary Global Class C Note
Exhibit C-3:	Form of Permanent Global Class C Note
Exhibit D-1:	Form of Restricted Global Class D Note
Exhibit D-2:	Form of Temporary Global Class D Note
Exhibit D-3:	Form of Permanent Global Class D Note
Exhibit E:	Form of Restricted Global Class E Note
Exhibit F-1:	Form of Transfer Certificate
Exhibit F-2:	Form of Transfer Certificate
Exhibit F 3:	Form of Transfer Certificate
Exhibit F-4:	Form of Clearing System Certificate
Exhibit F-5:	Form of Certificate of Beneficial Ownership
Exhibit G:	Form of Letter of Representations For Class E Noteholders
Exhibit H:	Form of Monthly Settlement Statement
Exhibit I:	Form of Withdrawal Request
Exhibit J:	Industry Codes
Exhibit K-1:	Form of Amendment No. 1 to the Custodial Agreement
Exhibit K-2:	Form of Amendment No. 2 to the Base Indenture
Exhibit K-3:	Form of Amendment No. 2 to the Loan Purchase Agreement

Section 8.5 No Waiver; Cumulative Remedies.

No failure to exercise and no delay in exercising, on the part of the Indenture Trustee, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor

shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by law.

Section 8.6 Amendments.

Except as provided in Section 12.1 of the Base Indenture, and subject to Section 12.6 of the Base Indenture, the provisions of this Indenture Supplement may from time to time be amended, modified or waived, if (i) such amendment, modification or waiver is in writing and is consented to in writing by the Issuer, the Indenture Trustee and the Majority in Interest and (ii) the Rating Agency Condition is satisfied with respect to such amendment, modification, or waiver.

Section 8.7 Consent to Amendments.

Each Series 2019-1 Noteholder, upon acquisition of a Series 2019-1 Note, will be deemed to agree and consent to the execution and delivery of (i) Amendment No. 1 to the Custodial Agreement, (ii) Amendment No. 2 to the Base Indenture and (iii) Amendment No. 2 to the Loan Purchase Agreement, in each case, together with any changes to such forms that do not adversely affect the Series 2019-1 Noteholders in any material respect as evidenced by an Officer's Certificate of the Issuer.

Section 8.8 Severability.

If any provision hereof is void or unenforceable in any jurisdiction, such voidness or unenforceability shall not affect the validity or enforceability of (i) such provision in any other jurisdiction or (ii) any other provision hereof in such or any other jurisdiction.

Section 8.9 Counterparts.

This Indenture Supplement may be executed in two or more counterparts (and by different parties on separate counterparts), each of which shall be an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Indenture Supplement by facsimile transmission or electronic transmission (in pdf format) shall be as effective as delivery of a manually executed counterpart of this Indenture Supplement.

Section 8.10 No Bankruptcy Petition.

(a) By acquiring a Series 2019-1 Note or an interest therein, each Series 2019-1 Noteholder and each Series 2019-1 Note Owner hereby covenants and agrees that it will not institute against, or join any other Person in instituting against, the Issuer any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other similar proceedings under any federal or state bankruptcy or similar law.

(b) This covenant shall survive the termination of this Indenture Supplement and the Base Indenture and the payment of all amounts payable hereunder and thereunder.

Section 8.11 Notice to Rating Agency.

The Indenture Trustee shall provide to the Rating Agency a copy of each notice delivered to, or required to be provided by, the Indenture Trustee pursuant to this Indenture Supplement or any other Transaction Document.

Notice to DBRS shall be sent to:

DBRS Inc.
Attention Surveillance
E-mail: ABS_Surveillance@dbrs.com
140 Broadway
New York, NY 10005

Section 8.12 Annual Opinion of Counsel.

