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1. Introduction

The following Guide reviews the process for setting up proper Entity Vesting within LOS Systems. There is a \$250 Entity Document Review fee. Notify ClearEdge as soon as possible when borrower indicates they will be vesting in an entity, upon notification of Entity vesting, a COC Disclosure must be issued by CEL within 3 business days to disclose the applicable fee.

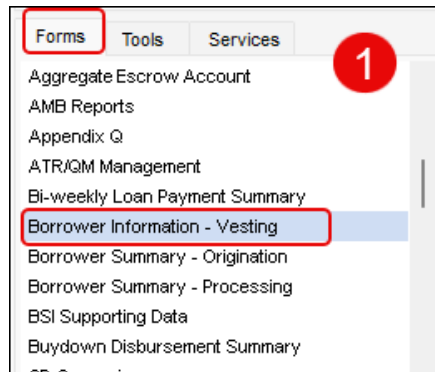
2. Business Purpose loans vs Non-Business Purpose loans

- **Business Purpose Loans:**
 - We lend to Entity, and the borrower is the "Guarantor" – the individual who agrees to be responsible for the debt on behalf of the entity. **The Entity is the owner.**
 - Guarantor signs all closing docs EXCEPT Deed/Riders (**Co-signer**, not on title).
 - Entity will sign all closing docs as a member/officer (Note, Addendum, Deed, Riders, etc.)
- **Non-Business Purpose Loans (TRID):**
 - We lend to the borrower as an individual but vest in the Entity. **The individual is the owner.**
 - Borrower signs all closing docs as Individual (Note, Addendums, Deed, Riders, etc.)
 - Entity will sign certain closing docs as member/officer (Deed, Riders) – **Title only.**

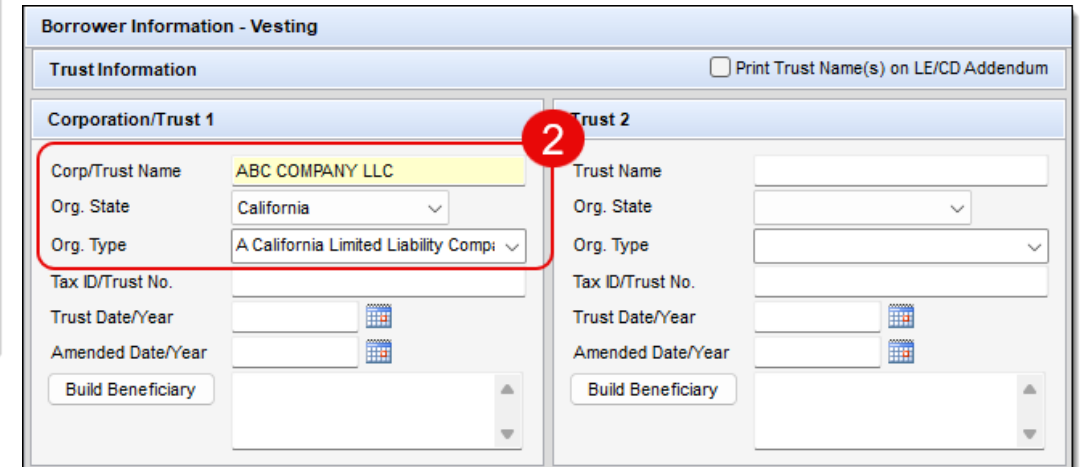
3. ENCOMPASS

A. Business Purpose Loans

1. Select "Borrower Information – Vesting" in the Forms menu
2. Complete the **Corporation/Trust 1** data fields as follows:
 - Corp/Trust Name
 - **Org State** – select from drop down list (use supporting documentation to confirm data)
 - **Org Type** – select from drop down list (use supporting documentation to confirm data)



The screenshot shows the 'Forms' menu in the ENCOMPASS system. The 'Forms' tab is selected, and the 'Borrower Information - Vesting' option is highlighted with a red box. A red circle with the number '1' is placed next to the menu.



