

2018 Tax Guide for Retail Investors

Introduction

In connection with your investment at LendingClub, you may receive a Consolidated 1099 Package for 2018 containing certain tax forms.

This Tax Guide is designed to provide general information about the tax forms and answers to frequently asked tax questions. LendingClub does not provide tax, financial or legal advice and this document is not intended to be tax, financial or legal advice. LendingClub recommends that you consult your financial or tax advisor if you have any questions.

In this document you will find information on:

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Types of accounts that will receive a Consolidated 1099 Package for 2018

LendingClub will provide a Consolidated 1099 Package for U.S. individuals, partnerships, S corporations, estates and trusts that hold reportable accounts.

LendingClub is not required to and will not issue Forms 1099 to C corporations, tax-exempt organizations, or other entities not listed above.

Note: The information in this document is directed at retail investors who hold Notes from LendingClub and who file a Federal Form 1040. It is not meant for other clients, including clients with separately managed accounts. This Tax Guide is designed to provide general information about the tax forms and answers to frequently asked tax questions. LendingClub does not provide tax, financial or legal advice. The information herein is general and educational in nature and should not be considered tax, financial or legal advice. LendingClub recommends that you consult your financial or tax advisor if you have any questions.

*Folio Investments, Inc. ("Folio Investing") is a registered broker-dealer and member of FINRA and SIPC and operates the Note Trading Platform. Folio Investing is based in McLean, VA and is not affiliated with LendingClub. Folio Investing has no role in the original issuance of the Notes and is not responsible for and does not approve, endorse, review, recommend or guarantee the Notes or the accuracy, reliability, or completeness of any data or information about the Notes. Folio Investing has not reviewed and makes no representation regarding information contained in the LendingClub 2018 Tax Guide for Retail Investors. More information about Folio Investing is available at www.folioinvesting.com. Folio Investing does not provide tax, financial or legal advice and this document is not intended to be tax, financial or legal advice.

Overview of tax forms provided and account activity required to receive each tax form

LendingClub will provide a Consolidated 1099 Package for 2018 that includes all applicable LendingClub and Folio Investing Note Trading Platform 1099 tax information in a single place. The Consolidated 1099 Package will include information that LendingClub and Folio Investing are required to provide to you and to the IRS.

Depending on your investment structure and the activity in your account, the Consolidated 1099 Package will include some or all of the following forms:

| If you are an investor who: | You will receive this form: | Form description: | Platform: |
|--|---|---|-----------------|
| Received \$10 or more in net interest payments | 1099-OID | Original Issue Discount | LendingClub |
| Received \$600 or more in incentive, bonus, or other miscellaneous payments from LendingClub | 1099-MISC | Miscellaneous Income | LendingClub |
| Held Notes corresponding to loans that were charged-off in 2018 or received recoveries and/or net proceeds on Notes which corresponded to charged-off or repurchased loans | 1099-B (Recoveries and Proceeds from Charged-off Loans) | Proceeds From Broker and Barter Exchange Transactions | LendingClub |
| Sold Notes on the Note Trading Platform operated by Folio Investing | 1099-B (Folio Investing Transactions) | Proceeds From Broker and Barter Exchange Transactions | Folio Investing |

The IRS will match the amounts reported on the tax forms listed above to the amounts reported on your tax return through your taxpayer ID number.

When your Consolidated 1099 Package will be available

The Consolidated 1099 Package will be available no later than January 31, 2019. It will be posted electronically to your LendingClub account in your “Statements” section and **will not be mailed to you**, unless you have “opted-out” of electronic delivery of tax documents. You can “opt-out” of electronic delivery of tax documents by calling Member Support at 888-596-3159 or emailing tax@lendingclub.com. If you have “opted-out” of electronic delivery of tax documents, LendingClub will mail a paper copy of the Consolidated 1099 Package to you. It is your responsibility to check your account and review all information provided before filing your tax return.

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What information will be provided in the Consolidated 1099 Package

The information and images below are provided solely for illustrative purposes for investors who file a Federal Form 1040 (U.S. Individual Income Tax Return). This describes where to find certain tax information in the Consolidated 1099 Package for 2018 and where such income is often reported on a 2018 Federal Form 1040. Your circumstances may be different.