On or before March 31 of each calendar year, commencing with March 31, 2020, the Issuer shall furnish to the Indenture Trustee an Opinion of Counsel either stating that, in the opinion of such counsel, such action has been taken with respect to the recording, filing, re-recording and refiling of this Indenture Supplement or any Supplement hereto and any other requisite documents and with respect to the authorization and filing of any financing statements and continuation statements as are necessary to maintain the perfection of the Lien and security interest created by this Indenture Supplement and reciting the details of such action or stating that in the opinion of such counsel no such action is necessary to maintain the perfection of such Lien and security interest. Such Opinion of Counsel shall also describe the recording, filing, re-recording and refiling of this Indenture Supplement, any Supplement hereto, and any other requisite documents and the execution and filing of any financing statements and continuation statements that will, in the opinion of such counsel, be required to maintain the perfection of the Lien and security interest of this Indenture Supplement and any until March 31 in the following calendar year. For the avoidance of doubt, any Opinion of Counsel furnished in connection with this Section 8.11 may be combined with other Opinions of Counsel furnished to the Indenture Trustee pursuant to the other Transaction Documents.

Section 8.13 Tax Treatment.

The Series 2019-1 Notes are being issued with the intention that they qualify under applicable tax law as indebtedness and any entity acquiring any direct or indirect interest in any Series 2019-1 Note (other than any entity who is treated as the same taxpayer as the Issuer) by acceptance of its Series 2019-1 Notes (or, in the case of a Note Owner, by virtue of such Note Owner's acquisition of a beneficial interest therein) agrees to treat the Series 2019-1 Notes (or its beneficial interest therein) for purposes of federal, state and local income or franchise taxes and any other tax imposed on or measured by income as indebtedness.

Section 8.14 Confidentiality.

Each Series 2019-1 Note Owner, by its acceptance and holding of a beneficial interest in a Series 2019-1 Note, hereby agrees to maintain the confidentiality of all Confidential Information in accordance with procedures adopted by such Series 2019-1 Note Owner in good faith to protect Confidential Information of third parties delivered to such Person; provided that such Person may deliver or disclose Confidential Information to: (i) such Person's directors, trustees, officers, employees, agents, attorneys, independent or internal auditors and affiliates who agree to hold confidential the Confidential Information; (ii) such Person's financial advisors and other professional advisors who agree to hold confidential the Confidential Information; (iii) any other Series 2019-1 Note Owner; (iv) any Person of the type that would be, to such Person's knowledge, permitted to acquire an interest in the Series 2019-1 Notes in accordance with the requirements of this Indenture Supplement pursuant to which such Person sells or offers to sell any such interest in the Series 2019-1 Notes or any part thereof and that agrees to hold confidential the Confidential Information in accordance with this Indenture Supplement; (v) any federal or state or other regulatory, governmental or judicial authority having jurisdiction over such Person; (vi) the National Association of Insurance Commissioners or any similar organization, or any nationally-recognized rating agency that requires access to information about the investment portfolio or such Person; (vii) any reinsurers or liquidity or credit providers that agree to hold confidential the Confidential Information; (viii) any other Person with the consent of the Issuer or (ix) any other Person to which such delivery or disclosure may be necessary or appropriate (A) to effect compliance with any law, rule, regulation, statute or order applicable to such Series 2019-1 Noteholder, (B) in response to any subpoena or other legal process upon prior notice delivered to the Issuer (unless prohibited by applicable law or other requirement having the force of law), (C) in connection with any litigation to which such Person is a party upon prior notice delivered to the Issuer (unless prohibited by applicable law or other requirement having the force of law) or (D) if an Amortization Event with respect to the Series 2019-1 Notes or Event of Default has occurred and is continuing, to the extent such Person may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies offered under the Series 2019-1 Notes, the Indenture or any other document relating to the Series 2019-1 Notes. Each Series 2019-1 Note Owner, by its acceptance of a beneficial interest in the Series 2019-1 Notes, hereby agrees, except as set forth in clauses (v), (vi) and (ix) above, that it will use the Confidential Information for the sole purpose of making an investment in the Series 2019-1 Notes or administering its investment in the Series 2019-1 Notes. In the event of any required disclosure of the Confidential Information by such Series 2019-1 Noteholder, such Series 2019-1 Noteholder shall agree to use reasonably efforts to protect the confidentiality of the Confidential Information.

IN WITNESS WHEREOF, the Issuer and the Indenture Trustee have caused this Indenture Supplement to be duly executed by their respective officers hereunto duly authorized as of the day and year first above written.