The screenshot shows the 'Borrower Information - Vesting' form. The 'Corporation/Trust 1' section is highlighted with a red box. A red circle with the number '2' is placed next to the form. The form contains the following fields:

Corporation/Trust 1		Trust 2	
Corp/Trust Name	ABC COMPANY LLC	Trust Name	
Org. State	California	Org. State	
Org. Type	A California Limited Liability Comp:	Org. Type	
Tax ID/Trust No.		Tax ID/Trust No.	
Trust Date/Year		Trust Date/Year	
Amended Date/Year		Amended Date/Year	
Build Beneficiary		Build Beneficiary	

3. Double click in the **Vesting Information** section for each borrower (guarantor) to open up the **Borrower Vesting** pop-up screen
4. Update or confirm **Vesting Type** is **Co-signer**
5. Click **OK**
6. Repeat steps for all borrower(s)/guarantor(s)

The screenshot shows a 'Borrower Vesting' pop-up window. On the left, a table titled 'Vesting Information' lists borrowers: Roy Cho (SSN: 123-45-6789, DOB: 10/02/2013, Type: Individual) and Penelope Cho (SSN: 231-45-6789, DOB: 07/20/2008, Type: Individual). A red box highlights the 'Vesting Information' header and the two rows, with a red circle '3' pointing to the 'Type' column. On the right, the 'Borrower Vesting' form is open for Roy Cho. The 'Vesting Type' dropdown is set to 'Co-signer', highlighted with a red box and a red circle '4'. The 'OK' button at the bottom right is also highlighted with a red box and a red circle '5'. Other fields include Name, Social Security No., DOB, Occupancy Status, and a checkbox for 'Authorized to Sign for Non-Intervivos Trusts'.

Adding the Entity Signers:

7. Review **Entity Approval Form** that was provided to you. Look for **Vesting Signature Block** for the required signers for the entity.
8. Each signer will be added to **Vesting Information** section in next steps

The screenshot shows the 'ENTITY APPROVAL' form for ClearEdge Lending. The form contains the following information:


- Borrower Name:** ROY CHO
- Property Address:** 123 TEST WAY
- Program:** INVESTOR CONNECT 30 YEAR FIXED – NON DEL
- Vesting Entity Name:** ABC COMPANY LLC
- Entity Type:** LIMITED LIABILITY COMPANY
- Entity Address:** (blank)
- Approval Status:** APPROVED
- Approval Exp:** 05/26/2026

Below the form is a 'VESTING SIGNATURE BLOCK' with two signers:

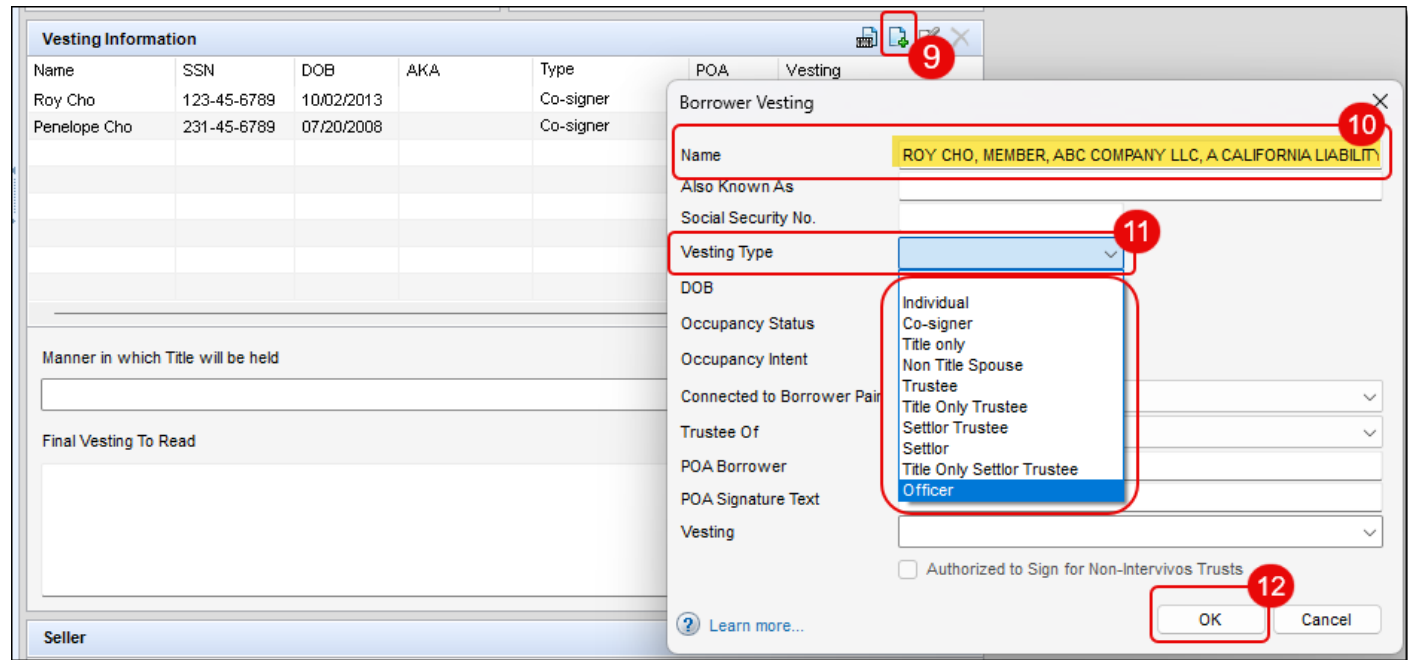
- ROY CHO, MEMBER, ABC COMPANY LLC, A CALIFORNIA LIABILITY COMPANY
- PENELOPE CHO, MEMBER, ABC COMPANY LLC, A CALIFORNIA LIABILITY COMPANY