Please note that **LendingClub does not and cannot provide tax, financial or legal advice**. LendingClub recommends that you consult your financial or tax advisor if you have any questions or would like additional clarification.

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Form 1099-OID

What is it? Form 1099-OID from LendingClub shows net interest payments, which includes interest income, late fee income, and accrued interest from Notes sold, less accrued interest from Notes purchased, less collection and servicing fees. See page 3 of your 2018 Year End Summary.

Who receives it? Investors who earned \$10 or more in net interest payments in the 2018 tax year will receive a Form 1099-OID.

Where is it reported? Generally, Box 1 on the Form 1099-OID is reported as "Interest Income" on Schedule B of Form 1040, as illustrated below, or directly on Form 1040.

2018 Form 1099-OID

| 2018 FORM 1099-OID Original Issue Discount (OMB NO. 1545-0117) Copy B for Recipient | | | | | | | | | | | | | |
|---|-------------------------|--------------------------|-----------------------------|-----------------|---------------------|-------------------|--|---------------------|--------------|----------------|----------|--------------|--------------------|
| (Box 1) | (Box 2) | (Box 3) | (Box 4) | (Box 5) | (Box 6) | (Box 7) | (Box 8) | (Box 9) | (Box 10) | (Box 11) | (Box 12) | (Box 13) | (Box 14) |
| Original Issue Discount for 2018 | Other Periodic Interest | Early Withdrawal Penalty | Federal Income Tax Withheld | Market Discount | Acquisition Premium | Description | Original Issue Discount less U.S. Treasury Obligations | Investment Expenses | Bond Premium | Tax-Exempt OID | State | State ID No. | State Tax Withheld |
| 1500.00 | | | | | | LendingClub Notes | | | | | | | |

| SCHEDULE B (Form 1040) | | Interest and Ordinary Dividends | | OMB No. 1545-0074 | |
|---|----------|---|--------|---------------------------------------|--|
| Department of the Treasury Internal Revenue Service (99) | | ▶ Go to www.irs.gov/ScheduleB for instructions and the latest information. ▶ Attach to Form 1040. | | 2018 Attachment Sequence No. 08 | |
| Name(s) shown on return | | | | Your social security number | |
| Part I | 1 | List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see the instructions and list this interest first. Also, show that buyer's social security number and address ▶ | Amount | | |
| Interest | | LendingClub Corporation | 500 00 | | |
| (See instructions and the | | | | | |

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Form 1099-MISC

What is it? Form 1099-MISC from LendingClub shows other miscellaneous payments from LendingClub such as incentives or referral bonuses.

Who receives it? Investors who received \$600 or more in incentive, bonus, or other miscellaneous payments from LendingClub in the 2018 tax year will receive a Form 1099-MISC.

Where is it reported? Generally, Box 3 on the Form 1099-MISC is reported as "Other income" on Schedule 1 of Form 1040, as illustrated below.

2018 Form 1099-MISC

| 2018 FORM 1099-MISC Miscellaneous Income (OMB NO. 1545-0115) Copy B for Recipient | | | | | | |
|---|----------------------|-------------------------|---|--------------------------------|---------------------------------------|--------------------------|
| (Box 1) Rents | (Box 2) Royalties | (Box 3) Other Income | (Box 4) Federal Income Tax Withheld | (Box 16) State Tax Withheld | (Box 17) State / Payer's State No. | (Box 18) State Income |
| | | \$1,000.00 | | | | |