ONDECK ASSET SECURITIZATION TRUST II LLC, as Issuer

By: /s/ Kenneth A. Brause
Name: Kenneth A. Brause
Title: Chief Financial Officer

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Indenture Trustee

By: /s/ Susan E. Ashman
Name: Susan E. Ashman
Title: Associate

By: /s/ Timothy Johnson
Name: Timothy Johnson
Title: Associate

Exhibit 10.24

ondeck

September 12, 2016

Nick Brown
Via email: nicholaspeterbrown@yahoo.com

Dear Nick,

We are thrilled that you have agreed to join OnDeck. In this key role you will have an opportunity to make an impact and influence the strategic direction of the company at this exciting time. Following are the key terms to which we have agreed:

1. **Job Title:** At the commencement of your employment, your job title will be Chief Risk Officer. In that capacity, you will report to Noah Breslow, Chief Executive Officer.

2. **Starting Date:** Your start date is November, 28, 2016.

3. **Compensation:** Your starting base salary will be $300,000.00 USD annually. Salaries are usually reviewed twice a year and increases generally occur at the cycle after your one year anniversary.

4. **Incentive Compensation:** You will receive a one-time Signing Bonus of $100,000.00 USD made payable in two $50,000.00 increments. The first payment of $50,000.00 USD will be paid on or about January 31, 2017 and the second payment of $50,000.00 USD will be paid on or about June 30, 2017. If your employment is terminated within one year of your start date, you will be responsible for refunding the Signing Bonus in full.

   Your annual bonus target will be 50% of your base salary, prorated from your date of hire. Bonuses are based on achievement of personal and company performance targets to be detailed by your manager, and are paid semi-annually. Payouts in some cases can exceed your bonus target. You must be an active employee on the day bonus payments are made to be eligible for a payout. The decision to award you a bonus, and the amount of such bonus, if any, will be made in the sole and absolute discretion of the Company.

5. **Equity Compensation:** Subject to approval by the Company's board of directors or its compensation committee, it will be recommended that you be granted an equity grant in the amount of $850,000. Fifity percent of the grant will be in restricted stock units covering shares of Company common stock having a "target value" of approximately $425,000.00 USD. The remaining 50% will be in stock options. For purposes of the previous sentence, "target value" of a single share means the average of the closing prices of the Company's common stock for the 30-trading day period ending on the date preceding the grant date of the RSUs.

6. **Relocation:** You will receive relocation assistance that will cover expenses of your relocation from Australia to New York, USA. The amount and terms are to be determined.

7. **Employee Benefits:** You will be eligible for all OnDeck employee benefits; including sick leave, medical and dental health insurance, life insurance, long-term disability insurance and business travel accident insurance. You will be entitled to vacation allowance consistent with similarly situated team members of the company. You will be eligible to participate in the OnDeck 401(k) Plan within one month of your start date. If you do not make an election to participate, you will automatically be enrolled in the plan within one month at a deferral rate of 4%.

   All employee benefit plans, programs and policies are subject to modification and the Company may, in its sole discretion, modify and/or cease making such employee benefit plans, programs and policies available.

8. **Code of Ethics & Conduct:** You agree to comply with the Company's Code of Conduct. You further acknowledge that at all times you shall be subject to, observe and carry out such rules, regulations, policies, directions and restrictions applicable to OnDeck.

Onboarding

Please arrive at 9:00am on your start date, unless otherwise specified by your manager. Additionally, you will attend New Hire Orientation from 9:00am-5:30pm on a date to be determined within 2 weeks of your start date. New Hire Orientation is held at OnDeck Headquarters in New York City at:

1400 Broadway, Suite 2500
New York, NY 10018
(Entrance on Broadway between 38th and 39th Streets)

If the position you are hired for, upon signing this agreement, is based out of either our CO or VA office, travel and accommodations for orientation will be arranged for you by our onboarding team.

The terms and conditions of your employment with On Deck Capital, Inc. are governed by the laws of New York and standard company policies. This means the offer of employment is contingent upon you satisfactorily meeting all pre-employment requirements including a background check and proof of your eligibility to work in the United States.