A red box highlights the signature block, with a red circle '8' pointing to it.

Members Required to Sign	Title	Ownership %	Borrower/Guarantor
ROY CHO	MEMBER	50.00	Y
PENELOPE CHO	MEMBER	50.00	Y

9. Click  Add Vesting Information icon to open up the **Borrower Vesting** pop-up screen
10. Copy and paste the full Vesting Signature line from the **Entity Approval Form** for the Entity signer in the **Vesting Signature Block** into the **Name** field.
11. **Vesting Type**, select Officer from drop-down menu
12. Click **OK** to close the screen
13. Repeat steps 9-12 for all other Entity signers
14. Review all the signer's **Vesting Type**, it should only be **Co-Signer** and **Officers**. If it's showing anything else, please review and update.
15. Click **Build Final Vesting**
16. **Final Vesting to Read** should populate

Note: Vesting must include the state and the type of entity after the entity's name. *Example:* "Entity name, A California Limited Liability Company"



Name	SSN	DOB	AKA	Type	POA	Vesting
Roy Cho	123-45-6789	10/02/2013		Co-signer		
Penelope Cho	231-45-6789	07/20/2008		Co-signer		

Borrower Vesting

Name: ROY CHO, MEMBER, ABC COMPANY LLC, A CALIFORNIA LIABILITY

Also Known As: [Empty]

Social Security No.: [Empty]

Vesting Type: [Dropdown menu open showing options: Individual, Co-signer, Title only, Non Title Spouse, Trustee, Title Only Trustee, Settlor Trustee, Settlor, Title Only Settlor Trustee, Officer]

DOB: [Empty]

Occupancy Status: [Empty]

Occupancy Intent: [Empty]

Connected to Borrower Pair: [Empty]

Trustee Of: [Empty]

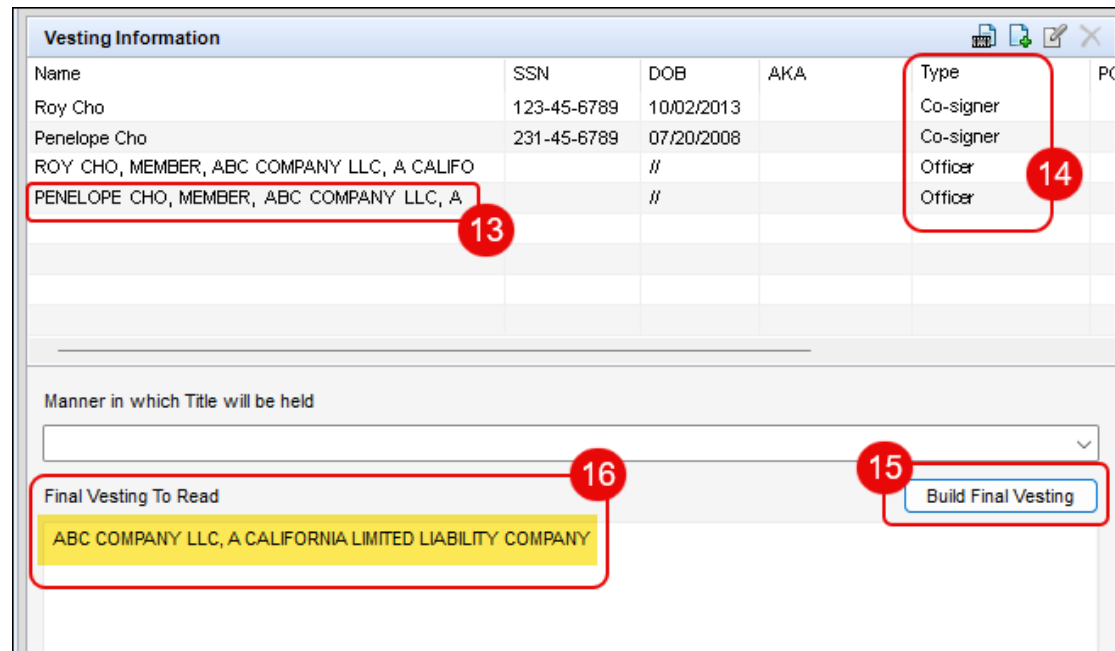
POA Borrower: [Empty]