| SCHEDULE 1 (Form 1040) | | Additional Income and Adjustments to Income | | OMB No. 1545-0074 2018 Attachment Sequence No. 01 | |
|--|-------------|---|--|---|---------|
| Department of the Treasury Internal Revenue Service | | ▶ Attach to Form 1040. ▶ Go to www.irs.gov/Form1040 for instructions and the latest information. | | | |
| Name(s) shown on Form 1040 | | | | Your social security number | |
| Additional Income | 1-9b | Reserved | | 1-9b | |
| | 10 | Taxable refunds, credits, or offsets of state and local income taxes | | 10 | |
| | 11 | Alimony received | | 11 | |
| | 12 | Business income or (loss). Attach Schedule C or C-EZ | | 12 | |
| | 13 | Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/> | | 13 | |
| | 14 | Other gains or (losses). Attach Form 4797 | | 14 | |
| | 15a | Reserved | | 15b | |
| | 16a | Reserved | | 16b | |
| | 17 | Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E | | 17 | |
| | 18 | Farm income or (loss). Attach Schedule F | | 18 | |
| | 19 | Unemployment compensation | | 19 | |
| | 20a | Reserved | | 20b | |
| | 21 | Other income. List type and amount ▶ | | 21 | 1000 00 |
| | 22 | Combine the amounts in the far right column. If you don't have any adjustments to income, enter here and include on Form 1040, line 6. Otherwise, go to line 23 | | 22 | |

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Form 1099-B for Recoveries and Proceeds on Charged-off Loans

What is it? Form 1099-B from LendingClub shows any recoveries, proceeds and cost basis from charged-off loans or Notes that were repurchased from your account. Gross proceeds reported on Form 1099-B includes recoveries less applicable recovery fees for charged-off loans and the proceeds credited to your account for repurchased Notes, if applicable. See page 2 of your 2018 Year End Summary. Cost basis reported is the purchase price of a Note less principal repaid to date and accrued interest purchased (through Folio Investing). See Page 1 of your 2018 Year End Summary. **All Notes corresponding to charged-off loans are included on Form 1099-B and are reported to the IRS.**

Who receives it? Investors who held Notes corresponding to loans that charged-off in the 2018 tax year and/or who received any recoveries or proceeds from Notes corresponding to charged-off loans or from Notes that were repurchased from your account in the 2018 tax year.

Where is it reported? Recoveries, proceeds and cost basis on charged-off loans or repurchased Notes may be categorized as short term or long term capital gains or losses, depending on how long an investor held the corresponding Notes, as illustrated below.

Please note this is just one method for reporting Form 1099-B information. Your tax situation may be different and you should read the IRS instructions for Form 8949 and consult with your financial or tax advisor to determine the appropriate method for reporting your taxes.

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2018 Form 1099-B

Recoveries and Proceeds from Charged-off Loans

2018 FORM 1099-B : PROCEEDS FROM BROKER AND BARTER EXCHANGE TRANSACTIONS (OMB NO. 1545-0715)

Short-term transactions of a covered security for which basis is reported to the IRS: Report on Form 8949, Part I, with box A checked

| (Box 1b) | (Box 1c) | (Box 1a) | (Box 1d) | (Box 1e) | (Box 1f) | (Box 1g) | (Box 2) | (Box 4) | (Box 7) |
|---------------|-----------------------|---|----------|---------------------|-------------|-------------------------|---------------------------|----------------------|-----------------------------|
| Date Acquired | Date Sold or Disposed | Description of Property | Proceeds | Cost or Other Basis | Gain/(Loss) | Accrued Market Discount | Wash Sale Loss Disallowed | Type of Gain or Loss | Federal Income Tax Withheld |
| 04/12/2017 | 02/15/2018 | LC Corp Note, 154209678; Loan ID, 103921504 | \$0.00 | \$22.50 | (\$22.50) | \$0.00 | \$0.00 | ST | \$0.00 |
| 06/19/2017 | 02/27/2018 | LC Corp Note, 160420967; Loan ID, 110277908 | \$3.01 | \$0.00 | \$3.01 | \$0.00 | \$0.00 | ST | \$0.00 |

Form **8949** Sales and Other Dispositions of Capital Assets

Department of the Treasury
Internal Revenue Service

Go to www.irs.gov/Form8949 for instructions and the latest information.

File with your Schedule D to list your transactions for lines 1b, 2, 3, 8b, 9, and 10 of Schedule D.

