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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, must be reviewed and approved by CEL Underwriter prior to CTC, docs or funding.

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 displays the ENCOMPASS interface. On the left, a 'Forms' menu is visible with a red box around 'Borrower Information - Vesting' and a red circle with the number '1' next to it. On the right, the 'Borrower Information - Vesting' form is shown. It has two tabs: 'Corporation/Trust 1' and 'Trust 2'. The 'Corporation/Trust 1' tab is active, and a red box with a red circle and the number '2' highlights the 'Corp/Trust Name' field, which contains 'ABC COMPANY LLC'. Other fields in the 'Corporation/Trust 1' tab include 'Org. State' (California), 'Org. Type' (A California Limited Liability Comp.), 'Tax ID/Trust No.', 'Trust Date/Year', 'Amended Date/Year', and a 'Build Beneficiary' button. The 'Trust 2' tab is also visible with similar fields.

- 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)

Trust Date/Year
Amended Date/Year
Build Beneficiary

Trust Date/Year
Amended Date/Year
Build Beneficiary

Vesting Information

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

Borrower Vesting

Name: Roy Cho
Also Known As:
Social Security No.: 123-45-6789
Vesting Type: Co-signer
DOB: 10/02/2013
Occupancy Status: Primary
Occupancy Intent:
Connected to Borrower Pair: Roy Cho
Trustee Of:
POA Borrower:
POA Signature Text:
Vesting:
☐ Authorized to Sign for Non-Intervivos Trusts
OK Cancel

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

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

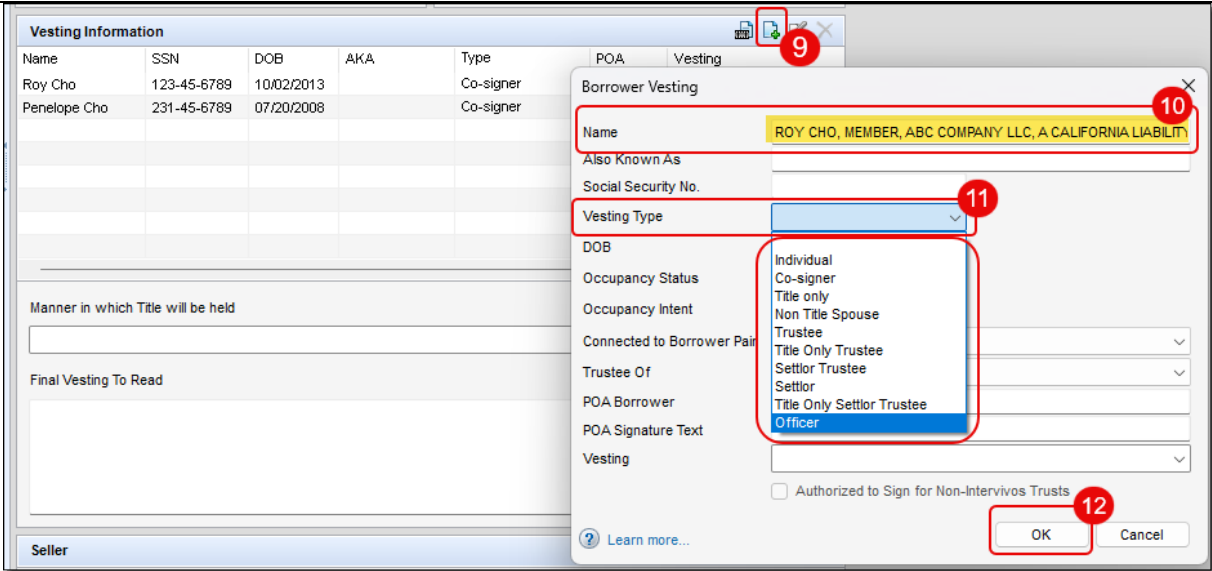
ROY CHO, MEMBER, ABC COMPANY LLC, A CALIFORNIA LIABILITY COMPANY

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

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:

Social Security No.:

Vesting Type: **Officer**

DOB:

Occupancy Status:

Occupancy Intent:

Connected to Borrower Pair:

Trustee Of:

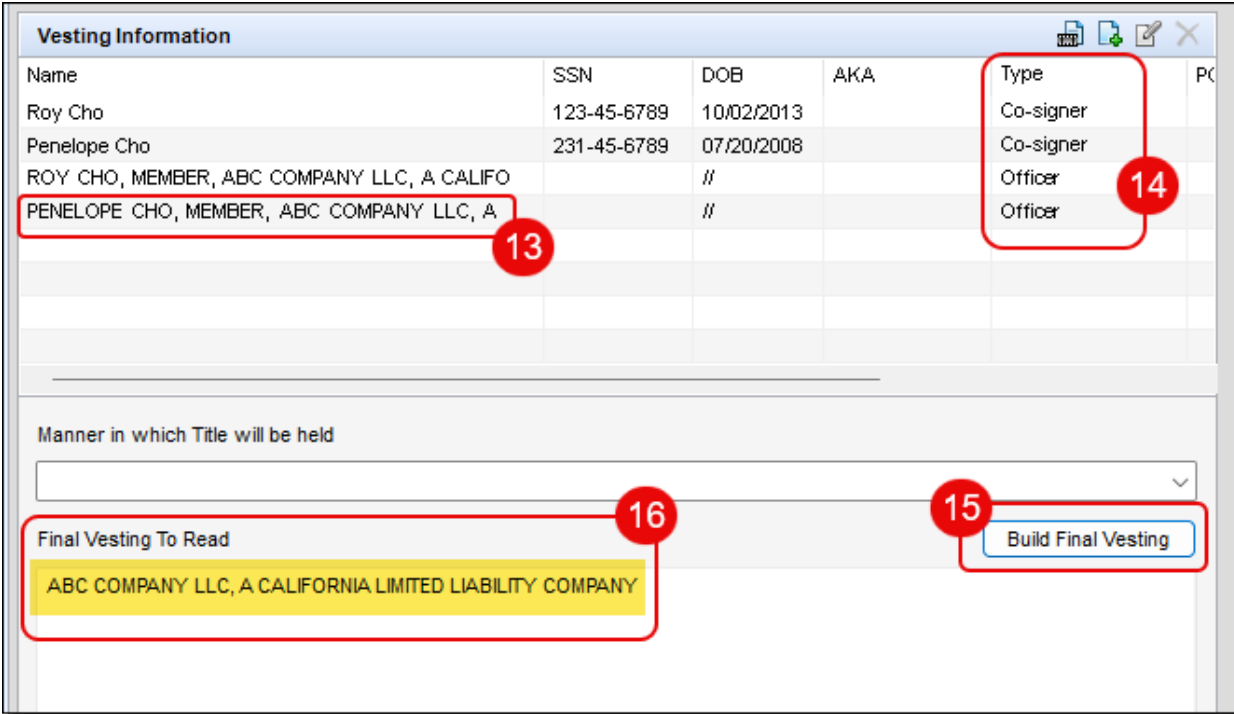
POA Borrower:

POA Signature Text:

Vesting:

☐ Authorized to Sign for Non-Intervivos Trusts

OK Cancel



Name	SSN	DOB	AKA	Type	POA
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	

Vesting Information

Manner in which Title will be held:

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

_____(Seal)

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

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

_____(Seal)

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

DATE

_____(Seal)

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

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 _____ }

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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".

The screenshot shows the 'Borrower Information - Vesting' form in the ClearEdge Lending software. The 'Forms' menu is highlighted with a red circle and the number 1. The 'Corporation/Trust 1' section is highlighted with a red circle and the number 2, showing fields for Corp/Trust Name, Org. State, Org. Type, Tax ID/Trust No., Trust Date/Year, and Amended Date/Year. The 'Vesting Information' section is highlighted with a red circle and the number 3, showing a table with columns for Name, SSN, DOB, AKA, Type, POA, and Vesting. The 'Type' column shows 'Individual' for both Roy Cho and Penelope Cho.