POA Signature Text: [Empty]

Vesting: [Empty]

Authorized to Sign for Non-Intervivos Trusts

OK Cancel



Name	SSN	DOB	AKA	Type	POA	Vesting
Roy Cho	123-45-6789	10/02/2013		Co-signer		
Penelope Cho	231-45-6789	07/20/2008		Co-signer		
ROY CHO, MEMBER, ABC COMPANY LLC, A CALIFO		//		Officer		
PENELOPE CHO, MEMBER, ABC COMPANY LLC, A		//		Officer		

Manner in which Title will be held: [Empty]

Final Vesting To Read: ABC COMPANY LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

Build Final Vesting

17. **NOTE:** If all steps are followed, signature lines will have both borrowers (guarantors) as well as the Officers/Members of the Entity
18. **DEED OF TRUST/MORTGAGE:** Signature lines will just have the Officers/Members of the Entity. The borrowers (guarantors) will not show.

THE PROVISIONS CONTAINED IN THE "RIDER TO NOTE", SIGNED BY ALL BORROWERS NAMED HEREIN, ARE HEREBY INCORPORATED INTO AND SHALL AMEND AND SUPPLEMENT THIS NOTE.

NOTE

17

ROY CHO (Seal)

PENELOPE CHO (Seal)

ROY CHO, MEMBER, ABC COMPANY LLC, A CALIFORNIA LIABILITY COMPANY (Seal)

PENELOPE CHO, MEMBER, ABC COMPANY LLC, A CALIFORNIA LIABILITY COMPANY (Seal)

Lender:
NMLS ID:

[Sign Original Only]

The undersigned Borrower requests that a copy of any Notice of Default and any Notice of Sale under this Security Instrument be mailed to Borrower's Notice Address.

Deed of Trust/ Mortgage

18

ROY CHO, MEMBER, ABC COMPANY LLC, A CALIFORNIA LIABILITY COMPANY DATE (Seal)

PENELOPE CHO, MEMBER, ABC COMPANY LLC, A CALIFORNIA LIABILITY COMPANY DATE (Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of _____ }
County of _____ }

B. Non-Business Purpose Loans (TRID)

1. Select "Borrower Information – Vesting" in the Forms menu
2. Complete the **Corporation/Trust 1** data fields as follows:
 - Corp/Trust Name
 - **Org State** – select from drop down list (use supporting documentation to confirm data)
 - **Org Type** – select from drop down list (use supporting documentation to confirm data)
3. **Vesting Information** section, the borrower's **Vesting Type** should be "Individual".

Forms Tools Services

Aggregate Escrow Account
AMB Reports
Appendix Q
ATR/QM Management
BI-weekly Loan Payment Summary
Borrower Information - Vesting
Borrower Summary - Origination
Borrower Summary - Processing
BSI Supporting Data
Buydown Disbursement Summary

Borrower Information - Vesting Print Trust Name(s) on LE/CD Addendum

Corporation/Trust 1

Corp/Trust Name: ABC COMPANY LLC
Org. State: California
Org. Type: A California Limited Liability Comp:
Tax ID/Trust No.:
Trust Date/Year:
Amended Date/Year:
Build Beneficiary

Trust 2

Trust Name:
Org. State:
Org. Type:
Tax ID/Trust No.:
Trust Date/Year:
Amended Date/Year:
Build Beneficiary

Vesting Information

Name	SSN	DOB	AKA	Type	POA	Vesting
Roy Cho	123-45-6789	10/02/2013		Individual		
Penelope Cho	231-45-6789	07/20/2008		Individual		

Adding the Entity Signers:

4. Review **Entity Approval Form** that was provided to you. Look for **Vesting Signature Block** for the required signers for the entity.
5. Each signer will be added to **Vesting Information** section in next steps

CLEAREDGE LENDING

ENTITY APPROVAL


Borrower Name:	ROY CHO	Loan #:	
Property Address	123 TEST WAY		
Program:	INVESTOR CONNECT 30 YEAR FIXED – NON DEL		
Vesting Entity Name:	ABC COMPANY LLC	Layered Entity:	N
Entity Type:	LIMITED LIABILITY COMPANY	Foreign Registration:	N
Entity Address		State Established:	CALIFORNIA
		EIN:	
Approval Status:	APPROVED	Approval Exp:	05/26/2026