OMB No. 1545-0074

2018
Attachment Sequence No. **12A**

Name(s) shown on return Social security number or taxpayer identification number

Before you check Box A, B, or C below, see whether you received any Form(s) 1099-B or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B. Either will show whether your basis (usually your cost) was reported to the IRS by your broker and may even tell you which box to check.

Part I Short-Term. Transactions involving capital assets you held 1 year or less are generally short-term (see instructions). For long-term transactions, see page 2.

Note: You may aggregate all short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the totals directly on Schedule D, line 1a; you aren't required to report these transactions on Form 8949 (see instructions).

You must check Box A, B, or C below. Check only one box. If more than one box applies for your short-term transactions, complete a separate Form 8949, page 1, for each applicable box. If you have more short-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- ☒ (A) Short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see **Note** above)
- ☐ (B) Short-term transactions reported on Form(s) 1099-B showing basis **wasn't** reported to the IRS
- ☐ (C) Short-term transactions not reported to you on Form 1099-B

| 1 | (a) Description of property (Example: 100 sh. XYZ Co.) | (b) Date acquired (Mo., day, yr.) | (c) Date sold or disposed of (Mo., day, yr.) | (d) Proceeds (sales price) (see instructions) | (e) Cost or other basis. See the Note below and see Column (e) in the separate instructions | Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions. | (h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g) |
|---|--|---|--|--|---|--|---|
| | | | | | | (f) Code(s) from instructions | (g) Amount of adjustment |
| | LC Corp Note 154209678 | 4/12/2017 | 2/15/2018 | \$0.00 | \$22.50 | | (\$22.50) |
| | LC Corp Note 160420967 | 6/19/2017 | 2/27/2018 | \$3.01 | \$0.00 | | \$3.01 |

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2018 FORM 1099-B : PROCEEDS FROM BROKER AND BARTER EXCHANGE TRANSACTIONS (OMB NO. 1545-0715)

Long-term transactions of a covered security for which basis is reported to the IRS: Report on Form 8949, Part II, with box D checked

| (Box 1b) | (Box 1c) | (Box 1a) | (Box 1d) | (Box 1e) | (Box 1f) | (Box 1g) | (Box 2) | (Box 4) | (Box 7) |
|---------------|-----------------------|---|----------|---------------------|-------------|-------------------------|---------------------------|----------------------|-----------------------------|
| Date Acquired | Date Sold or Disposed | Description of Property | Proceeds | Cost or Other Basis | Gain/(Loss) | Accrued Market Discount | Wash Sale Loss Disallowed | Type of Gain or Loss | Federal Income Tax Withheld |
| 06/10/2015 | 06/22/2018 | LC Corp Note, 83420967; Loan ID, 51512275 | \$1.27 | \$14.96 | (\$13.69) | \$0.00 | \$0.00 | LT | \$0.00 |
| 06/11/2015 | 11/15/2018 | LC Corp Note, 83902150; Loan ID, 51020798 | \$0.00 | \$12.36 | (\$12.36) | \$0.00 | \$0.00 | LT | \$0.00 |

Part II Long-Term. Transactions involving capital assets you held more than 1 year are generally long-term (see instructions). For short-term transactions, see page 1.

Note: You may aggregate all long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the totals directly on Schedule D, line 8a; you aren't required to report these transactions on Form 8949 (see instructions).

You must check Box D, E, or F below. Check only one box. If more than one box applies for your long-term transactions, complete a separate Form 8949, page 2, for each applicable box. If you have more long-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.

- ☒ **(D)** Long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see **Note** above)
☐ **(E)** Long-term transactions reported on Form(s) 1099-B showing basis **wasn't** reported to the IRS
☐ **(F)** Long-term transactions not reported to you on Form 1099-B

| 1 | (a) Description of property (Example: 100 sh. XYZ Co.) | (b) Date acquired (Mo., day, yr.) | (c) Date sold or disposed of (Mo., day, yr.) | (d) Proceeds (sales price) (see instructions) | (e) Cost or other basis. See the Note below and see Column (e) in the separate instructions | Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions. | | (h) Gain or (loss). Subtract column (e) from column (d) and combine the result with column (g) |
|---|--|---|--|--|---|--|--------------------------------|---|
| | | | | | | (f) Code(s) from instructions | (g) Amount of adjustment | |
| | LC Corp Note 83420967 | 6/10/2015 | 6/22/2018 | \$1.27 | \$14.96 | | | (\$13.69) |
| | LC Corp Note 83902150 | 6/11/2015 | 11/15/2018 | \$0.00 | \$12.36 | | | (\$12.36) |