Adding the Entity Signers:

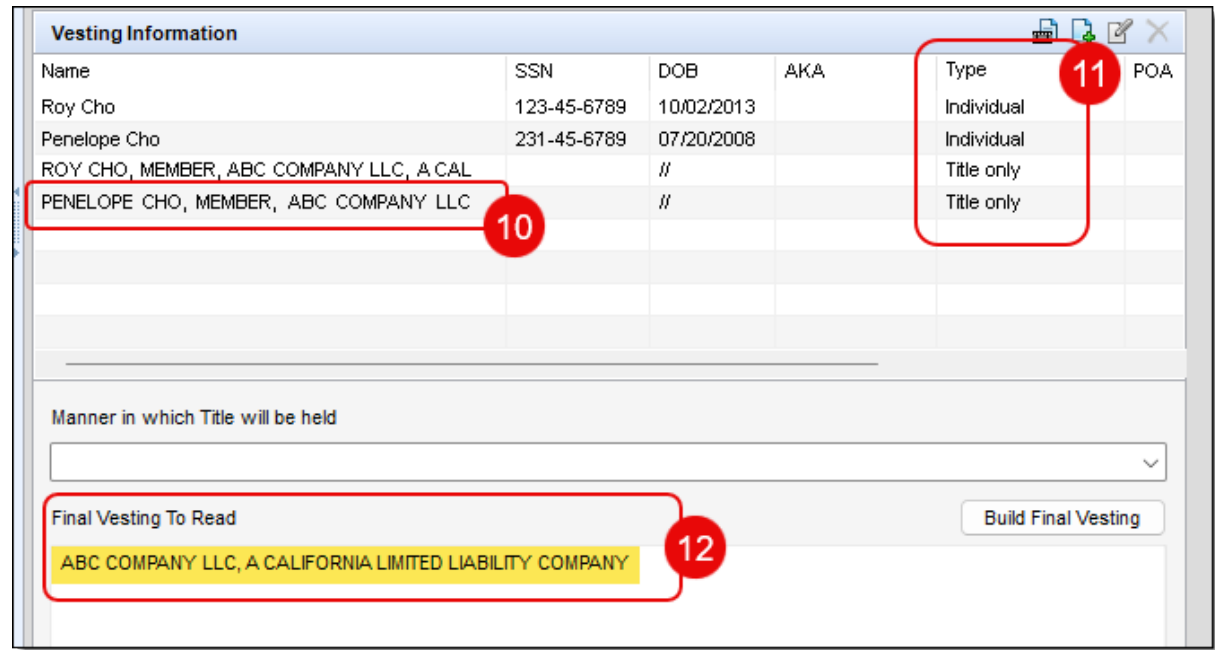
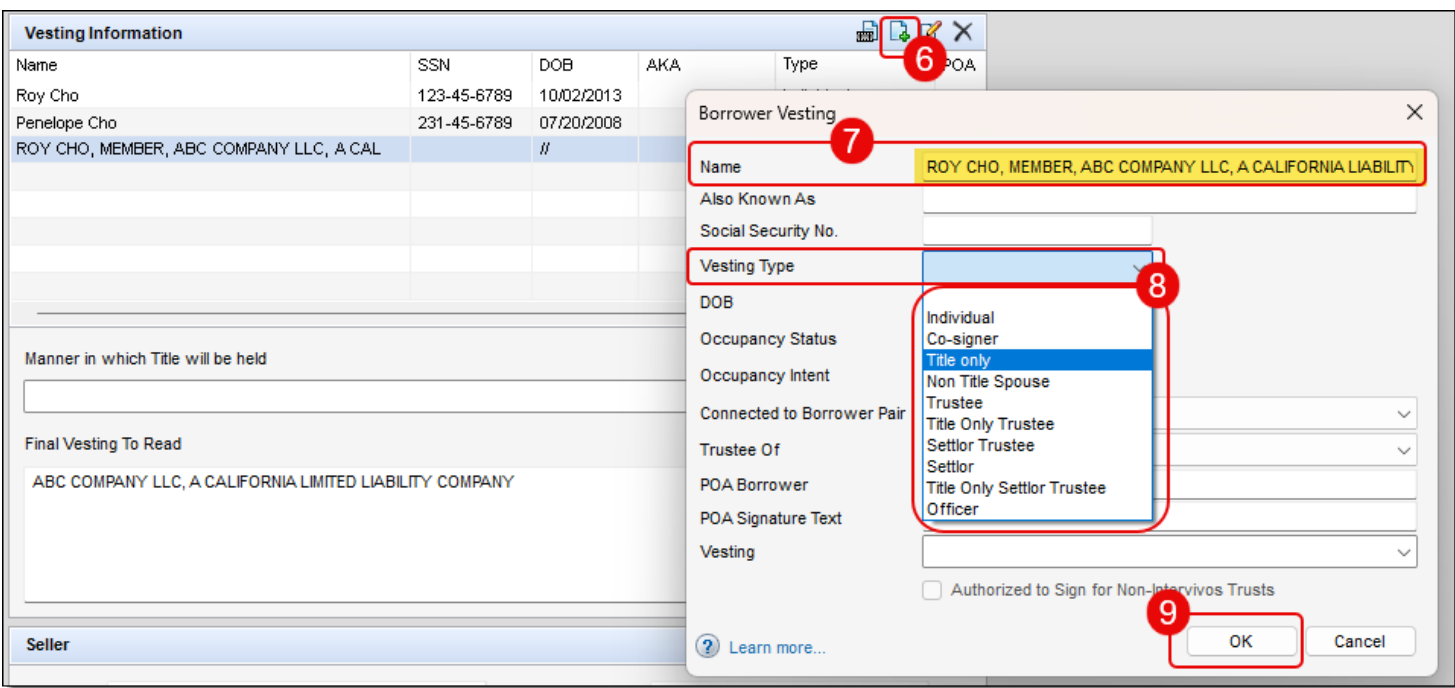
4. Review **Entity Approval Form** that was provided to you. Look for **Vesting Signature Block** for the required signers for the entity.
5. Each signer will be added to **Vesting Information** section in next steps