VESTING SIGNATURE BLOCK

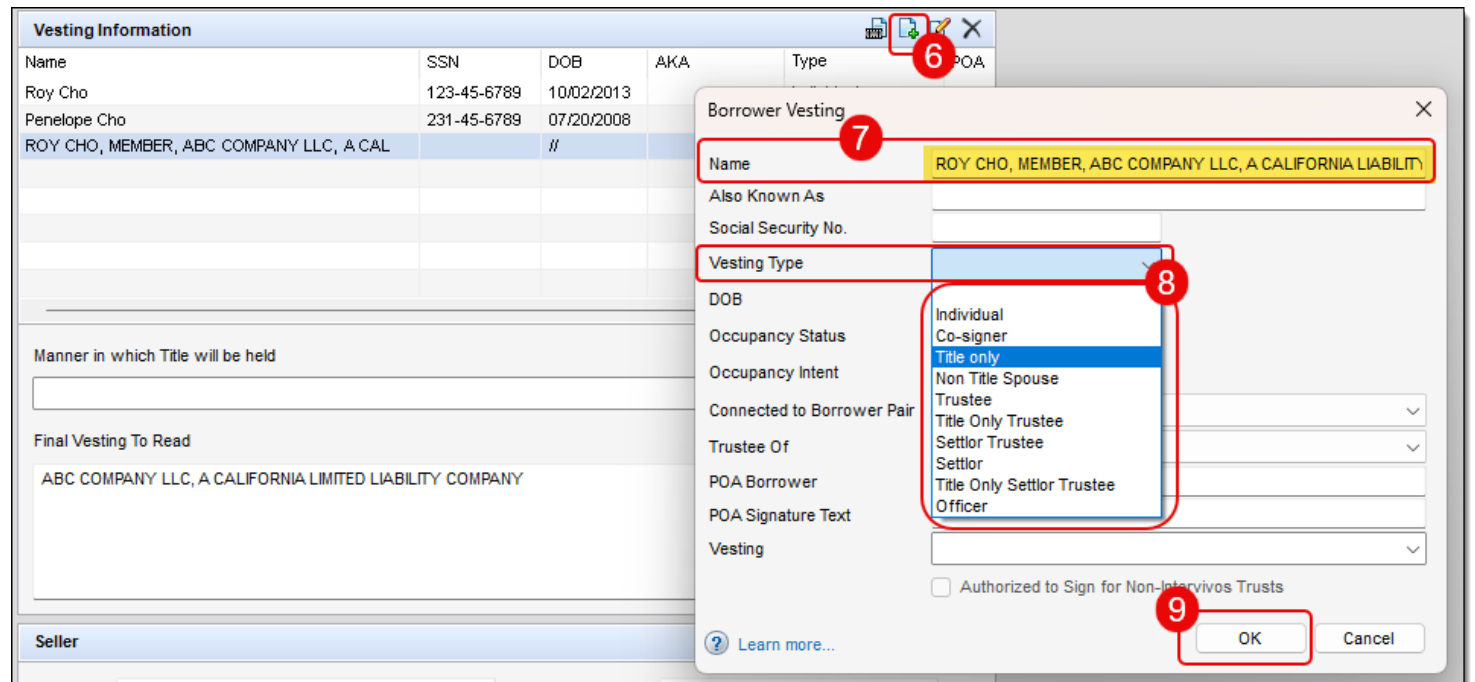
ROY CHO, MEMBER, ABC COMPANY LLC, A CALIFORNIA LIABILITY COMPANY

PENELOPE CHO, MEMBER, ABC COMPANY LLC, A CALIFORNIA LIABILITY COMPANY

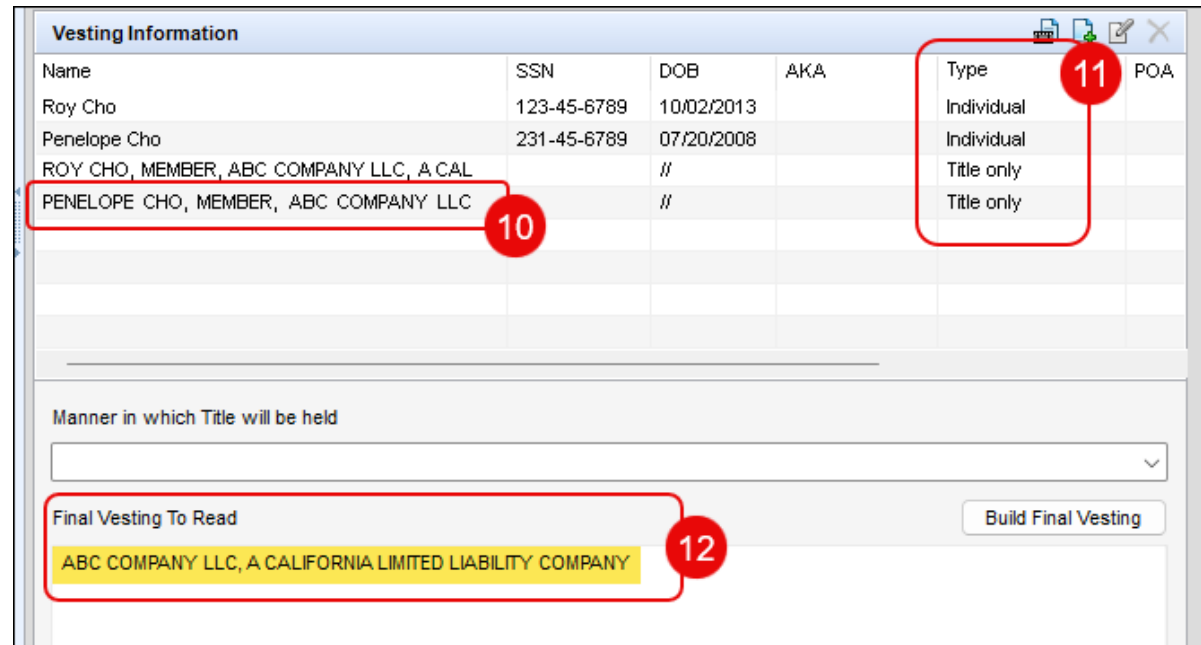
Members Required to Sign	Title	Ownership %	Borrower/Guarantor
ROY CHO	MEMBER	50.00	Y
PENELOPE CHO	MEMBER	50.00	Y

6. Click  Add Vesting Information icon to open up the **Borrower Vesting** pop-up screen
7. Copy and paste the full Vesting Signature line from the **Entity Approval Form** for the Entity signer in the **Vesting Signature Block** into the **Name** field.
8. **Vesting Type**, select Title only from drop-down menu
9. Click **OK** to close the screen
10. Repeat steps 6-10 for all other Entity signers
11. Review all the signer's **Vesting Type**, it should only be **Individual** and **Title Only**. If it's showing anything else, please review and update.
12. **Final Vesting to Read** – Need to enter the Entity vesting manually.

Note: Vesting must include the state and the type of entity after the entity's name. *Example:* "Entity name, A California Limited Liability Company"