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What information is reported in this form?

| Information | Box | Explanation |
|-----------------------------|-----|--|
| Description of Property | 1a | Note ID and Loan ID number |
| Date Acquired | 1b | Date you acquired the security |
| Date Sold or Disposed | 1c | Date of the charge-off or repurchase |
| Proceeds | 1d | For charged-off loans, recovery income less applicable recovery fees. For repurchases, the amount of money credited to your account for any Note(s) repurchased from your account. |
| Cost or Other Basis | 1e | Purchase price of Note less principal repaid and accrued interest purchased (through Folio Investing). Note: This is the cost basis that is reported to the IRS. |
| Gain / (Loss) | | Proceeds from Box 1d less cost or other basis from Box 1e. |
| Accrued Market Discount | 1f | Shows the amount of accrued market discount |
| Wash Sale Loss Disallowed | 1g | Shows the amount of nondeductible loss in a wash sale transaction |
| Type of Gain or Loss | 2 | Shows if short-term or long-term gain or loss or Ordinary |
| Federal Income Tax Withheld | 4 | Shows backup withholding, if applicable. Include this amount on your income tax return as tax withheld. |
| Loss Not Allowed | 7 | If Box 7 is checked, you cannot take a loss on your tax return based on gross proceeds reported in Box 1d |

See final page for note on Gains/Losses

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Form 1099-B for Folio Investing Transactions

Note Trading Platform: Folio Investing

Folio Investing does not provide tax, financial, or legal advice. The information herein is general and educational in nature and should not be considered tax, financial, or legal advice.

What is it? Form 1099-B from Folio Investing shows the proceeds and gains or losses from Notes sold on the Folio Investing Note Trading Platform.

Who receives it? Investors who sold Notes on the Folio Investing Note Trading Platform receive a Form 1099-B from Folio Investing.

Where is it reported? Information on this form may be categorized as short term or long term capital gains or losses, depending on how long an investor held the relevant Notes. Generally, the short term transactions are reported in Part I and long term transactions are reported in Part II of Form 8949.

What information is reported in this form?

| Information | Box | Explanation |
|--------------------------|-----|---|
| Description of Property | 1a | Note ID and Loan ID number |
| Date Acquired | 1b | Date you acquired the security |
| Date of Sale or Exchange | 1c | Date of the sale |
| Proceeds | 1d | Sale proceeds net of any trading fees paid |
| Cost or Other Basis | 1e | Purchase price of Note less principal repaid, plus accrued interest sold and less accrued interest purchased (through Folio Investing). Note: This is the cost basis that is reported to the IRS. |
| Gain / (Loss) | | Proceeds from Box 1d less cost or other basis from Box 1e. |

Tax laws and regulations are complex and subject to change, which can materially impact investment results. Folio Investments, Inc. ("Folio Investing") cannot guarantee that the information herein is accurate, complete, or timely. Folio Investing makes no warranties with regard to such information or results obtained by its use and disclaims any liability arising out of your use of, or any tax position taken in reliance on, such information. Consult an attorney or tax professional regarding your specific situation.

Folio Investing is a registered broker-dealer and member of FINRA and SIPC and operates the Note Trading Platform. Folio Investing is based in McLean, VA and is not affiliated with LendingClub. Folio Investing has no role in the original issuance of the Notes and is not responsible for and does not approve, endorse, review, recommend or guarantee the Notes or the accuracy, reliability, or completeness of any data or information about the Notes. Folio Investing has not reviewed and makes no representation regarding information contained in the LendingClub 2018 Tax Guide for Retail Investors. More information about Folio Investing is available at www.folioinvesting.com. Folio Investing does not provide tax, financial or legal advice and this document is not intended to be tax, financial or legal advice.