Please understand that this letter is not a contract of continuing employment. Although we hope that our business relationship will be a long and successful one, your employment with On Deck Capital, Inc. is "Employment At Will," which means for no fixed term, and either you or the Company may terminate the employment relationship at any time and for any reason, and OnDeck may change the terms and conditions of your employment at any time. In addition, compensation packages for all OnDeck employees, including you, may change from time to time depending on the needs and priorities of the business.

Please review the terms and conditions of employment outlined in this letter, sign and date the acknowledgement on the following page, and return to me. Please also note you will receive an

email link from Danica Banes to complete the balance of your new hire documents. Please complete your new hire documents prior to your start date. On your first day of employment, you will be required to complete Form I9 and provide documentation proving you are eligible to work in the United States; a complete list of acceptable documents is available to you with the Form I9.

OnDeck values the unique talents each new hire brings to our organization. We look forward to welcoming you to our team, and providing you with the opportunity to grow professionally in a supporting environment. If you have any questions regarding this offer, please contact me.

Sincerely,

Lorna Hagen
Senior Vice President of People Operations
On Deck Capital, Inc.

Acceptance of Offer

My signature below confirms acceptance of the offer of employment and my understanding of the terms and conditions associated with it. This signature also confirms that there are no oral promises associated with this offer that are not reflected in this letter. I further acknowledge that I have received, read, and agree to all pre-employment conditions and policies.

Accepted and Agreed:

Nick Brown

Sep 16, 2016
Date

Exhibit 21.1

SUBSIDIARIES OF ON DECK CAPITAL, INC.

Name	Jurisdiction
OnDeck Account Receivables Trust 2013-1 LLC	Delaware
OnDeck Asset Funding II LLC	Delaware
OnDeck Asset Securitization Trust II LLC	Delaware
OnDeck Funding Trust No. 2	Australia
On Deck Capital Australia PTY LTD [1]	Australia
On Deck Capital Canada, Inc.[2]	Canada
ODX, LLC	Delaware
Canada On Deck Asset Funding, LP[2]	Canada
Loan Assets of OnDeck, LLC	Delaware
Prime OnDeck Receivable Trust II, LLC	Delaware
Receivable Assets of OnDeck, LLC	Delaware

Except as noted, all subsidiaries are 100% owned.

(1) 55% owned.
(2) 58.5% owned.

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form S-8 No. 333-200998) of On Deck Capital, Inc.
2. Registration Statement (Form S-8 No. 333-209938) of On Deck Capital, Inc.
3. Registration Statement (Form S-8 No. 333-216801) of On Deck Capital, Inc.
4. Registration Statement (Form S-8 No. 333-231325) of On Deck Capital, Inc.

of our report dated February 28, 2020, with respect to the consolidated financial statements of On Deck Capital, Inc. and subsidiaries, included in this Annual Report (Form 10-K) of On Deck Capital, Inc. for the year ended December 31, 2019.

/s/ Ernst & Young LLP

New York, New York
February 28, 2020

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Noah Breslow, certify that:

1. I have reviewed this Annual Report on Form 10-K of On Deck Capital, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2020

/s/ Noah Breslow

Noah Breslow
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kenneth A. Brause, certify that:

1. I have reviewed this Annual Report on Form 10-K of On Deck Capital, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2020

/s/ Kenneth A. Brause

Kenneth A. Brause
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Noah Breslow, hereby certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in my capacity as Chief Executive Officer of On Deck Capital, Inc. (the "***Company***"), that, to my knowledge, the Annual Report of the Company on Form 10-K for the fiscal year ended December 31, 2019 as filed with the Securities and Exchange Commission (the "***Report***") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2020

/s/ Noah Breslow

Noah Breslow
Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Kenneth A. Brause, hereby certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in my capacity as Chief Financial Officer of On Deck Capital, Inc. (the "***Company***"), that, to my knowledge, the Annual Report of the Company on Form 10-K for the fiscal year ended December 31, 2019 as filed with the Securities and Exchange Commission (the "***Report***") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2020

/s/ Kenneth A. Brause

Kenneth A. Brause
Chief Financial Officer