The screenshot shows the 'Borrower Vesting' pop-up window. A red box labeled '6' highlights the 'Add Vesting Information' icon in the top right corner of the main window. Another red box labeled '7' highlights the 'Name' field in the pop-up, which contains the text 'ROY CHO, MEMBER, ABC COMPANY LLC, A CALIFORNIA LIABILITY'. A third red box labeled '8' highlights the 'Vesting Type' dropdown menu, which is open and shows 'Title only' selected. A fourth red box labeled '9' highlights the 'OK' button at the bottom right of the pop-up.



The screenshot shows the 'Vesting Information' table with three rows. A red box labeled '10' highlights the 'Name' field of the second row, which contains 'PENELOPE CHO, MEMBER, ABC COMPANY LLC'. A second red box labeled '11' highlights the 'Type' field of the same row, which contains 'Title only'. A third red box labeled '12' highlights the 'Final Vesting To Read' field, which contains 'ABC COMPANY LLC, A CALIFORNIA LIMITED LIABILITY COMPANY'.

Name	SSN	DOB	AKA	Type	POA
Roy Cho	123-45-6789	10/02/2013		Individual	
Penelope Cho	231-45-6789	07/20/2008		Individual	
ROY CHO, MEMBER, ABC COMPANY LLC, A CAL		//		Title only	
PENELOPE CHO, MEMBER, ABC COMPANY LLC		//		Title only	

13. **NOTE:** If all steps are followed, signature lines will only be for the borrowers as individuals. No Entity members will show.

14. **DEED OF TRUST/MORTGAGE:** Signature will show for borrowers as individual (Non title borrower) as well as the Officers/Members of the Entity.