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If you need technical assistance, contact LendingClub by email at tax@lendingclub.com or by calling 888-596-3159. For other assistance with your trading account, contact Folio Investing by email at support@folioinvesting.com or by calling 888-973-7890.

| | | |
|-----------------------------|----|---|
| Accrued Market Discount | 1f | Shows the amount of accrued market discount |
| Wash Sale Loss Disallowed | 1g | Shows the amount of nondeductible loss in a wash sale transaction |
| Type of Gain | 2 | Shows if short-term or long-term gain or loss or Ordinary |
| Federal Income Tax Withheld | 4 | Shows backup withholding, if applicable. Include this amount on your income tax return as tax withheld. |
| Loss Not Allowed | 7 | If Box 7 is checked, you cannot take a loss on your tax return based on gross proceeds reported in Box 1d |

Note: Investors are ultimately responsible for tracking their basis and reporting accurate information to the IRS.

See final page for note on Tax Cost Basis. See final page for note on Gains/Losses.

Tax laws and regulations are complex and subject to change, which can materially impact investment results. Folio Investments, Inc. ("Folio Investing") cannot guarantee that the information herein is accurate, complete, or timely. Folio Investing makes no warranties with regard to such information or results obtained by its use and disclaims any liability arising out of your use of, or any tax position taken in reliance on, such information. Consult an attorney or tax professional regarding your specific situation.

Folio Investing is a registered broker-dealer and member of FINRA and SIPC and operates the Note Trading Platform. Folio Investing is based in McLean, VA and is not affiliated with LendingClub. Folio Investing has no role in the original issuance of the Notes and is not responsible for and does not approve, endorse, review, recommend or guarantee the Notes or the accuracy, reliability, or completeness of any data or information about the Notes. Folio Investing has not reviewed and makes no representation regarding information contained in the LendingClub 2018 Tax Guide for Retail Investors. More information about Folio Investing is available at www.folioinvesting.com. Folio Investing does not provide tax, financial or legal advice and this document is not intended to be tax, financial or legal advice.

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If you need technical assistance, contact LendingClub by email at tax@lendingclub.com or by calling 888-596-3159. For other assistance with your trading account, contact Folio Investing by email at support@folioinvesting.com or by calling 888-973-7890.

Note on Tax Cost Basis

Please keep in mind that Notes purchased on the Folio Investing Note Trading Platform may have been purchased at a discount or premium relative to outstanding principal plus accrued interest at the time of purchase, and additional information is provided in order to help you determine the cost basis for transactions involving these Notes. However, investors are ultimately responsible for tracking their tax cost basis. The basis reported on Form 1099-B may differ materially from an investor's tax cost basis, depending on the investor's personal tax situation. For more information, please consult your financial or tax advisor.

Note on Gains/Losses

Generally, gains and losses from recoveries, sales or charge-offs related to LendingClub Notes are reported for tax purposes as capital gains or losses, rather than ordinary gains or losses. Generally, LendingClub Notes are considered capital assets because they are owned for the purposes of investment (similar to a stock or a bond).

Generally, realized capital losses are first offset against realized capital gains. For individuals, any excess capital losses can be deducted against ordinary income up to \$3,000 (\$1,500 if married filing separately). Capital losses in excess of this limit may be carried forward to later years to reduce capital gains or ordinary income until the capital losses are fully utilized.

For more information, you may want to refer to Chapter 2, Ordinary or Capital Gain or Loss of IRS Publication 544 — "Sales and Other Dispositions of Assets".

Note: The information in this document is directed at retail investors who hold Notes from LendingClub and who file a Federal Form 1040. It is not meant for other clients, including clients with separately managed accounts. This Tax Guide is designed to provide general information about the tax forms and answers to frequently asked tax questions. LendingClub does not provide tax, financial or legal advice. The information herein is general and educational in nature and should not be considered tax, financial or legal advice. LendingClub recommends that you consult your financial or tax advisor if you have any questions.