The screenshot shows the 'ENTITY APPROVAL' form from ClearEdge Lending. The form includes fields for Borrower Name, Property Address, Program, Vesting Entity Name, Entity Type, Entity Address, Approval Status, Loan #, Layered Entity, Foreign Registration, State Established, EIN, and Approval Exp. The 'VESTING SIGNATURE BLOCK' section is highlighted with a red circle and the number 5, showing the names of the signers: ROY CHO, MEMBER, ABC COMPANY LLC, A CALIFORNIA LIABILITY COMPANY and PENELOPE CHO, MEMBER, ABC COMPANY LLC, A CALIFORNIA LIABILITY COMPANY. Below this is a table with columns for Members Required to Sign, Title, Ownership %, and Borrower/Guarantor.

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"



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

PENELOPE CHO

(Seal)

(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

PENELOPE CHO

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

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

(Seal)

(Seal)

(Seal)

(Seal)

DATE
DATE
DATE
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

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. Open up the name and add title (Member, Manager, Etc) and change the borrower **Type** to **OFFICER** and repeat for next borrower
- 6. In a new line, Copy and paste the **Borrower (Guarantor) Name** and select Type to **CO-SIGNER**
- 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 Data Capture

Audit Details APR Sect32 Impound Audit

Process View Generate

Email Appraisal UCD Delivery

Collaboration eSign LoanMagic Portal

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

Borrowers

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

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

Final Relation

Country UNITED STATES

City MAILING CITY

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

Mailing Street MAILING STREET

State CALIFORNIA

Unit

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

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

Go to Borrowers/Sellers screen

Change the borrower **Type** to Individual and 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.

Repeat for next borrower.

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 Data Capture

Audit Details APR Sect32 Impound

Process View Generate

Email Appraisal UCD

Collaboration eSign LoanMagic Portal

General Borrowers/Sellers ³ 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		
ROY CHO, MEMBER, ABC COMPA	TITLE ONLY ⁴	222-22-2222		
PENELOPE CHO, MEMBER, ABC	TITLE ONLY ⁵	333-33-3333		
PENELOPE CHO	INDIVIDUAL			

Final Relation

Country UNITED STATES

City MAILING CITY

Vesting To Read

ABC COMPANY LLC, A CALIFORNIA LIMITED LIABILITY COMPANY ⁶

Mailing Street MAILING STREET

State CALIFORNIA

Zip 90000

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3. **NOTE:** If all steps are followed, signature lines will only be for the borrowers as individuals. No Entity members will show.
4. **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