Note: For Non-Business Purpose Only, some title companies in select counties may question why the borrower needs to sign the Deed of Trust/Mortgage when they are not on the vesting. Let them know that this is not a Business Purpose loan and that borrowers are signing in the capacity of a "Non-Title Borrower only" and they are okay to add that verbiage to the signature line if needed.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

THE PROVISIONS CONTAINED IN THE "RIDER TO NOTE", SIGNED BY ALL BORROWERS NAMED HEREIN, ARE HEREBY INCORPORATED INTO AND SHALL AMEND AND SUPPLEMENT THIS NOTE.

NOTE

14

ROY CHO

(Seal)

PENELOPE CHO

(Seal)

Lender:
NMLS ID:

[Sign Original Only]

The undersigned Borrower requests that a copy of any Notice of Default and any Notice of Sale under this Security Instrument be mailed to Borrower's Notice Address.

DEED OF TRUST/ MORTGAGE

15

ROY CHO

(Seal)
DATE

PENELOPE CHO

(Seal)
DATE

ROY CHO, MEMBER, ABC COMPANY LLC, A CALIFORNIA LIABILITY COMPANY

(Seal)
DATE

PENELOPE CHO, MEMBER, ABC COMPANY LLC, A CALIFORNIA LIABILITY COMPANY

(Seal)
DATE


A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of _____ }
County of _____ }

4. DOCMAGIC

A. Business Purpose Loans

1. Review **Entity Approval Form** that was provided to you. Look for **Vesting Signature Block** for the required signers for the entity.
2. Each signer will be added to **Vesting Information** section in next steps



ENTITY APPROVAL 1

Borrower Name:	ROY CHO	Loan #:	
Property Address	123 TEST WAY		
Program:	INVESTOR CONNECT 30 YEAR FIXED – NON DEL		
Vesting Entity Name:	ABC COMPANY LLC	Layered Entity:	N
Entity Type:	LIMITED LIABILITY COMPANY	Foreign Registration:	N
Entity Address		State Established:	CALIFORNIA
		EIN:	
Approval Status:	APPROVED	Approval Exp:	05/26/2026

VESTING SIGNATURE BLOCK

ROY CHO, MEMBER, ABC COMPANY LLC, A CALIFORNIA LIABILITY COMPANY	2
PENELOPE CHO, MEMBER, ABC COMPANY LLC, A CALIFORNIA LIABILITY COMPANY	

Members Required to Sign	Title	Ownership %	Borrower/Guarantor
ROY CHO	MEMBER	50.00	Y
PENELOPE CHO	MEMBER	50.00	Y

3. Go to Borrowers/Sellers screen
 4. Complete **Corp/Trust Name**, enter the Entity name, the state and org type
 5. Change the borrower (guarantor) **Type** to Co-signer and repeat for next borrower (guarantor)
 6. In a new line, Copy and paste the **Name and Title only** Vesting Signature line from the **Entity Approval Form** for the Entity signer in the **Vesting Signature Block** into the **Name** field and choose the **Type** as Officer
 7. In the **Vesting to Read** field, enter the Entity name, the state and org type
- Note: Vesting must include the state and the type of entity after the entity's name. Example: "Entity name, A California Limited Liability Company"*

DocMagic - Borrower One Sample (#35)

File Edit Services Tools Help

Open Save New Copy Import Default Audit Details APR Sect32 Impound Process View Email Appraisal UCD Collaboration eSign LoanMagic Portal

General **Borrowers/Sellers** Property Terms Providers/Liens Charges/Fees Prepaids/Impounds Underwriting Closing Summaries

Borrowers

Corp/Trust Name ABC COMPANY LLC, A CALIFORNIA LIMITED LIABILITY COMPANY 4

Name	Type	Social Sec. #	Details	Vesting
ROY CHO	CO-SIGNER 5	000-00-0000		
PENELOPE CHO	CO-SIGNER	222-22-2222		
ROY CHO, MEMBER, ABC COMP	OFFICER 6			
PENELOPE CHO, MEMBER, ABC	OFFICER			

Final Relation **Vesting To Read** ABC COMPANY LLC, A CALIFORNIA LIMITED LIABILITY COMPANY 7

Country UNITED STATES Mailing Street MAILING STREET Unit

City MAILING CITY State CALIFORNIA Zip 90000

- 8. **NOTE:** If all steps are followed, signature lines will have both borrowers (guarantors) as well as the Officers/Members of the Entity
- 9. **DEED OF TRUST/MORTGAGE:** Signature lines will just have the Officers/Members of the Entity. The borrowers (guarantors) will not show.

