Background:

* What is Lending Club? ([link](https://en.wikipedia.org/wiki/LendingClub))
  + Peer-to-peer lending
  + Unsecured personal loans between 1k-40k
    - Unsecured = not protected by a guarantor (creditor claims borrower’s assets)
    - Standard loan period = 3yrs
  + Investor able to select loans to invest in
    - Able to make traditional consumer loans via WebBank
  + Business Model
    - Loan on basis of borrower’s credit score, credit history, desired loan amount, debt2income ratio
* How peer lending works? ([link](https://www.lendingclub.com/public/how-peer-lending-works.action))
* FinTech Jargon
  + **FICO Score** ([link](https://en.wikipedia.org/wiki/Credit_score_in_the_United_States#FICO_score))
    - Measures rick of default by taking into account factors in persons financial history
      * 35% payment history
      * 30% debt burden
        + Debt-limit ratio
        + Number of accounts with balances
        + Amount owed
      * 15% length of credit history (Time in File)
      * 10% type of credit used
        + Installment = set # of payments
        + revolving = ie. credit card
        + consumer finance = payday loans/rent2own/car title loans
        + mortgage = property
      * 10% recent searches for credit
  + **Amortizing loan** ([link](https://en.wikipedia.org/wiki/Amortizing_loan))
    - Spreading out loan into series of fixed payments overtime
      * Paying off interest and principal each month
      * Ex: home/auto loans (NOT credit cards)
    - **Weighted-average life** ([link](https://www.investopedia.com/terms/w/weightedaveragelife.asp))
      * Avg time each dollar of loan principal remains outstanding
        + Early payments – mostly interest
        + Later payments – mostly principal
      * Measures how quickly a loan pays out returns
        + Small WAL = higher likelihood principal will be repaid
    - **Amortization schedule** ([link](https://en.wikipedia.org/wiki/Amortization_schedule))
      * Table detailing periodic payment of amortizing loan
    - **Amortization calculator** ([link](https://en.wikipedia.org/wiki/Amortization_calculator))
      * To determine periodic payment amount due on loan
  + **Prepayment Risk** ([link](https://www.investopedia.com/terms/p/prepaymentrisk.asp))
    - Risk of premature return of loan principal
      * Investor loses out on interest payments
  + **Loan delinquency vs default** ([link](https://www.investopedia.com/ask/answers/062315/what-are-differences-between-delinquency-and-default.asp))
    - Delinquency = miss due date for single scheduled payment
      * Consequence depends on type of loan, duration, and cause
    - Default = fail to repay loan in time outlined on promissory note
      * Involves missing several payments over a period
    - Load default
  + Loan settlement
  + Loan collection