NOTE

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

ABC COMPANY LLC, A CALIFORNIA LIABILITY COMPANY 8

_____(Seal) ROY CHO -Borrower	_____(Seal) PENELOPE CHO -Borrower
_____(Seal) ROY CHO, MEMBER -Borrower	_____(Seal) PENELOPE CHO, MEMBER, -Borrower

DEED OF TRUST/ MORTGAGE

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any Rider signed by Borrower and recorded with it.

ABC COMPANY LLC, A CALIFORNIA LIABILITY COMPANY 9

_____(Seal) ROY CHO, MEMBER -Borrower	_____(Seal) PENELOPE CHO, MEMBER - Borrower
_____ Witness	_____ Witness

B. Non-Business Purpose Loans (TRID)

1. Review **Entity Approval Form** that was provided to you. Look for **Vesting Signature Block** for the required signers for the entity.
2. Each signer will be added to **Vesting Information** section in next steps

Borrower Name:	ROY CHO	Loan #:	
Property Address	123 TEST WAY		
Program:	INVESTOR CONNECT 30 YEAR FIXED – NON DEL		
Vesting Entity Name:	ABC COMPANY LLC	Layered Entity:	N
Entity Type:	LIMITED LIABILITY COMPANY	Foreign Registration:	N
Entity Address		State Established:	CALIFORNIA
		EIN:	
Approval Status:	APPROVED	Approval Exp:	05/26/2026

VESTING SIGNATURE BLOCK

ROY CHO, MEMBER, ABC COMPANY LLC, A CALIFORNIA LIABILITY COMPANY

PENELOPE CHO, MEMBER, ABC COMPANY LLC, A CALIFORNIA LIABILITY COMPANY

Members Required to Sign	Title	Ownership %	Borrower/Guarantor
ROY CHO	MEMBER	50.00	Y
PENELOPE CHO	MEMBER	50.00	Y

3. Go to Borrowers/Sellers screen
4. Change the borrower **Type** to Individual and repeat for each name
5. In a new line, Copy and paste **full Vesting Signature line** from the Signature line from the **Entity Approval Form** for the Entity signer in the **Vesting Signature Block** into the **Name** field and choose the **Type** as Title Only
6. In the **Vesting to Read** field, enter the Entity name, the state and org type

Note: Vesting must include the state and the type of entity after the entity's name. *Example:* "Entity name, A California Limited Liability Company"

DocMagic - Borrower One Sample (#35)

File Edit Services Tools Help

Open Save Copy Default Audit Details APR Sect32 Impound Process View Email Appraisal UCD Collaboration eSign LoanMagic Portal

General **Borrowers/Sellers** Property Terms Providers/Liens Charges/Fees Prepaids/Impounds Underwriting Closing Summaries DocMagic

Borrowers

Corp/Trust Name

Name	Type	Social Sec. #	Details	Vesting
ROY CHO	INDIVIDUAL	000-00-0000		
PENELOPE CHO	INDIVIDUAL	222-22-2222		
ROY CHO, MEMBER, ABC COMP	TITLE ONLY			
PENELOPE CHO, MEMBER, ABC	TITLE ONLY			

Final Relation: [Dropdown] Vesting To Read: ABC COMPANY LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

Country: UNITED STATES Mailing Street: MAILING STREET Unit: [Dropdown]

City: MAILING CITY State: CALIFORNIA Zip: 90000

- 7. **NOTE:** If all steps are followed, signature lines will only be for the borrowers as individuals. No Entity members will show.
- 8. **DEED OF TRUST/MORTGAGE:** Signature lines will show for borrowers as individual (Non title borrower) as well as the Officers/Members of the Entity.

Note: For **Non-Business Purpose Only**, some title companies in select counties may question why the borrower needs to sign the Deed of Trust/Mortgage when they are not on the vesting. Let them know that this is not a Business Purpose loan and that borrowers are signing in the capacity of a **"Non-Title Borrower only"** and they are okay to add that verbiage to the signature line if needed.

NOTE

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

7

_____(Seal)
ROY CHO -Borrower

_____(Seal)
PENELOPE CHO -Borrower

DEED OF TRUST / MORTGAGE

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any Rider signed by Borrower and recorded with it.

8

_____(Seal)
ROY CHO -Borrower

_____(Seal)
PENELOPE CHO -Borrower

_____(Seal)
ROY CHO, MEMBER,
ABC COMPANY LLC, A CALIFORNIA
LIMITED LIABILITY COMPANY -Borrower

_____(Seal)
PENELOPE CHO, MEMBER
ABC COMPANY LLC, A CALIFORNIA
LIMITED LIABILITY COMPANY -Borrower